

**City of Windsor Heights, Iowa**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**June 30, 2008**



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**City of Windsor Heights, Iowa  
OFFICIALS**

**Term expires**

**MAYOR AND MEMBERS OF CITY COUNCIL (Before January 2008)**

**MAYOR**

Jerry Sullivan, Mayor

December 31, 2009

**MEMBERS OF CITY COUNCIL**

Flo Hunter, Council Member  
Carole Tillotson, Council Member  
Diana Willits, Council Member  
Steve Peterson, Council Member  
Donna Markley, Council Member

December 31, 2009  
December 31, 2009  
December 31, 2009  
December 31, 2007  
December 31, 2007

**CITY ADMINISTRATOR/CLERK**

Marketa George Oliver

Indefinite

**CITY TREASURER**

Colleen Pingrey

December 31, 2009

**CITY ATTORNEY**

Janet G. Huston

Indefinite

**Term expires**

**MAYOR AND MEMBERS OF CITY COUNCIL (After January 2008)**

Jerry Sullivan, Mayor

December 31, 2009

**MEMBERS OF CITY COUNCIL**

Flo Hunter, Council Member  
Carole Tillotson, Council Member  
Diana Willits, Council Member  
Steve Peterson, Council Member  
Charlene Butz, Council Member

December 31, 2009  
December 31, 2009  
December 31, 2009  
December 31, 2011  
December 31, 2011

**CITY ADMINISTRATOR/CLERK**

Marketa George Oliver

Indefinite

**CITY TREASURER**

Colleen Pingrey

December 31, 2009

**CITY ATTORNEY**

Matt Brick  
Janet G. Huston

Indefinite  
July 15, 2008

## INDEPENDENT AUDITOR'S REPORT

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

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, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the contents page of this report. These financial statements are the responsibility of the City of Windsor Heights' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Windsor Heights as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009 on our consideration of the City of Windsor Heights' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 15 and 32 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Windsor Heights' basic financial statements. The basic financial statements for the four years ended June 30, 2007 (none of which are presented herein) were audited by other auditors whose report dated July 22, 2008 stated that they expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Denman & Company, LLP*  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
June 22, 2009

**CITY OF WINDSOR HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2008**

This discussion and analysis is intended to be an easily readable analysis of the City of Windsor Heights's financial activities for the fiscal year ended June 30, 2008 based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the City's financial statements.

**2008 Financial Highlights**

- As of June 30, 2008 the City had fund balances on hand of \$7,809,864 in governmental fund types, up from \$2,508,113 in FY 2007 and \$1,583,479 in FY 2006 and \$435,249 in proprietary funds, slightly increasing from \$411,359 in FY 07 and slightly less than \$448,254 in FY 06.
- Public Safety accounted for the largest portion (30.0%) of the City's total disbursements and 56.67% of the City's total General Fund disbursements, slightly down from the 59.12% of FY 2007. Debt Service accounted for the next largest portion of the overall expenditures, representing 24.06%. Capital Projects accounted for substantial (15.9%) expenditures as well.
- Property Taxes of \$2,215,440 accounted for the largest portion of the City's receipts slightly up from \$2,160,668 in FY 07; \$2,149,157 in FY 2006 and \$2,041,423 in FY 2005, with TIF receipts accounting for the next largest portion at \$1,568,689, a slight decrease from \$1,620,769 in FY 07; \$1,447,527 in FY 2006 \$1,294,382 in FY 2005.

**Report Layout – Using this report**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 implemented a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report. In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules of non-major funds and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public safety, public works, health and social services, culture and recreation, community and economic development, general government administration, debt service, and capital projects. Business-type activities are water, sewer and storm sewer.

**Basis of Accounting**

The City has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the City's Financial Activities - Statement of Activities**

The focus of the Statement of Activities is to present the major program costs and match major resources with each. To the extent a program's cost is not recovered by grants, donations and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general receipts.

Following the required Statement of Activities is a section containing fund financial statements. In addition to these basic financial statement and related information, there are a number of financial schedules and reports by the independent certified public accountants as required by statute.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

### **Revenue Sources**

To aid in the understanding of the Statement of Activities, some additional explanation is given. First, receipts and disbursements are categorized as either governmental activities or business-type activities. Governmental activities are supported by a number of revenue sources derived from various funding sources. These are defined as follows:

**General Government funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, the Debt Service Fund, Special Revenue Funds: Urban Renewal Tax Increment Fund, Road Use Tax, Employee Benefits Fund, and Capital Project Funds: Colby Park and Hickman Road.

**Special Revenue and Capital Projects Funds** – Special Revenue funds are funds derived from a dedicated revenue source. For example, funds collected in an Urban Renewal Tax Increment Fund can only be spent on specific items related to community development and economic development. The City's other special revenue funds include the Employee Benefit Fund; Road Use Fund (dedicated to street maintenance and construction), Police Pre-forfeiture Fund, Police Trust Fund and the Capital Projects Fund.

Business-Type activities are activities that are supported by charges for services. These are defined as follows:

**Business-Type (Proprietary) Funds** - When the City charges customers for the services it provides, these services are generally reported in business-type or proprietary funds. These are self-sufficient funds. The City's business-type funds are water utility and storm sewer utility. This also includes all debt service and capital projects associated specifically with the above listed utilities.

### **Expenditure Program Areas**

The City's expenditures are categorized into a number of different program areas. They include:

**Public Safety** - This category includes police operations including reserves, civil service commission, emergency management, fire protection, ambulance service, building inspections, and animal control services.

**Public Works** - This category includes roads, bridges, and sidewalks, equipment replacement, street lighting, traffic safety, snow removal, and compost facility.

**Health and Social Services** - This category includes welfare assistance and referral building maintenance.

**Culture and Recreation** - This category includes library services, parks, recreation, and community center operations.

**Community and Economic Development** - This category includes community betterment, trees forever, economic development, housing, TIF, planning and zoning, and community activities.

**General Government** - This category includes mayor, city council, City Administrator/Clerk; Chief Financial Officer; Community Services Director, Code Enforcement Officer, elections, legal services, City Hall, utilities, and safety program.

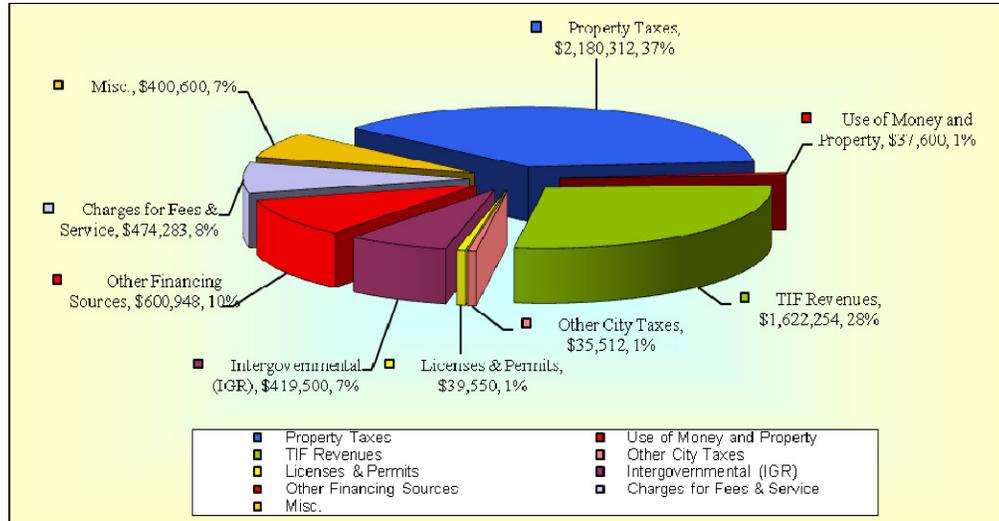
**Debt Service** - This category includes general, TIF and road use debt service.

**Capital Projects** - This category includes capital projects, such as sidewalk construction and street resurfacing. The City has undertaken a number of capital projects in recent years, including the reconstruction and widening of University Avenue, the redevelopment of the Town Center corners, the resurfacing of 73<sup>rd</sup> Street and the implementation of the sidewalk construction program. Current and future capital projects include the Colby Park project and the redevelopment of Hickman Road.

**Major Governmental Fund Analysis**

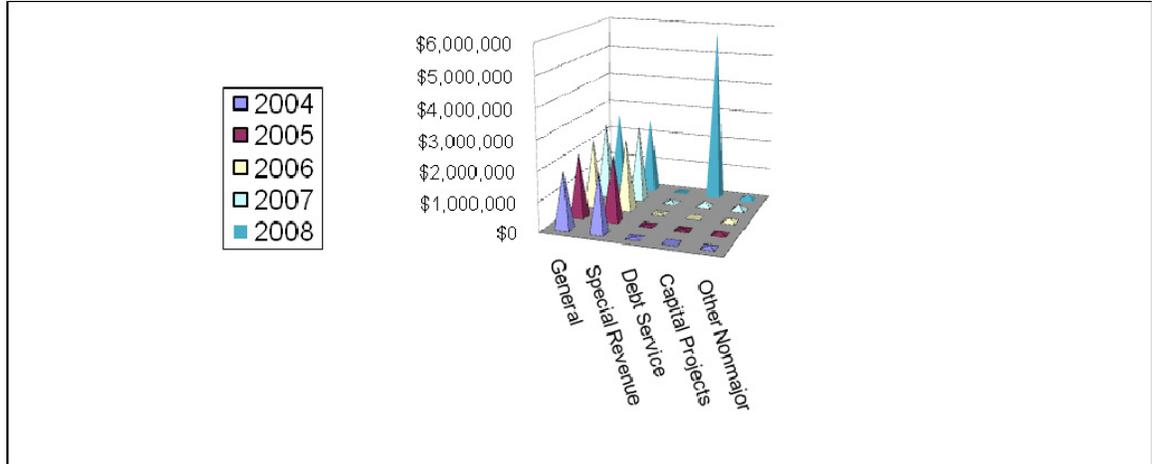
For the year ended June 30, 2008, the City’s governmental activities were budgeted as follows:

**Sources of Funds for Governmental Activities**



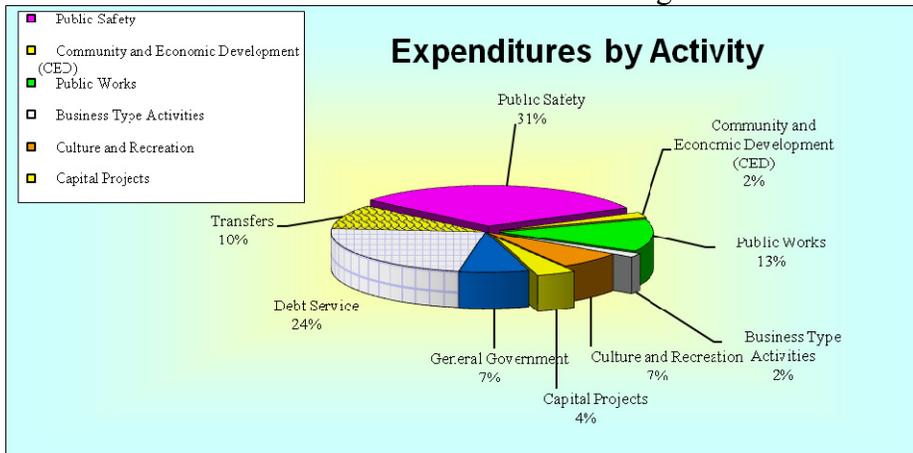
In actuality, total receipts in FY 2008 were \$11,391,388, which is an increase of \$7,637,392 over the total receipts of \$5,623,533 in 2007, largely due to the issuance of a bond. General fund receipts (excluding transfers) were \$2,665,673, a slight increase over the \$2,548,687 in FY 2007 general fund receipts. TIF fund property tax receipts dipped slightly to \$1,568,689, down from \$1,620,769, FY 2007. There was an increase of \$21,578 in property tax receipts collected for FICA, IPERS and other employee benefits, making the total collection for FY 2008 \$547,593 and 2007 a total of \$526,015.

Major differences by receipt source are outlined below. Governmental receipts this year as compared to last three fiscal years are shown in the graph below.



**Expenditure Picture**

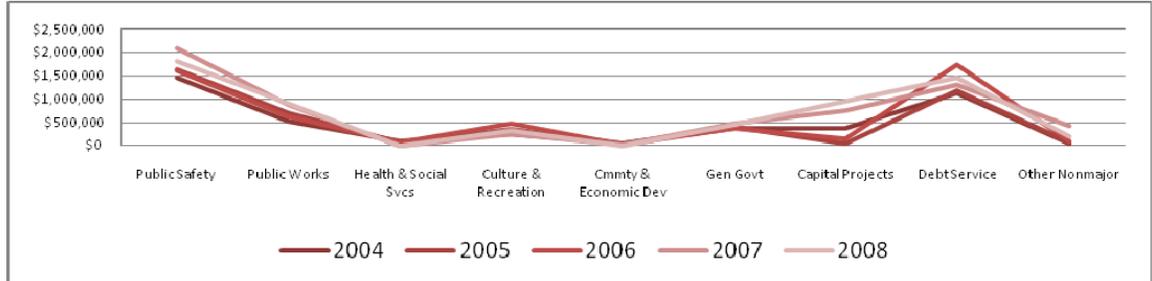
Uses of Funds in Governmental Activities – as budgeted for FY 2008



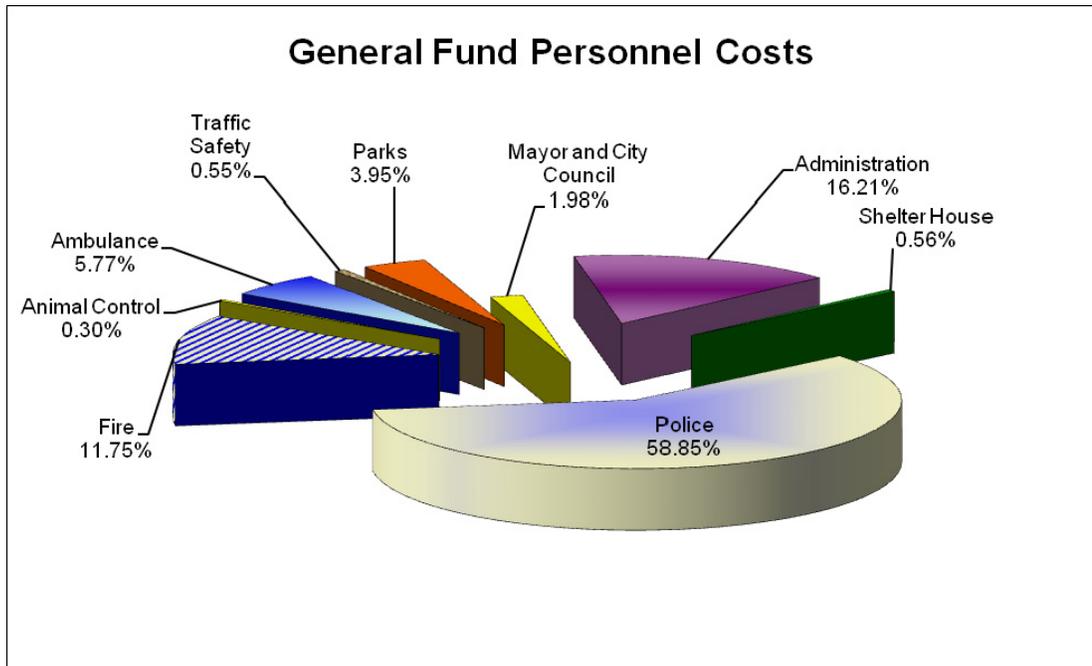
With a few exceptions, governmental program disbursements remain fairly consistent. Public safety expenditures decreased slightly and debt service increased slightly.

**City of Windsor Heights  
Management Discussion and Analysis  
June 30, 2008**

Total audited governmental disbursements this year as compared to the last three fiscal years are shown in the graph below.



The largest expenditure in the City’s budget remains salaries. The largest part of the general fund salary allocations goes to the police department. General fund salaries, as budgeted in FY 08, are distributed as shown in the following graph.



**Major Business-type Fund Analysis**

For the year ended June 30, 2008, the City’s business-type activities receipts and disbursements remained a minimal, yet growing part of the budget. The City has shifted sanitary sewer and stormwater to enterprise functions. Further, the City continues the practice of purchasing equipment directly out of the capital equipment fund, instead of budgeting for it in department budgets and then transferring money from that fund to cover the expenditures.

### **Budgetary Highlights**

City Council approved one budget amendment during the year. The amendment reflected the issuance of a bond for capital improvements for Colby Park and to undertake improvement in the Hickman corridor.

### **Capital Assets and Debt Administration**

As of June 30, 2008 the City had fund balances on hand of \$7,809,864 in governmental fund types up dramatically from \$2,508,113 in FY 2007. This is due to the proceeds from the bond issue which have been collected but not yet spent. The City had \$435,249 in proprietary funds, up slightly from the \$411,359 in FY 2007 and slightly less than the \$448,254 in FY 06.

### **Debt Outstanding**

As of year-end, the City had \$13,470,000 in debt outstanding compared to \$8,675,000 in FY 2007. The reason for the increase is the issuance of a bond in 2008 for the Colby Park and Hickman Road projects.

### **Economic Factors**

Property taxes represent approximately 41% of total program resources excluding other financing sources. TIF receipts comprised nearly 29% of total governmental receipts. Fees and charges for services and licenses and permits comprised approximately 1.38 % of the City's receipts, up from .79% in FY 2007. Miscellaneous Revenue comprises approximately 5.47% of the FY 08 receipts. Miscellaneous revenues include fines and penalties, donations, sale of merchandise and special events.

The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly.

The bulk of the City's budget is driven by personnel costs. The City employs 27 regular full-time employees, or roughly 5.52 employees per thousand residents, which is slightly below the national average of 6.13 for cities providing comparable services. The City also employs one, regular "part-time" employee, who is the crossing guard at Clive Elementary. Of the 27 FTE's, 14 are in the Police Department, 7 in Public Works, 2 in Fire and 4 in Administration. Approximately thirty paid per call employees comprise the remainder of the employees in the Fire Department.

**City of Windsor Heights  
Management Discussion and Analysis  
June 30, 2008**

**A comparison**

Following is a table comparing receipts and disbursements for governmental funds from 2005 through 2008. As you can see, the City continues to improve its infrastructure through capital projects, while protecting its bottom line, reserve levels.

City of Windsor Heights, Iowa  
Changes in Cash Basis Net Assets of Governmental Activities  
Governmental Funds

<b>Receipts</b>	<b>Year ended - June 30</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Property Taxes	\$2,076,718	\$2,149,157	\$2,160,668	\$2,215,440
Tax Increment Financing collections	\$1,294,382	\$1,447,527	\$1,620,769	\$1,568,689
Other city tax	\$7,221	\$307,581	\$306,032	\$316,789
Licenses and permits	\$118,060	\$40,333	\$79,458	\$75,189
Use of Money and Property	\$17,216	\$40,451	\$58,023	\$65,332
Intergovernmental	\$410,168	\$409,501	\$783,396	\$515,629
Charges for Service	\$216,612	\$120,478	\$331,869	\$377,556
Miscellaneous	\$289,254	\$205,438	\$283,318	\$297,258
<b>Total Receipts</b>	<b>\$4,429,631</b>	<b>\$4,720,466</b>	<b>\$5,623,533</b>	<b>\$5,431,882</b>
<b>Disbursements</b>				
Public Safety	\$1,648,134	\$1,622,875	\$2,100,540	\$1,819,876
Public Works	\$690,381	\$629,928	\$885,629	\$914,916
Health and Social Services	\$78,574	\$75,125	\$0	\$0
Culture and Recreation	\$337,121	\$468,146	\$238,776	\$328,954
Community and Economic Dev.	\$33,301	\$23,354	\$14,933	\$225
General Government	\$395,866	\$375,537	\$479,658	\$456,932
Debt Service	\$1,180,503	\$1,744,032	\$1,300,176	\$1,459,425
Capital Projects	\$36,480	\$138,719	\$1,191,250	\$966,570
<b>Total Disbursements</b>	<b>\$4,400,360</b>	<b>\$5,077,716</b>	<b>\$6,210,962</b>	<b>\$5,946,898</b>
Excess (deficiency) of receipts over (under) disbursement	<b>\$29,271</b>	<b>(\$357,250)</b>	<b>(\$587,429)</b>	<b>(\$515,016)</b>
Other financing sources	\$40,140	\$763,781	\$1,512,063	\$5,816,767
Net changes in cash balances	\$69,411	\$406,531	\$924,634	\$5,301,751
Balance - beginning of the year	\$1,107,537	\$1,176,948	\$1,583,479	\$2,508,113
Balance - end of year	<b>\$1,176,948</b>	<b>\$1,583,479</b>	<b>\$2,508,113</b>	<b>\$7,809,864</b>

**City of Windsor Heights  
Management Discussion and Analysis  
June 30, 2008**

Following is a table comparing receipts and disbursements for proprietary (business activities) funds from 2005 through 2008. These funds remain strong with good reserves.

City of Windsor Heights, Iowa  
Changes in Cash Basis Net Assets of Governmental Activities  
Proprietary Funds

<b>Receipts</b>	<b>Year ended - June 30</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Use of Money and Property	\$1,085	\$2,310	\$0	\$0
Charges for Service	\$97,592	\$129,195	\$149,690	\$152,739
<b>Total Receipts</b>	<b>\$98,677</b>	<b>\$131,505</b>	<b>\$149,690</b>	<b>\$152,739</b>
<b>Disbursements</b>				
Business type activities	\$66,554	\$89,186	\$167,225	\$118,849
Debt Service	\$11,960	\$13,811	\$9,360	\$0
<b>Total Disbursements</b>	<b>\$78,514</b>	<b>\$102,997</b>	<b>\$176,585</b>	<b>\$118,849</b>
Excess (deficiency) of receipts over (under) disbursement	<b>\$20,163</b>	<b>\$28,508</b>	<b>(\$26,895)</b>	<b>\$33,890</b>
Other financing (uses)	<b>(\$40,140)</b>	<b>(\$10,000)</b>	<b>(\$10,000)</b>	<b>(\$10,000)</b>
Net changes in cash balances	<b>(\$19,977)</b>	\$18,508	<b>(\$36,895)</b>	\$23,890
Balance - beginning of the year	\$449,723	\$429,746	\$448,254	\$411,359
Balance - end of year	<b>\$429,746</b>	<b>\$448,254</b>	<b>\$411,359</b>	<b>\$435,249</b>

### **Next year's budget and rates**

For the year ending June 30, 2009 the general fund has been budgeted fairly consistent with this year, however, overall the tax levy rate is set to increase in 2009, to pay for the portion of the 2008 bonds that are not yet covered by TIF revenues.

Staff reviewed a comprehensive water main improvement plan and Council took action in January, 2008 to adjust water rates to create the capital fund levels to make improvements on a regularly-scheduled basis. Staff also developed a plan for sliplining sewers and replacing stormwater intakes.

### **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 questions about this report or need additional financial information, please contact the City Administrator at 1133 66<sup>th</sup> Street, Windsor Heights, IA 50311 or telephone 515/279-3662.



Marketa George Oliver  
City Administrator

## **BASIC FINANCIAL STATEMENTS**

**City of Windsor Heights, Iowa**  
**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS**  
**As of and for the year ended June 30, 2008**

	<u>Disbursements</u>	<u>Program receipts</u>		
		<u>Charges for service</u>	<u>Operating grants, contributions, and restricted interest</u>	<u>Capital grants, contributions, and restricted interest</u>
<b>FUNCTIONS/PROGRAMS</b>				
Governmental activities				
Public safety	\$1,819,876	\$ 362,303	\$ -	\$ -
Public works	914,916	191,104	419,025	-
Culture and recreation	328,954	3,525	-	-
Community and economic development	225	-	-	-
General government	456,932	1,300	-	-
Debt service	1,459,425	-	-	-
Capital projects	966,570	-	-	96,604
Total governmental activities	<u>5,946,898</u>	<u>558,232</u>	<u>419,025</u>	<u>96,604</u>
Business type activities				
Water	-	34,488	-	-
Sewer	77,882	56,091	-	-
Storm sewer	40,967	62,160	-	-
Total business type activities	<u>118,849</u>	<u>152,739</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$6,065,747</u>	<u>\$ 710,971</u>	<u>\$ 419,025</u>	<u>\$ 96,604</u>
<b>GENERAL RECEIPTS</b>				
Property tax levied for				
General purposes				
Tax increment financing				
Debt service				
Other city tax				
Unrestricted interest on investments				
Bond proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
<b>NET ASSETS, beginning of year</b>				
<b>NET ASSETS, end of year</b>				
<b>CASH BASIS NET ASSETS</b>				
Restricted				
Streets				
Employee benefits				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

See Notes to Financial Statements.

**Net (disbursements) receipts and  
changes in cash basis net assets**

<u>Governmental activities</u>	<u>Business type activities</u>	<u>Total</u>
\$(1,457,573)	\$ -	\$(1,457,573)
(304,787)	-	(304,787)
(325,429)	-	(325,429)
(225)	-	(225)
(455,632)	-	(455,632)
(1,459,425)	-	(1,459,425)
(869,966)	-	(869,966)
<u>(4,873,037)</u>	<u>-</u>	<u>(4,873,037)</u>
-	34,488	34,488
-	(21,791)	(21,791)
<u>-</u>	<u>21,193</u>	<u>21,193</u>
<u>-</u>	<u>33,890</u>	<u>33,890</u>
<u>(4,873,037)</u>	<u>33,890</u>	<u>(4,839,147)</u>
2,182,299	-	2,182,299
1,568,689	-	1,568,689
33,141	-	33,141
316,789	-	316,789
65,332	-	65,332
5,806,767	-	5,806,767
191,771	-	191,771
10,000	(10,000)	-
<u>10,174,788</u>	<u>(10,000)</u>	<u>10,164,788</u>
5,301,751	23,890	5,325,641
<u>2,508,113</u>	<u>411,359</u>	<u>2,919,472</u>
<u>\$ 7,809,864</u>	<u>\$ 435,249</u>	<u>\$ 8,245,113</u>
\$ 40,527	\$ -	\$ 40,527
60,709	-	60,709
570,765	-	570,765
5,452,979	-	5,452,979
<u>1,684,884</u>	<u>435,249</u>	<u>2,120,133</u>
<u>\$ 7,809,864</u>	<u>\$ 435,249</u>	<u>\$ 8,245,113</u>

**City of Windsor Heights, Iowa**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**GOVERNMENTAL FUNDS**  
**As of and for the year ended June 30, 2008**

	<u>General</u>	<u>Special revenue</u>			<u>Debt service</u>
		<u>Urban Renewal TIF</u>	<u>Road use</u>	<u>Employee benefits</u>	
<b>RECEIPTS</b>					
Property tax	\$1,665,034	\$ -	\$ -	\$ 517,265	\$ 33,141
Tax increment financing collections	-	1,568,689	-	-	-
Other city tax	316,789	-	-	-	-
Licenses and permits	75,189	-	-	-	-
Use of money and property	39,373	10,266	-	11,955	-
Intergovernmental	-	15,000	419,025	-	-
Charges for services	377,556	-	-	-	-
Miscellaneous	191,732	-	-	18,373	-
Total receipts	<u>2,665,673</u>	<u>1,593,955</u>	<u>419,025</u>	<u>547,593</u>	<u>33,141</u>
<b>DISBURSEMENTS</b>					
Operating					
Public safety	1,352,297	-	-	338,188	-
Public works	301,640	-	491,137	122,139	-
Culture and recreation	325,647	-	-	3,307	-
Community and economic development	225	-	-	-	-
General government	382,352	-	-	74,580	-
Debt service	-	-	-	-	1,459,425
Capital projects	24,025	138,799	-	-	-
Total disbursements	<u>2,386,186</u>	<u>138,799</u>	<u>491,137</u>	<u>538,214</u>	<u>1,459,425</u>
Excess (deficiency) of receipts over (under) disbursements	<u>279,487</u>	<u>1,455,156</u>	<u>(72,112)</u>	<u>9,379</u>	<u>(1,426,284)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Operating transfers in	291,623	-	67,000	-	1,590,653
Operating transfers out	(171,080)	(1,673,827)	-	-	(164,369)
Total other financing sources (uses)	<u>120,543</u>	<u>(1,673,827)</u>	<u>67,000</u>	<u>-</u>	<u>1,426,284</u>
Net change in cash balances	400,030	(218,671)	(5,112)	9,379	-
<b>CASH BALANCES, beginning of year</b>	<u>1,284,854</u>	<u>(231,703)</u>	<u>45,639</u>	<u>561,386</u>	<u>-</u>
<b>CASH BALANCES, end of year</b>	<u>\$1,684,884</u>	<u>\$ (450,374)</u>	<u>\$ 40,527</u>	<u>\$ 570,765</u>	<u>\$ -</u>
<b>CASH BASIS FUND BALANCES</b>					
Unreserved					
General fund	\$1,684,884	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	(450,374)	40,527	570,765	-
Capital project funds	-	-	-	-	-
Total cash basis fund balances	<u>\$1,684,884</u>	<u>\$ (450,374)</u>	<u>\$ 40,527</u>	<u>\$ 570,765</u>	<u>\$ -</u>

See Notes to Financial Statements.

<u>Capital projects</u>			
<u>Colby Park</u>	<u>Hickman Road</u>	<u>Other nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$2,215,440
-	-	-	1,568,689
-	-	-	316,789
-	-	-	75,189
-	-	3,738	65,332
-	-	81,604	515,629
-	-	-	377,556
-	-	87,153	297,258
<u>-</u>	<u>-</u>	<u>172,495</u>	<u>5,431,882</u>
-	-	129,391	1,819,876
-	-	-	914,916
-	-	-	328,954
-	-	-	225
-	-	-	456,932
-	-	-	1,459,425
<u>624,370</u>	<u>100,869</u>	<u>78,507</u>	<u>966,570</u>
<u>624,370</u>	<u>100,869</u>	<u>207,898</u>	<u>5,946,898</u>
<u>(624,370)</u>	<u>(100,869)</u>	<u>(35,403)</u>	<u>(515,016)</u>
1,500,000	4,306,767	-	5,806,767
-	-	70,000	2,019,276
-	-	-	(2,009,276)
<u>1,500,000</u>	<u>4,306,767</u>	<u>70,000</u>	<u>5,816,767</u>
875,630	4,205,898	34,597	5,301,751
<u>740,109</u>	<u>-</u>	<u>107,828</u>	<u>2,508,113</u>
<u>\$1,615,739</u>	<u>\$4,205,898</u>	<u>\$ 142,425</u>	<u>\$7,809,864</u>
\$ -	\$ -	\$ -	\$1,684,884
-	-	60,709	221,627
<u>1,615,739</u>	<u>4,205,898</u>	<u>81,716</u>	<u>5,903,353</u>
<u>\$1,615,739</u>	<u>\$4,205,898</u>	<u>\$ 142,425</u>	<u>\$7,809,864</u>

City of Windsor Heights, Iowa  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CASH BALANCES  
 PROPRIETARY FUNDS**  
 As of and for the year ended June 30, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Storm sewer</u>	<u>Total</u>
<b>OPERATING RECEIPTS</b>				
Charges for services	\$ 34,488	\$ 56,091	\$ 62,160	\$ 152,739
Total operating receipts	<u>34,488</u>	<u>56,091</u>	<u>62,160</u>	<u>152,739</u>
<b>OPERATING DISBURSEMENTS</b>				
Business type activities	—	77,882	40,967	118,849
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>34,488</u>	<u>(21,791)</u>	<u>21,193</u>	<u>33,890</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	—	21,193	—	21,193
Operating transfers out	<u>(10,000)</u>	<u>—</u>	<u>(21,193)</u>	<u>(31,193)</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>21,193</u>	<u>(21,193)</u>	<u>(10,000)</u>
Net change in cash balances	24,488	(598)	—	23,890
<b>CASH BALANCE</b> , beginning of year	<u>329,315</u>	<u>82,044</u>	<u>—</u>	<u>411,359</u>
<b>CASH BALANCE</b> , end of year	\$ <u>353,803</u>	\$ <u>81,446</u>	\$ <u>—</u>	\$ <u>435,249</u>
<b>CASH BASIS FUND BALANCE</b> , unreserved	\$ <u>353,803</u>	\$ <u>81,446</u>	\$ <u>—</u>	\$ <u>435,249</u>

**City of Windsor Heights, Iowa**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES**  
**FIDUCIARY FUND-POLICE PENSION**  
**As of and for the year ended June 30, 2008**

**RECEIPTS**

Investment earnings, interest	\$ 12,538
Total receipts	<u>12,538</u>

**DISBURSEMENTS**

Benefits	<u>57,198</u>
Total disbursements	<u>57,198</u>
Excess of disbursements over receipts	<u>(44,660)</u>

<b>CASH BALANCE</b> , beginning of year	<u>406,832</u>
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<b>CASH BALANCE</b> , end of year	<u>\$ 362,172</u>
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**City of Windsor Heights, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Windsor Heights (the City) 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-Clerk/Administrator form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including general government, public safety, public works, health and social services, culture and recreation, and community and economic development. It also operates the water, storm water, and solid waste utilities.

**Reporting Entity**

For financial reporting purposes, the City of Windsor Heights has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

In 1998, the City joined with fifteen cities and counties to perpetuate the Des Moines Area Metropolitan Planning Organization to plan and coordinate the transportation activities for the metropolitan area. The Organization's board consists of a representative from each governing body. The members make contributions toward the budget of the Organization. During the year ended June 30, 2008, the City paid Des Moines Area Metropolitan Planning Organization \$8,805.

In 1969, the City, in conjunction with seventeen other cities, created the Metro Waste Authority (the Authority). The Authority board consists of an elected representative of the governing body of each participating governmental jurisdiction. The purpose of this joint public body is to provide for the economic disposal of all solid waste produced or generated by the jurisdictions and private contractors. During the year ended June 30, 2008 the City paid the Metro Waste Authority \$54,410 for the Curb It Program.

In March 2002, the City, in conjunction with four other cities, created the West Homeowner Emergency Loan Program for housing rehabilitation within their respective communities. Each member has equal representation on the management committee. The cost to each member was \$24,025 during the year ended June 30, 2008.

In addition, the City participates in five jointly governed organizations that provide 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 Joint County/Municipal Disaster Services and Emergency Planning Administration for Polk County, the Emergency Communications Services (911) Board, Central Iowa Regional Drinking Water Commission, Des Moines Metropolitan Transit Authority, and BRAVO.

**City of Windsor Heights, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation**

**Government-wide Financial Statements**

The statement of activities and net assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The statement of activities and net assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary 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:

**General Fund**

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**Special Revenue**

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits Fund is used to account for the tax levy and the disbursement for the benefits.

**City of Windsor Heights, Iowa  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

**Debt Service Fund**

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

**Capital Projects**

The Colby Park Fund is used to account for the costs associated with the Colby Park improvements.

The Hickman Road Fund is used to account for the costs associated with the Hickman Road improvements.

The City reports the following major proprietary funds:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Storm Sewer Fund is used to account for the operation and maintenance of the City's storm water sewer system.

**Measurement Focus and Basis of Accounting**

The City of Windsor Heights 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.

Proprietary funds distinguish operating receipts and disbursements from nonoperating 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 nonoperating receipts and disbursements.

**Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in public works function.

**NOTE 2 CASH AND POOLED INVESTMENTS**

The City's deposits at June 30, 2008 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.

**City of Windsor Heights, Iowa  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 CASH AND POOLED INVESTMENTS (continued)**

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 \$3,488,876 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

*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) in 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.

*Credit risk* - The City's investment in the Iowa Public Agency Investment Trust is unrated.

**Police Pension Fund**

Investment of police pension funds is authorized under Chapter 410 of the Code of Iowa. The Treasurer may invest these funds at the direction of the Board of Trustees in interest bearing bonds, notes, certificates, or other evidences of indebtedness which are obligations of or guaranteed by the United States, or in interest bearing bonds of the State of Iowa, or any county, township, or municipal corporation of the State of Iowa.

**NOTE 3 TAX INCREMENT FINANCING**

In prior years, the City established urban renewal districts and made agreements with the county and schools, in accordance with Chapter 403.19 of the Code of Iowa, to divide the increase in taxes as a result of the incremental property tax valuation in those districts. The taxes so collected are paid into the City's Special Revenue Fund and are expended for project costs or debt service associated with the projects affecting the districts.

**NOTE 4 GENERAL OBLIGATION AND REVENUE NOTES**

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

<u>Year ending June 30</u>	<u>General Obligation Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,145,000	\$ 698,002
2010	1,295,000	639,775
2011	1,575,000	576,265
2012	1,270,000	476,035
2013	1,285,000	404,183
2014-2018	3,240,000	1,331,006
2019-2023	1,585,000	824,770
2024-2028	<u>2,075,000</u>	<u>355,846</u>
Total	<u>\$13,470,000</u>	<u>\$5,305,882</u>

**City of Windsor Heights, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 PENSION AND RETIREMENT BENEFITS**

**IPERS**

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

Most plan members are required to contribute 3.90% of their annual salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$115,190, \$103,308, and \$100,745, respectively, equal to the required contributions for each year.

**Police Pension**

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

The plan is administered by the City through the Police Retirement Board of Trustees and provides retirement, disability and death benefits. The benefits are established by state statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to 60 percent of the monthly salary at retirement or disability and 30 percent of the monthly salary at death.

The City has three eligible police officers. All are retired and are receiving benefits.

Presented below is the total pension benefit obligation of the City for this pension plan. The amount is based on a standardized measurement established by GASB-5, which is the actuarial present value of credited projected benefits. This method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date by the plan participants and is adjusted for the effect of projected salary increases. A variety of significant actuarial assumptions are used to determine the standardized measure including:

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

The latest actuarial valuation was made July 1, 2006. The standardized measure of the unfunded pension obligation is as follows:

Total pension obligation at July 1, 2006	\$ 639,125
Net assets available for benefits at June 30, 2008	<u>362,172</u>
Estimated underfunded pension benefit obligations	<u>\$ 276,953</u>

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

**City of Windsor Heights, Iowa**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. City employees also accumulate sick leave hours for subsequent use or payment of up to 1,200 hours upon separation from employment at age 62 or older. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences for vacation hours, sick leave termination payments payable to employees at June 30, 2008, primarily relating to the general fund, is as follows:

<u>Type of benefit</u>	<u>Amount</u>
Vacation	\$ 139,800
Sick leave	<u>231,400</u>
Total	<u>\$ 371,200</u>

The liability has been computed based on rates of pay in effect as of June 30, 2008.

**NOTE 7 CONTRACTUAL COMMITMENTS**

The City has entered into construction contracts totaling \$914,006 for construction projects. As of June 30, 2008, costs of \$409,938 have been incurred on the projects. The balance of the contracts of \$504,068 will be paid as the projects progress.

**NOTE 8 RELATED PARTY TRANSACTIONS**

The City had no business transactions between the City and City officials during the year ended June 30, 2008.

**NOTE 9 RISK MANAGEMENT**

The City is a member in 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 with over 563 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

**City of Windsor Heights, Iowa  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 RISK MANAGEMENT (continued)**

The City's property and casualty contributions to the risk pool are recorded as disbursements from operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008 were \$49,875.

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 the \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can reasonably be estimated. Accordingly, at June 30, 2008, no such liability has been recorded in the City's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance company 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 claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

**NOTE 10 INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer from</u>	<u>Transfer to</u>					<u>Total</u>
	<u>General</u>	<u>Road use</u>	<u>Debt service</u>	<u>Sewer</u>	<u>Equipment reserve</u>	
General	\$ -	\$ 67,000	\$ 34,080	\$ -	\$ 70,000	\$ 171,080
Urban renewal tax increment	117,254	-	1,556,573	-	-	1,673,827
Debt service	164,369	-	-	-	-	164,369
Water	10,000	-	-	-	-	10,000
Storm sewer	-	-	-	21,193	-	21,193
	<u>\$ 291,623</u>	<u>\$ 67,000</u>	<u>\$ 1,590,653</u>	<u>\$ 21,193</u>	<u>\$ 70,000</u>	<u>\$ 2,040,469</u>

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

**City of Windsor Heights, Iowa  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 DEFICIT FUND BALANCE**

At June 30, 2008, the Urban Renewal TIF Fund had a deficit balance of \$450,374 as a result of project costs incurred prior to the availability of funds. After the receipt from the future sales of properties and payment of final project costs, the deficit balance will be eliminated with an interfund loan from the general fund. The loan will be repaid from future tax increment taxes.

**NOTE 12 USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosure of liabilities, contingent liabilities, and commitments at the date of the financial statements, and the classifications of receipts and disbursements during the reporting period. Actual results could differ from the estimates that were used.

**NOTE 13 CONTINGENCIES**

In the ordinary course of business, the City is involved in lawsuits. Although the outcome of each litigation is uncertain, management and legal counsel believe any settlement will not have a material adverse affect on the City's financial condition.

**NOTE 14 EDUCATION FACILITY 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.

<u>Date of issue</u>	<u>Amount</u>	<u>Project</u>
December, 2003	\$4,000,000	Sacred Heart School
March, 2005	\$6,500,000	Drake University
July, 2007	\$3,600,000	Salisbury House
December, 2007	\$7,500,000	Dowling High School

**NOTE 15 SUBSEQUENT EVENTS**

In July 2008, the City entered into a purchase agreement with First Bank to purchase real estate at 6400 Hickman Road for \$912,000.

In April 2009, the City issued two general obligation bonds in the amounts of \$550,000 and \$1,750,000. The City issued the \$550,000 general obligation bonds with the purpose of providing the refunding of the series 1996 and 1999C bonds. The City issued the \$1,750,000 general obligations bonds with the purpose of providing refunding of the taxable series 1999B bonds.

The City has entered into a lease purchase agreement with the Metro Waste Authority for a regional salt storage facility. The facility will be leased and owned by metro area communities through a 28E agreement.



**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Windsor Heights, Iowa**  
**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN BALANCES**  
**BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS**  
**AND PROPRIETARY FUNDS**  
**Year ended June 30, 2008**

	<b>Governmental funds actual</b>	<b>Proprietary funds actual</b>	<b>Total</b>
<b>RECEIPTS</b>			
Property taxes	\$2,215,440	\$ —	\$2,215,440
Tax increment financing collections	1,568,689	—	1,568,689
Other city tax	316,789	—	316,789
Licenses and permits	75,189	—	75,189
Use of money and property	65,332	—	65,332
Intergovernmental	515,629	—	515,629
Charges for services	377,556	152,739	530,295
Miscellaneous	297,258	—	297,258
Total receipts	<u>5,431,882</u>	<u>152,739</u>	<u>5,584,621</u>
<b>DISBURSEMENTS</b>			
Public safety	1,819,876	—	1,819,876
Public works	914,916	—	914,916
Culture and recreation	328,954	—	328,954
Community and economic development	225	—	225
General government	456,932	—	456,932
Debt service	1,459,425	—	1,459,425
Capital projects	966,570	—	966,570
Business type activities	—	118,849	118,849
Total disbursements	<u>5,946,898</u>	<u>118,849</u>	<u>6,065,747</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(515,016)</u>	<u>33,890</u>	<u>(481,126)</u>
<b>OTHER FINANCING SOURCES, net</b>			
Excess of receipts and other financing sources over disbursements and other financing uses	<u>5,816,767</u>	<u>(10,000)</u>	<u>5,806,767</u>
	<u>5,301,751</u>	<u>23,890</u>	<u>5,325,641</u>
<b>BALANCES, beginning of year</b>	<u>2,508,113</u>	<u>411,359</u>	<u>2,919,472</u>
<b>BALANCES, end of year</b>	<u>\$7,809,864</u>	<u>\$ 435,249</u>	<u>\$8,245,113</u>

See accompanying independent auditor's report.

<b>Budgeted amounts</b>		<b>Final to total variance</b>
<b>Original</b>	<b>Final</b>	
\$2,180,312	\$2,188,155	\$ 27,285
1,622,254	1,622,254	(53,565)
35,512	301,614	15,175
39,550	43,755	31,434
37,600	54,853	10,479
419,500	517,000	(1,371)
474,283	509,393	20,902
415,600	205,054	92,204
<u>5,224,611</u>	<u>5,442,078</u>	<u>142,543</u>
1,936,961	2,055,946	236,070
813,113	904,935	(9,981)
419,072	419,072	90,118
128,500	149,000	148,775
446,468	483,669	26,737
1,463,835	1,459,503	78
250,000	1,577,330	610,760
97,013	120,550	1,701
<u>5,554,962</u>	<u>7,170,005</u>	<u>1,104,258</u>
<u>(330,351)</u>	<u>(1,727,927)</u>	<u>1,246,801</u>
<u>1,000</u>	<u>5,601,000</u>	<u>205,767</u>
<u>(329,351)</u>	<u>3,873,073</u>	<u>1,452,568</u>
<u>2,764,579</u>	<u>2,867,928</u>	<u>51,544</u>
<u>\$2,435,228</u>	<u>\$6,741,001</u>	<u>\$1,504,112</u>

**City of Windsor Heights, Iowa**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**  
**June 30, 2008**

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary 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 or fund type. 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, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and 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 \$1,615,043. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the public works function.

**OTHER SUPPLEMENTARY INFORMATION**

**City of Windsor Heights, Iowa**  
**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES**  
**Nonmajor Governmental Funds**  
**As of and for the year ended June 30, 2008**

	<u>Special Revenue</u>	
	<u>Police Trust</u>	<u>Police Preforfeiture Fund</u>
<b>RECEIPTS</b>		
Use of money and property	\$ 32	\$ 157
Intergovernmental	-	-
Miscellaneous	<u>15,553</u>	<u>71,600</u>
Total receipts	<u>15,585</u>	<u>71,757</u>
<b>DISBURSEMENTS</b>		
Operating		
Public safety	11,868	16,736
Capital projects	-	-
Total disbursements	<u>11,868</u>	<u>16,736</u>
Excess (deficiency) of receipts over disbursements	<u>3,717</u>	<u>55,021</u>
<b>OTHER FINANCING SOURCES</b>		
Operating transfers in	-	-
Total other financing sources	<u>-</u>	<u>-</u>
Net change in cash balances	3,717	55,021
<b>CASH BALANCES (DEFICIT), beginning of year</b>	<u>(25)</u>	<u>1,996</u>
<b>CASH BALANCES, end of year</b>	<u>\$ 3,692</u>	<u>\$ 57,017</u>
<b>CASH BASIS FUND BALANCES</b>		
Unreserved		
Special revenue funds	\$ 3,692	\$ 57,017
Capital project fund	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 3,692</u>	<u>\$ 57,017</u>

<u>Capital Projects</u>		
<u>Missing Link Trail</u>	<u>Equipment Reserve</u>	<u>Total</u>
\$ -	\$ 3,549	\$ 3,738
81,604	-	81,604
-	-	87,153
<u>81,604</u>	<u>3,549</u>	<u>172,495</u>
-	100,787	129,391
<u>78,507</u>	<u>-</u>	<u>78,507</u>
<u>78,507</u>	<u>100,787</u>	<u>207,898</u>
<u>3,097</u>	<u>(97,238)</u>	<u>(35,403)</u>
-	70,000	70,000
<u>-</u>	<u>70,000</u>	<u>70,000</u>
3,097	(27,238)	34,597
<u>-</u>	<u>105,857</u>	<u>107,828</u>
<u>\$ 3,097</u>	<u>\$ 78,619</u>	<u>\$ 142,425</u>
\$ -	\$ -	\$ 60,709
<u>3,097</u>	<u>78,619</u>	<u>81,716</u>
<u>\$ 3,097</u>	<u>\$ 78,619</u>	<u>\$ 142,425</u>

**City of Windsor Heights, Iowa  
SCHEDULE OF INDEBTEDNESS  
For the year ended June 30, 2008**

<u>Obligation</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Amount originally issued</u>
General Obligation Notes 73 <sup>rd</sup> Street Bridge 73 <sup>rd</sup> Street Improvements 63 <sup>rd</sup> Street Widening Projects	May 22, 1996	5.50 to 5.60%	\$ 700,000
1997A Street Project University Avenue Reconstruction 71 <sup>st</sup> and 72 <sup>nd</sup> Street Turnarounds	March 12, 1997	5.10 to 5.20%	950,000
1997B Urban Renewal Project	March 12, 1997	6.75%	1,775,000
1999A University Avenue Street Widening and Improvements	August 30, 1999	5.05 to 5.30%	1,580,000
1999B Urban Renewal Project	August 30, 1999	7.00 to 7.10%	2,295,000
1999C Refunding Bonds	August 30, 1999	5.00 to 5.10%	1,020,000
Notes - 2000 series	November 1, 2000	5.00%	365,000
Capital Loan Notes - 2002 series	February 18, 2002	4.10 to 4.65%	1,810,000
Capital Loan Notes - 2005 series	August 1, 2005	6.15%	550,000
Capital Loan Notes - 2007 series	April 1, 2007	3.60 to 3.80%	1,500,000
2008A Urban Renewal Project	June 1, 2008	3.65 to 4.20%	1,980,000
2008B Urban Renewal Project	June 1, 2008	4.50 to 6.20%	3,805,000
Total			
Revenue Notes Water Main and Road Project	October 15, 1992	3.60%	\$ 265,000

See accompanying independent auditor's report.

Schedule 2

<u>Balance beginning of year</u>	<u>Issued during year</u>	<u>Redeemed during year</u>	<u>Balance end of year</u>	<u>Interest paid</u>
\$ 315,000	\$ —	\$ 50,000	\$ 265,000	\$ 17,550
600,000	—	55,000	545,000	31,030
940,000	—	140,000	800,000	63,450
1,210,000	—	105,000	1,105,000	62,852
1,545,000	—	225,000	1,320,000	109,180
535,000	—	95,000	440,000	26,962
55,000	—	55,000	—	2,750
1,645,000	—	40,000	1,605,000	74,378
330,000	—	110,000	220,000	16,885
1,500,000	—	115,000	1,385,000	64,588
—	1,980,000	—	1,980,000	—
<u>—</u>	<u>3,805,000</u>	<u>—</u>	<u>3,805,000</u>	<u>—</u>
<u>\$8,675,000</u>	<u>\$5,785,000</u>	<u>\$ 990,000</u>	<u>\$13,470,000</u>	<u>\$ 469,625</u>
<u>\$ 8,157</u>	<u>\$ —</u>	<u>\$ 8,157</u>	<u>\$ —</u>	<u>\$ 147</u>

**City of Windsor Heights, Iowa**  
**BOND AND NOTE MATURITIES**  
**June 30, 2008**

## GENERAL OBLIGATION NOTES

Year ending June 30	73 <sup>rd</sup> Street Bridge 73 <sup>rd</sup> Street Improvements 63 <sup>rd</sup> Street Widening Projects		University Avenue Reconstruction 71 and 72 Street Turnarounds 1997A		Urban Renewal Project 1997B	
	Issued May 22, 1996		Issued March 12, 1997		Issued March 12, 1997	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	5.50%	\$ 55,000	5.10%	\$ 60,000	6.75%	\$ 165,000
2010	5.50%	65,000	5.20%	55,000	6.75%	310,000
2011	5.50%	70,000	5.20%	60,000	6.75%	325,000
2012	5.60%	75,000	5.20%	65,000		—
2013		—	5.20%	70,000		—
2014		—	5.20%	75,000		—
2015		—	5.20%	80,000		—
2016		—	5.20%	80,000		—
2017		—		—		—
2018		—		—		—
2019		—		—		—
2020		—		—		—
2021		—		—		—
2022		—		—		—
2023		—		—		—
2024		—		—		—
2025		—		—		—
2026		—		—		—
2027		—		—		—
2028		—		—		—
Totals		<u>\$ 265,000</u>		<u>\$ 545,000</u>		<u>\$ 800,000</u>

See accompanying independent auditor's report.

**City of Windsor Heights, Iowa**  
**BOND AND NOTE MATURITIES (continued)**  
**June 30, 2008**

**GENERAL OBLIGATION NOTES (continued)**

Year ending June 30	Series 1999A University Avenue Street Widening and Improvements		Series 1999B Urban Renewal Project		Series 1999C Refunding Bonds	
	<u>Issued August 30, 1999</u>		<u>Issued August 30, 1999</u>		<u>Issued August 30, 1999</u>	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	5.05%	\$ 110,000	7.00%	\$ 175,000	5.00%	\$ 95,000
2010	5.10%	115,000	7.00%	115,000	5.05%	170,000
2011	5.15%	120,000	7.10%	475,000	5.10%	175,000
2012	5.20%	130,000	7.10%	555,000		—
2013	5.25%	145,000		—		—
2014	5.25%	150,000		—		—
2015	5.30%	155,000		—		—
2016	5.30%	180,000		—		—
2017		—		—		—
2018		—		—		—
2019		—		—		—
2020		—		—		—
2021		—		—		—
2022		—		—		—
2023		—		—		—
2024		—		—		—
2025		—		—		—
2026		—		—		—
2027		—		—		—
2028		—		—		—
Totals		<u>\$1,105,000</u>		<u>\$1,320,000</u>		<u>\$ 440,000</u>

City of Windsor Heights, Iowa  
**BOND AND NOTE MATURITIES (continued)**  
 June 30, 2008

## GENERAL OBLIGATION NOTES (continued)

Year ending June 30	Series 2002 Capital Loan Notes Issued February 18, 2002		Series 2005 Capital Loan Notes Issued August 1, 2005		Series 2007A Capital Loan Note Issued April 2, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	4.10%	\$ 150,000	6.15%	\$ 110,000	3.60%	\$ 130,000
2010	4.25%	25,000	6.15%	110,000	3.62%	135,000
2011	4.35%	10,000		—	6.65%	140,000
2012	4.45%	100,000		—	3.65%	145,000
2013	4.55%	700,000		—	3.70%	155,000
2014	4.65%	620,000		—	3.70%	160,000
2015		—		—	3.75%	165,000
2016		—		—	3.75%	175,000
2017		—		—	3.80%	180,000
2018		—		—		—
2019		—		—		—
2020		—		—		—
2021		—		—		—
2022		—		—		—
2023		—		—		—
2024		—		—		—
2025		—		—		—
2026		—		—		—
2027		—		—		—
2028		—		—		—
Totals		<u>\$1,605,000</u>		<u>\$ 220,000</u>		<u>\$1,385,000</u>

See accompanying independent auditor's report.

**City of Windsor Heights, Iowa**  
**BOND AND NOTE MATURITIES (continued)**  
**June 30, 2008**

## GENERAL OBLIGATION NOTES (continued)

Year ending June 30	Series 2008A Urban Renewal Project Issued June 1, 2008		Series 2008B Urban Renewal Project Issued June 1, 2008		Total General Obligations
	Interest Rates	Amount	Interest Rates	Amount	
2009	—	\$ —	4.50%	\$ 95,000	\$ 1,145,000
2010	3.65%	75,000	4.50%	120,000	1,295,000
2011	3.65%	75,000	4.50%	125,000	1,575,000
2012	3.65%	75,000	4.50%	125,000	1,270,000
2013	3.65%	80,000	4.70%	135,000	1,285,000
2014	3.65%	80,000	5.40%	140,000	1,225,000
2015	3.65%	85,000	5.40%	145,000	630,000
2016	3.65%	90,000	5.40%	155,000	680,000
2017	3.65%	90,000	5.40%	165,000	435,000
2018	3.75%	95,000	5.50%	175,000	270,000
2019	3.80%	100,000	5.60%	185,000	285,000
2020	3.90%	105,000	5.70%	195,000	300,000
2021	4.00%	110,000	5.80%	205,000	315,000
2022	4.00%	115,000	5.90%	220,000	335,000
2023	4.05%	120,000	6.00%	230,000	350,000
2024	4.05%	125,000	6.00%	245,000	370,000
2025	4.10%	130,000	6.10%	260,000	390,000
2026	4.15%	135,000	6.10%	275,000	410,000
2027	4.20%	145,000	6.20%	295,000	440,000
2028	4.20%	<u>150,000</u>	6.20%	<u>315,000</u>	<u>465,000</u>
Totals		<u>\$1,980,000</u>		<u>\$3,805,000</u>	<u>\$13,470,000</u>

See accompanying independent auditor's report.

**City of Windsor Heights, Iowa**  
**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION**  
**All Governmental Funds**  
**As of and for the last five years**

	<b>Year ended June 30</b>				
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>RECEIPTS</b>					
Property tax	\$2,215,440	\$2,160,668	\$2,149,157	\$2,076,718	\$1,886,664
Tax increment financing taxes	1,568,689	1,620,769	1,447,527	1,294,382	1,097,352
Other city taxes	316,789	306,032	307,581	7,221	13,781
Licenses and permits	75,189	79,458	40,333	118,060	117,595
Use of money and property	65,332	58,023	40,451	17,216	7,887
Intergovernmental	515,629	783,396	409,501	410,168	428,617
Charges for services	377,556	331,869	120,478	216,612	195,406
Miscellaneous	<u>297,258</u>	<u>283,318</u>	<u>205,438</u>	<u>289,254</u>	<u>154,295</u>
Total receipts	<u>\$5,431,882</u>	<u>\$5,623,533</u>	<u>\$4,720,466</u>	<u>\$4,429,631</u>	<u>\$3,901,597</u>
<b>DISBURSEMENTS</b>					
Operating					
Public safety	\$1,819,876	\$2,100,540	\$1,622,875	\$1,648,134	\$1,457,408
Public works	914,916	885,629	629,928	690,381	535,010
Health and social services	-	-	75,125	78,574	85,529
Culture and recreation	328,954	238,776	468,146	337,121	247,442
Community and economic development	225	14,933	23,354	33,301	51,813
General government	456,932	479,658	375,537	395,866	385,077
Debt service	1,459,425	1,300,176	1,744,032	1,180,503	1,141,875
Capital projects	<u>966,570</u>	<u>1,191,250</u>	<u>138,719</u>	<u>36,480</u>	<u>369,251</u>
Total disbursements	<u>\$5,946,898</u>	<u>\$6,210,962</u>	<u>\$5,077,716</u>	<u>\$4,400,360</u>	<u>\$4,273,405</u>

See accompanying independent auditor's report.

**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**

Honorable Mayor and  
Members of the City Council  
Windsor Heights, Iowa

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 City of Windsor Heights, Iowa as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed on the contents page of this report and have issued our report thereon dated June 22, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Windsor Heights' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
June 22, 2009

**City of Windsor Heights  
SCHEDULE OF FINDINGS  
Year ended June 30, 2008**

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

**INSTANCES OF NONCOMPLIANCE**

No matters regarding noncompliance relative to the financial statements were reported.

**SIGNIFICANT DEFICIENCIES**

**I-A-08 RECONCILIATIONS OF CASH BALANCES**

The monthly treasurer's report balances per fund do not agree to the general ledger as of June 30, 2008. The actual cash balance was \$3,424.87 more than the general ledger balance. The monthly treasurer's report should be reconciled to the general ledger on a monthly basis.

**Recommendation**

The City should implement procedures to ensure that the reports are reconciled monthly.

**Response**

We have conferred with the auditor and corrected the problem. Staff was aware of the overage and had been working with our former auditor to correct it. Staff had anticipated, but not yet received, an appropriate audit adjustment from our former auditor.

**Conclusion**

Response accepted.

**Part II—Other Findings Related to Statutory Reporting**

**II-A-08 CERTIFIED BUDGET**

Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in public works function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered excepted under an annual or continuing appropriation.

**Recommendation**

The amendment to the budget should have been adequate so that expenditures do not exceed budget.

**Response**

It should be noted that expenses related to the 2008 floods were incurred after the budget amendment was filed, causing the overage. Senate File 457 legalizes and validates all proceedings and actions related to the emergency repair or reconstruction of public improvements damaged by a natural disaster during the period of time beginning May 1, 2008 and ending August 31, 2008.

**Conclusion**

Response accepted.

**City of Windsor Heights, Iowa**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2008**

**Part II—Other Findings Related to Statutory Reporting (continued)**

**II-B-08 QUESTIONABLE DISBURSEMENTS**

We noted no disbursements for parties, banquets or other entertainment expenses that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**II-C-08 TRAVEL EXPENSE**

We noted no disbursements of City money for travel expenses of spouses of City officials or employees during the year.

**II-D-08 BUSINESS TRANSACTIONS**

There were no business transactions between the City and City officials or employees during the year.

**II-E-08 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 insure that the coverage is adequate for current operations.

**II-F-08 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.

**II-G-08 COUNCIL MINUTES**

No transactions were found that we believe should have been approved in the Council minutes but were not.

Although the Council minutes were published, we noted one instance that a listing of claims allowed and the gross amount of the claims was not.

**Recommendation**

The City should comply with the Code of Iowa and publish a list of all claims allowed and the gross amount of the claims.

**Response**

We will comply with the Code requirements.

**Conclusion**

Response accepted.

**City of Windsor Heights, Iowa**  
**SCHEDULE OF FINDINGS (continued)**  
**Year ended June 30, 2008**

**Part II—Other Findings Related to Statutory Reporting (continued)**

**II-H-08 NOTICE OF PROPOSED PUBLIC IMPROVEMENT**

The City did not publish the notice for public hearing regarding street improvements within the applicable timeframe required by the Code of Iowa. The notice was published 24 days prior to the public hearing.

**Recommendation**

The City should comply with Section 6B.2A of the Code of Iowa and publish notice at least four but no more than twenty days before the public hearing for proposals of public improvement.

**Response**

We will monitor the newspaper's publication dates to ensure the notices are not published beyond the appropriate window.

**Conclusion**

Response accepted.

**II-I-08 FINANCIAL CONDITION**

The following fund had a deficit balance at June 30, 2008:

Special Revenue	
Urban Renewal TIF	\$ (450,374)

**Recommendation**

The City should investigate alternatives to eliminate this deficit balance in order to return this account to a sound financial position.

**Response**

The Special Revenue Fund deficit will be eliminated through receipt of future tax increment financing collections.

**Conclusion**

Response accepted.