City of Windsor Heights, Iowa

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

June 30, 2014

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City of Windsor Heights, Iowa
OFFICIALS

	Term expires
MAYOR AND MEMBERS OF CITY COUNCIL (Before January 2014)	
Jerry Sullivan, Mayor	January 2014
Betty Glover, Council Member	January 2014
David Jenison, Council Member	January 2014
Diana Willits, Council Member	January 2014
Dave Burgess, Council Member	January 2016
Charlene Butz, Council Member	January 2016
Jeffrey Fiegenschuh, City Administrator/Clerk	Indefinite
Carrie Kruse, City Treasurer	Indefinite
Matt Brick, Attorney	Indefinite
MAYOR AND MEMBERS OF CITY COUNCIL (After January 2014)	
Diana Willits, Mayor	January 2018
Steve Peterson, Council Member	January 2018
Charlene Butz, Council Member	January 2016
Betty Glover, Council Member	January 2018
Dave Burgess, Council Member	January 2016
Tony Timm, Council Member	January 2018
Jeffrey Fiegenschuh, City Administrator/Clerk	Indefinite
Stacie Wright, Accounting Clerk	Indefinite
Matt Brick, Attorney	Indefinite

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Windsor Heights, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Windsor Heights as of June 30, 2014, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Windsor Heights' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2010 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the three years ended June 30, 2007 and the three years ended June 30, 2013 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 6 through 13 and 30 through 32, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014 on our consideration of the City of Windsor Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Windsor Heights' internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 20, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Windsor Heights provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 Financial Highlights

- Receipts of the City's governmental activities increased 128.1%, or approximately $7,279,000, from fiscal year 2013 to fiscal year 2014. The increase in receipts was primarily due to an increase in capital loan note proceeds received during the fiscal year compared to the prior fiscal year, as well as proceeds from the sale of land.

- Disbursements of the City's governmental activities increased 40.4%. or approximately $2,241,500, from fiscal year 2013 to fiscal year 2014. The increase in disbursements was primarily due to refunding $485,000 of general obligation bonds, equipment purchases, new city hall expenditures and street resurfacing projects in the current year.

- The City's total cash basis net position increased 168.5%, or $5,366,713, from June 30, 2013 to June 30, 2014. Of this amount, the cash basis net position of the governmental activities increased $5,225,330 and the cash basis net position of the business type activities increased $141,383. Much of this increase is due to bond proceeds and the sale of land.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

- Government Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

- Business Type Activities include the water, sewer, storm water and solid waste collection systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has to kinds of funds:

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

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

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

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

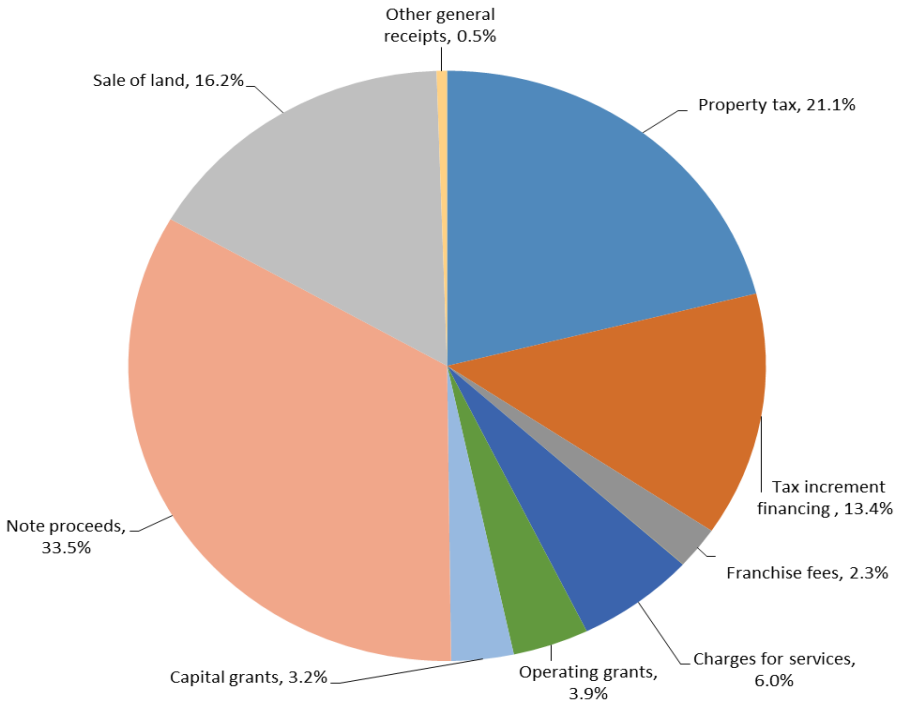
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash basis net position of governmental activities increased from a year ago, increasing $5,225,330 to $8,267,204. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

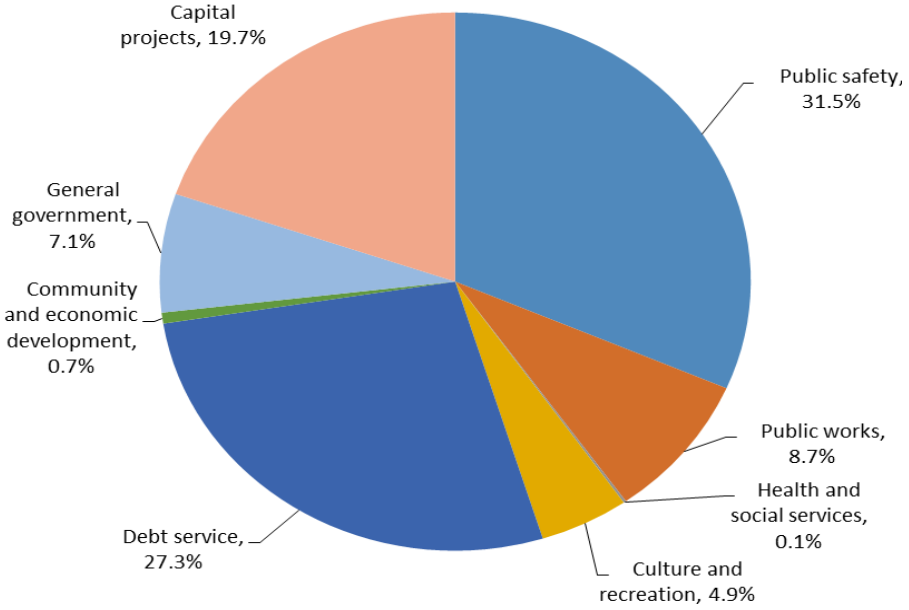
Changes in Cash Basis Net Position of Governmental Activities

	Year ended June 30	
	2014	**2013**
Receipts:		
Program receipts:		
Charges for services	$ 781,428	$ 470,041
Operating grants, contributions and restricted interest	499,564	604,803
Capital grants, contributions and restricted interest	409,516	6,154
General receipts:		
Property tax	2,726,951	2,506,807
Tax increment financing	1,732,283	1,785,128
Franchise fees	297,826	271,513
Unrestricted interest on investments	1,905	1,080
Note proceeds	4,335,282	9,500
Sale of land	2,096,024	–
Other general receipts	68,980	25,772
Total receipts	12,949,759	5,680,798
Disbursements:		
Public safety	2,454,983	2,212,816
Public works	679,175	621,834
Health and social services	3,000	3,000
Culture and recreation	379,790	375,312
Community and economic development	51,022	157,090
General government	555,344	526,002
Debt service	2,128,286	1,445,175
Capital projects	1,537,829	206,700
Total disbursements	7,789,429	5,547,929
Change in cash basis net position before transfers	5,160,330	132,869
Transfers, net	65,000	50,000
Change in cash basis net position	5,225,330	182,869
Cash basis net position beginning of year	3,041,874	2,859,005
Cash basis net position end of year	$8,267,204	$3,041,874

Receipts by Source



Disbursements by Function



Total governmental activities receipts for the fiscal year were $12,949,759 compared to $5,680,798 last year. The cost of all governmental activities this year was $7,789,429 compared to $5,547,929 last year. The increase in receipts was due to the City receiving more capital loan note proceeds, charges for services and the sale of land compared to the prior fiscal year. The increase in disbursements was primarily due to the City refunding general obligation bonds, purchasing equipment, new city hall expenditures, and street resurfacing projects in the current fiscal year.

Changes in Cash Basis Net Position of Business Type Activities

	Year ended June 30	
	2014	**2013**
Receipts:		
Program receipts:		
Charges for service:		
Sewer	$ 58,178	$ 63,892
Water	15,000	–
Storm water	307,266	285,242
Solid waste	364,925	343,319
General receipts:		
Unrestricted interest on investments	100	202
Total receipts	745,469	692,655
Disbursements:		
Sewer	69,390	50,937
Storm water	156,432	170,806
Solid waste	313,264	309,826
Total disbursements	539,086	531,569
Change in cash basis net position before transfers	206,383	161,086
Transfers, net	(65,000)	(50,000)
Change in cash basis net position	141,383	111,086
Cash basis net position beginning of year	149,745	38,659
Cash basis net position end of year	$ 291,128	$ 149,745

Total business type activities receipts for the fiscal year were $745,469 compared to $692,655 last fiscal year, an increase of $52,814, or 7.6%. Total disbursements were $539,086 compared to $531,569 in the prior fiscal year, an increase of $7,517, or 1.4%. The increase in receipts is due to increased solid waste usage during the current fiscal year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Windsor Heights completed the year, its governmental funds reported a combined fund balance of $8,267,204, an increase of $5,225,330 from last year's total of $3,041,874. 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 $199,194, or 5.8%, from the prior year to $3,619,678. Receipts increased 19.3% and disbursements increased 7.7%. The primary reason for the increase in fund balance was due to an increase in property tax receipts of $154,231.

- The Special Revenue, Employee Benefits fund cash balance increased $66,292 over the prior year to $314,868. Receipts increased 2.7% while disbursements increased 14.1%. The increase in cash balance is due to an increase in the employee benefits levy offset by an increase in disbursements. The City levied more based on anticipated increases in health insurance premiums.

- The Special Revenue, Police Pension Fund cash balance decreased $49,738, or 31.9%, from the prior year. Receipts decreased $83 due to a decrease in interest receipts while pension payments increased $5,332, or 12.0%. The decrease in the cash balance is due to the City using existing cash balances for payment of benefits to the two retired police officers covered under the plan.

- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased $2,086,532 over the prior year. Receipts increased $2,043,179, or 114.5%, and disbursements decreased $88,002, or 100%, from the prior year. The increased cash balance is due to the sale of land which is included in the cash balance.

- The Debt Service Fund cash balance increased $270,963 over the prior year. Receipts increased $53,435 due to an increase in property tax. However, the cash balance grew primarily because of a bond proceeds and transfers from other funds.

- The Capital Projects, Tax Increment Financing Project Advance Fund cash balance was $(1,162,701) at the end of fiscal year 2014, a decrease of $182,247 from the prior year. Disbursements increased $94,524 due to more active TIF projects being completed and paid off in the current fiscal year compared to the prior fiscal year.

- The Capital Projects, 2014A Street Project cash balance was $2,904,394 at the end of fiscal year 2014. This balance is due to bond proceeds exceeding expenditures on the project in the current fiscal year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

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

- The Enterprise, Storm Water Fund cash balance increased $125,834 to $142,300, due primarily to increased receipts during fiscal year 2014.
- The Enterprise, Solid Waste Fund cash balance increased $51,661 to $118,462, due primarily to increased receipts during fiscal year 2014.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The amendments were approved on October 21, 2013, and April 7, 2014. The first amendment increased receipts and disbursements. The second amendment increased intergovernmental revenues and other financing sources. Expenditures also increased in many areas with capital projects and transfers out accounting for the majority of the increase.

The City's total receipts were $193,420 more than the amended budget, primarily due to charges for services.

Total disbursements were $1,947,442 less than the amended budget. Actual disbursements for the business type activities function were $680,237 less than the amended budget due to budgeting for certain expenses which did not occur. Actual disbursements for the public safety function were $142,525 less than the amended budget. Actual disbursements for community and economic development were $229,078 less than the amended budget. Debt service disbursements were $404,993 less than the amended budget and capital projects were $312,171 below the amended budget.

DEBT ADMINISTRATION

At June 30, 2014, the City had $12,970,000 of general obligation bonds and capital loan notes outstanding, compared to $10,345,000 of bonds and notes outstanding at the end of last year.

During the year ended June 30, 2014, the City issued the general obligation capital loan notes Series 2013A, 2014, and 2014A.

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 $13,433,250, including the tax increment financing redevelopment agreement of $463,250, is below the City's constitutional debt limit of approximately $19,190,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Windsor Heights' elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget. The City Council will need to review areas for potential budget reductions impacting the General Fund to help offset the future decrease in General Fund revenues related to the commercial property tax reform passed in 2014. Although the City Council chose not to levy for the police pension fund in fiscal year 2015, there is a need to levy for this fund in the future.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Windsor Heights, Iowa
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS
As of and for the year ended June 30, 2014

		Program receipts		
	Disbursements	Charges for service	Operating grants, contributions, and restricted interest	Capital grants, contributions, and restricted interest
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities				
Public safety	$ 2,454,983	$ 623,981	$ 10,929	$ –
Public works	679,175	–	485,289	–
Health and social services	3,000	–	–	–
Culture and recreation	379,790	155,257	2,162	–
Community and economic development	51,022	–	–	–
General government	555,344	2,190	13,732	–
Debt service	2,128,286	–	–	–
Capital projects	1,537,829	–	–	409,516
Total governmental activities	7,789,429	781,428	512,112	409,516
Business type activities				
Water	–	15,000	–	–
Sewer	69,390	58,178	–	–
Storm water	156,432	307,266	–	–
Solid waste	313,264	364,925	–	–
Total business type activities	539,086	745,369	–	–
Total primary government	$ 7,843,515	$1,526,797	$ 512,112	$ 409,516
Component Unit				
Windsor Heights Foundation	$ 9,533	$ –	$ 15,011	$ –
GENERAL RECEIPTS AND TRANSFERS				
Property and other city tax levied for				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Franchise fees				
Hotel/motel tax				
Sale of land				
Proceeds from sale of bonds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
CASH BASIS NET POSITION				
Restricted				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See Notes to Financial Statements.

Exhibit A

Net (disbursements) receipts and changes in cash basis net assets			Component Unit
Governmental activities	Business type activities	Total	Windsor Heights Foundation
$ (1,820,073)	$ –	$ (1,820,073)	$ –
(193,886)	–	(193,886)	–
(3,000)	–	(3,000)	–
(222,371)	–	(222,371)	–
(51,022)	–	(51,022)	–
(539,422)	–	(539,422)	–
(2,128,286)	–	(2,128,286)	–
(1,128,313)	–	(1,128,313)	–
(6,086,373)	–	(6,086,373)	–
–	15,000	15,000	–
–	(11,212)	(11,212)	–
–	150,834	150,834	–
–	51,661	51,661	–
–	206,283	206,283	–
(6,086,383)	206,283	(5,880,090)	–
–	–	–	5,478
2,673,332	–	2,673,332	–
53,619	–	53,619	–
1,732,283	–	1,732,283	–
1,905	100	2,005	14
297,826	–	297,826	–
472	–	472	–
2,096,024	–	2,096,024	–
4,335,282	–	4,335,282	–
55,960	–	55,960	–
65,000	(65,000)	–	–
11,311,703	(64,900)	11,246,803	14
5,225,330	141,383	5,366,713	5,492
3,041,874	149,745	3,191,619	14,284
$ 8,267,204	$ 291,128	$ 8,558,332	$ 19,776
$ 3,056,806	$ –	$ 3,056,806	$ –
2,712,464	–	2,712,464	–
596,714	–	596,714	19,776
1,901,220	291,128	2,192,348	–
$ 8,267,204	$ 291,128	$ 8,558,332	$ 19,776

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, 2014

		Special revenue		
	General	Employee Benefits	Police Pension	Urban Renewal Tax Increment Financing
RECEIPTS				
Property tax	$1,737,604	$ 935,728	$ –	$ –
Tax increment financing	–	–	–	1,732,283
Other city tax	472	–	–	–
Licenses and permits	336,307	–	–	–
Use of money and property	1,905	48	93	–
Intergovernmental	14,550	–	–	–
Charges for services	286,740	–	–	–
Miscellaneous	456,967	27,013	–	–
Total receipts	2,834,545	962,789	93	1,732,283
DISBURSEMENTS				
Operating				
Public safety	1,771,406	572,746	49,831	–
Public works	15,519	195,582	–	–
Health and social services	3,000	–	–	–
Culture and recreation	349,313	23,955	–	–
Community and economic development	25,496	–	–	–
General government	475,617	79,214	–	–
Debt service	–	–	–	–
Capital projects	–	–	–	–
Total disbursements	2,640,351	871,497	49,831	–
Excess (deficiency) of receipts over (under) disbursements	194,194	91,292	(49,738)	1,732,283
OTHER FINANCING SOURCES (USES)				
Sale of land	–	–	–	2,096,024
Capital loan note proceeds	–	–	–	–
Debt service – bonds refunded	–	–	–	–
Operating transfers in	90,000	–	–	–
Operating transfers out	(85,000)	(25,000)	–	(1,741,775)
Total other financing sources (uses)	5,000	(25,000)	–	354,249
CHANGE IN CASH BALANCES	199,194	66,292	(49,738)	2,086,532
CASH BALANCES (DEFICITS), beginning of year	3,420,484	248,576	155,905	273,887
CASH BALANCES (DEFICITS), end of year	$3,619,678	$ 314,868	$ 106,167	$2,360,419
CASH BASIS FUND BALANCES (DEFICITS)				
Restricted for				
Streets	$ –	$ –	$ –	$ –
Debt service	–	–	–	2,360,419
Other purposes	–	314,868	106,167	–
Unassigned	3,619,678	–	–	–
Total cash basis fund balances (deficits)	$3,619,678	$ 314,868	$ 106,167	$2,360,419

See Notes to Financial Statements.

	Capital Projects			
Debt Service	Tax Increment Financing Project Advance	2014A Street Project	Nonmajor	Total
$ 53,619	$ –	$ –	$ –	$2,726,951
–	–	–	–	1,732,283
–	–	–	–	472
–	–	–	–	336,307
–	–	–	74	2,120
–	–	–	894,780	909,330
–	–	–	29,420	316,160
–	–	–	10,850	494,830
53,619	–	–	935,124	6,518,453
–	–	–	61,000	2,454,983
–	–	–	468,074	679,175
–	–	–	–	3,000
–	6,522	–	–	379,790
–	25,526	–	–	51,022
–	–	–	513	555,344
1,643,286	–	–	–	1,643,286
–	119,844	169,188	1,248,797	1,537,829
1,643,286	151,892	169,188	1,778,384	7,304,429
(1,589,667)	(151,892)	(169,188)	(843,260)	(785,976)
–	–	–	–	2,096,024
488,500	–	3,073,582	773,200	4,335,282
(485,000)	–	–	–	(485,000)
1,857,130	–	–	89,689	2,036,819
–	(30,355)	–	(89,689)	(1,971,819)
1,860,630	(30,355)	3,073,582	773,200	6,011,306
270,963	(182,247)	2,904,394	(70,060)	5,225,330
43,103	(980,454)	–	(119,627)	3,041,874
$ 314,066	$(1,162,701)	$2,904,394	$ (189,687)	$8,267,204
$ –	$ –	$2,904,394	$ 152,412	$3,056,806
314,066	–	–	37,979	2,712,464
–	–	–	175,679	596,714
–	(1,162,701)	–	(555,757)	1,901,220
$ 314,066	$(1,162,701)	$2,904,394	$ (189,687)	$8,267,204

See Notes to Financial Statements.

Exhibit C

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, 2014

	Enterprise			
	Solid Waste	**Storm Water**	**Nonmajor**	**Total**
OPERATING RECEIPTS				
Charges for services	$ 364,925	$ 307,266	$ 73,178	$ 745,369
OPERATING DISBURSEMENTS				
Business type activities	313,264	150,389	69,390	533,043
Excess of operating receipts over operating disbursements	51,661	156,877	3,788	212,326
NONOPERATING RECEIPTS (DISBURSEMENTS)				
Interest on investments	–	–	100	100
Capital outlay	–	(6,043)	–	(6,043)
Net nonoperating receipts (disbursements)	–	(6,043)	100	(5,943)
Excess of receipts over disbursements	51,661	150,834	3,888	206,383
OPERATING TRANSFERS OUT	–	(25,000)	(40,000)	(65,000)
CHANGE IN CASH BALANCES	51,661	125,834	(36,112)	141,383
CASH BALANCES, beginning of year	66,801	16,466	66,478	149,745
CASH BALANCES, end of year	$ 118,462	$ 142,300	$ 30,366	$ 291,128
CASH BASIS FUND BALANCES				
Unrestricted	$ 118,462	$ 142,300	$ 30,366	$ 291,128

See Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Windsor Heights is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1941 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer, solid waste and storm water utilities for its citizens. Water service is provided to citizens by the Des Moines Water Works.

Reporting Entity

For financial reporting purposes, the City of Windsor Heights has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements include the City of Windsor Heights (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Unit

The Windsor Heights Fire Fighter's Association (Association) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The Association was organized under Chapter 504A of the Code of Iowa as a 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 been blended into the Special Revenue Funds.

Discretely Presented Component Unit

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

Jointly Governed Organizations

In 1998, the City joined with fifteen cities and counties to perpetuate the Des Moines Area Metropolitan Planning Organization (Organization) to plan and coordinate the transportation activities for the metropolitan area. The Organization's Board consists of a representative from the governing body of each member city. The members make contributions toward the budget of the Organization. During the year ended June 30, 2014, the City paid the Organization $4,860.

In 1969, the City, in conjunction with seventeen other cities, created the Metro Waste Authority (the Authority). The Authority Board consists of an elected representative of the governing body of each participating governmental jurisdiction. The purpose of this joint governmental body is to provide for the economic disposal of all solid waste produced or generated by the jurisdictions and private contractors. During the year ended June 30, 2014, the City paid the Metro Waste Authority $94,382 for the Curb It Program.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations (continued)

In March 2002, the City, in conjunction with four other cities, created the Metro Home Improvement Program for housing rehabilitation within their respective communities. Each member has equal representation on the management committee. The cost to the City was $25,496 during the year ended June 30, 2014.

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of or appoint representatives to the following Boards: Polk County Assessor's Conference Board, Joint County/Municipal Disaster Services and Emergency Planning Administration for Polk County, E911 Joint Service Board, Central Iowa Regional Drinking Water Commission, Des Moines Metropolitan Transit Authority, Walnut Creek Watershed Management Authority, Metropolitan Des Moines Sister Cities Commission and BRAVO.

Basis of Presentation

Government-wide Financial Statement

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

The statement of activities and net position – cash basis 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.

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

The statement of activities and net position – cash basis 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

The City reports the following major governmental funds:

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 not paid from other funds.

Special Revenue

The Employee Benefits Fund is used to account for the tax levy and disbursements for employee benefits, such as health insurance, pension, etc.

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

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

Debt Service Fund

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

Capital Projects

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

The Capital Projects, 2014A Street Project is used to account for receipts and disbursement for street projects.

The City reports the following major proprietary fund:

Enterprise, Storm Water Fund

The Enterprise, Storm Water Fund accounts for the receipts and disbursement of the storm water system.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating receipts and disbursements from 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.

Governmental Cash Basis Fund Balances

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

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

Unassigned - All amounts not included in the preceding classification.

Budgets and Budgetary Accounting

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

NOTE 2 CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $500,480 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The City's investment in the Iowa Public Agency Investment Trust is unrated.

NOTE 3 BONDS AND NOTES PAYABLE

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

Year ending June 30	Principal	Interest	Total
2015	$ 1,370,000	$ 495,754	$ 1,865,754
2016	1,515,000	432,025	1,947,025
2017	1,290,000	396,300	1,686,300
2018	1,155,000	359,998	1,514,998
2019	940,000	326,365	1,266,365
2020-2024	3,280,000	1,157,621	4,437,621
2025-2029	2,585,000	500,508	3,085,508
2030-2033	835,000	85,200	920,200
Total	$12,970,000	$3,753,771	$16,723,771

On July 1, 2013, the City issued $500,000 of general obligation capital loan notes at a discount of $2,000 for the purpose of refunding the general obligation bonds Series 1999A payments due after June 1, 2014. As a result of this refunding the City reduced its debt service requirements by $31,197 for a present value savings of $30,871.

NOTE 4 PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were $169,069, $166,915 and $157,301, respectively, equal to the required contributions for each year.

Chapter 410 Police Pension Plan

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

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

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

NOTE 4 PENSION AND RETIREMENT BENEFITS (continued)

Chapter 410 Police Pension Plan (continued)

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

1. The present value of future pension payments was computed using a discount rate of 3.5%. 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 increases as a result of inflation.

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

Total pension obligation at July 1, 2011	$ 494,521
Net position available for benefits as of June 30, 2014	106,167
Unfunded pension benefit obligation	$ 388,354

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

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 27 active and no retired members in the plan.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for plan members are $540 for single coverage, $660 for employee-child(ren), $780 for employee-spouse and $900 for family coverage. For the year ended June 30, 2014, the City contributed $314,982 and plan members eligible for benefits contributed $23,760.

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. At June 30, 2014 no employees were eligible for sick leave payout as it requires 20 years of service. The City's approximate liability for earned vacation payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

Type of benefit	Amount
Vacation	$ 105,000

The liability has been computed based on rates of pay in effect as of June 30, 2014.

NOTE 7 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
	Special Revenue:	
General	Employee Benefits	$ 25,000
	Enterprise:	
	Storm Water	25,000
	Nonmajor Enterprise funds	40,000
		90,000
Debt Service	General	85,000
	Special Revenue:	
	Urban Renewal Tax Increment	1,741,775
	Capital Projects:	
	Tax Increment Financing Project Advance	30,355
		1,857,130
Nonmajor Governmental Funds	Nonmajor Governmental Funds	89,689
Total		$2,036,819

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

NOTE 8 TAX INCREMENT FINANCING REDEVELOPMENT AGREEMENT

On December 19, 2011, the City entered into an agreement with We Can Build It, LLC (Company). Under this agreement, the Company agreed to a minimum assessment on the property located at 6500 University Avenue of $4,090,050. The Company also agreed to provide the City with at least $90,000 in property tax per year and the City agreed to rebate the Company any property tax paid over $90,000 within 15 days of payment to the City through June 30, 2018. The City estimates the annual payments will be $92,650 throughout the term of the agreement. During the year ended, June 30, 2014, the City made no disbursements under this agreement.

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 whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

NOTE 9 RISK MANAGEMENT (continued)

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

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2014 were $67,894.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured 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 $150,000 each occurrence, each location. Property risks exceeding $150,000 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 reinsurance and any excess risk-sharing recoveries, then 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. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the City's financial statements. As of June 30, 2014, 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. 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 INDUSTRIAL DEVELOPMENT REVENUE BONDS

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

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

NOTE 11 INTERFUND LOANS

The detail of interfund loans at June 30, 2014 is as follows:

Due from	Due to	Amount
Special Revenue:	General	$ 179,521
Urban Renewal Tax Increment	Capital Projects:	
	Tax Increment Financing Project Advance	138,750
	Hickman Road TIF	515,520
Total		$ 833,791

The loans represent amounts paid from the General Fund, Capital Projects, Tax Increment Financing Project Advance and Hickman Road TIF funds for costs associated with the City's urban renewal projects. The loans will be repaid through transfers from the Special Revenue, Urban Renewal Tax Increment Fund as receipts become available. No reimbursements occurred during the year ended June 30, 2014.

NOTE 12 CONSTRUCTION COMMITMENT

In May, 2014, the City approved a contract totaling approximately $1,005,000 for the 2014 Street resurfacing project. The project will be funded through bond proceeds. At June 30, 2014, costs totaling approximately $627,000 had been incurred under the contract.

NOTE 13 DEFICIT BALANCES

The Capital Projects, Tax Increment Financing Project Advance, Hickman Road TIF, and 73rd/Hickman Funds had deficit balances of $1,162,701, $555,577, and $180, respectively, at June 30, 2014. The deficits will be eliminated through transfers of future tax increment financing collections.

OTHER 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, 2014

	Governmental funds actual	Proprietary funds actual	Less funds not required to be budgeted	Total
RECEIPTS				
Property taxes	$2,726,951	$ –	$ –	$2,726,951
Tax increment financing	1,732,283	–	–	1,732,283
Other city tax	472	–	–	472
Licenses and permits	336,307	–	–	336,307
Use of money and property	2,120	100	15	2,205
Intergovernmental	909,330	–	–	909,330
Charges for services	316,160	745,369	–	1,061,529
Miscellaneous	494,830	–	9,821	485,009
Total receipts	6,518,453	745,469	9,836	7,254,086
DISBURSEMENTS				
Public safety	2,454,983	–	11,299	2,443,684
Public works	679,175	–	–	679,175
Health and social services	3,000	–	–	3,000
Culture and recreation	379,790	–	–	379,790
Community and economic development	51,022	–	–	51,022
General government	555,344	–	–	555,344
Debt service	1,643,286	–	–	1,643,286
Capital projects	1,537,829	–	–	1,537,829
Business type activities	–	539,086	–	539,086
Total disbursements	7,304,429	539,086	11,299	7,832,216
Excess (deficiency) of receipts over (under) disbursements	(785,976)	206,383	(1,463)	(578,130)
OTHER FINANCING SOURCES (USES), net	6,011,306	(65,000)	–	5,946,306
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,225,330	141,383	(1,463)	5,368,176
BALANCES, beginning of year	3,041,874	149,745	19,525	3,172,094
BALANCES, end of year	$8,267,204	$ 291,128	$ 18,062	$8,540,270

See accompanying independent auditor's report.

Budgeted amounts		Final to total
Original	Final	variance
$2,689,759	$2,689,759	$ 37,192
1,702,659	1,702,659	29,624
37,948	37,948	(37,476)
282,500	282,500	53,807
1,450	1,450	755
843,200	1,008,200	(98,870)
901,450	901,450	160,079
136,700	436,700	48,309
6,595,666	7,060,666	193,420
2,386,409	2,586,209	142,525
676,072	726,572	47,397
3,100	3,100	100
457,859	469,859	90,069
274,100	280,100	229,078
512,216	596,216	40,872
2,048,279	2,048,279	404,993
485,000	1,850,000	312,171
1,159,323	1,219,323	680,237
8,002,358	9,779,658	1,947,442
(1,406,692)	(2,718,992)	2,140,862
925,000	1,873,000	4,073,306
(481,692)	(845,992)	6,214,168
2,508,756	2,508,756	663,338
$2,027,064	$1,662,764	$6,877,506

City of Windsor Heights, Iowa
NOTE TO OTHER INFORMATION - BUDGETARY REPORTING
June 30, 2014

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by $1,777,300. The budget amendments are reflected in the final budgeted amounts.

SUPPLEMENTARY INFORMATION

City of Windsor Heights, Iowa
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES (DEFICITS)
Nonmajor Governmental Funds
As of and for the year ended June 30, 2014

	Special revenue			
	Road Use	**Police Trust**	**Police Forfeiture**	**Windsor Heights Fire Fighter's Association**
RECEIPTS				
Use of money and property	$ –	$ 14	$ 20	$ 15
Intergovernmental	485,289	–	–	–
Charges for service	–	29,420	–	–
Miscellaneous	1,029	–	–	9,821
Total receipts	486,318	29,434	20	9,836
DISBURSEMENTS				
Operating				
Public safety	–	33,734	15,967	11,299
Public works	468,074	–	–	–
General government	–	–	–	–
Capital projects	–	–	–	–
Total disbursements	468,074	33,734	15,967	11,299
Excess (deficiency) of receipts over (under) disbursements	18,244	(4,300)	(15,947)	(1,463)
OTHER FINANCING SOURCES (USES)				
Capital loan note proceeds	–	–	–	–
Operating transfers in	–	–	–	–
Operating transfers out	(89,689)	–	–	–
Total other financing sources (uses)	(89,689)	–	–	–
Change in cash balances	(71,445)	(4,300)	(15,947)	(1,463)
CASH BALANCES (DEFICITS), beginning of year	223,857	26,399	27,705	19,525
CASH BALANCES (DEFICITS), end of year	$ 152,412	$ 22,099	$ 11,758	$ 18,062
CASH BASIS FUND BALANCES (DEFICITS)				
Restricted for				
Streets	$ 152,412	$ –	$ –	$ –
Debt service	–	–	–	–
Other purposes	–	22,099	11,758	18,062
Unassigned	–	–	–	–
Total cash basis fund balances (deficits)	$ 152,412	$ 22,099	$ 11,758	$ 18,062

See accompanying independent auditor's report

Schedule 1

Capital projects					
Colby Park TIF	Hickman Road TIF	73rd/ Hickman	City Hall Public Safety	Equipment Reserve	Total
$ –	$ –	$ –	$ –	$ 25	$ 74
–	74,087	335,404	–	–	894,780
–	–	–	–	–	29,420
–	–	–	–	–	10,850
–	74,087	335,404	–	25	935,124
–	–	–	–	–	61,000
–	–	–	–	–	468,074
–	–	–	513	–	513
–	72,885	482,284	220,000	473,628	1,248,797
–	72,885	482,284	220,513	473,628	1,778,384
–	1,202	(146,880)	(220,513)	(473,603)	(843,260)
–	–	–	325,000	448,200	773,200
–	–	89,689	–	–	89,689
–	–	–	–	–	(89,689)
–	–	89,689	325,000	448,200	773,200
–	1,202	(57,191)	104,487	(25,403)	(70,060)
37,979	(556,779)	57,011	–	44,676	(119,627)
$ 37,979	$ (555,577)	$ (180)	$ 104,487	$ 19,273	$ (189,687)
$ –	$ –	$ –	$ –	$ –	$ 152,412
37,979	–	–	–	–	37,979
–	–	–	104,487	19,273	175,679
–	(555,577)	(180)	–	–	(555,757)
$ 37,979	$ (555,577)	$ (180)	$ 104,487	$ 19,273	$ (189,687)

Schedule 2

City of Windsor Heights, Iowa
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
Nonmajor Proprietary Funds
As of and for the year ended June 30, 2014

	Enterprise Funds		
	Water	**Sewer**	**Total**
OPERATING RECEIPTS			
Charges for services	$ 15,000	$ 58,178	$ 73,178
OPERATING DISBURSEMENTS			
Business type activities	–	69,390	69,390
Excess (deficiency) of operating receipts over (under) operating disbursements	15,000	(11,212)	3,788
NONOPERATING RECEIPTS			
Interest on investments	100	–	100
Net nonoperating receipts (disbursements)	100	–	100
Excess (deficiency) of receipts over (under) disbursements	15,100	(11,212)	3,888
Operating transfers (out)	(15,000)	(25,000)	(40,000)
Net change in cash balances	100	(36,212)	(36,112)
CASH BALANCE, beginning of year	202	66,276	66,478
CASH BALANCE, end of year	$ 302	$ 30,064	$ 30,366
CASH BASIS FUND BALANCES, unrestricted	$ 302	$ 30,064	$ 30,366

City of Windsor Heights, Iowa
SCHEDULE OF INDEBTEDNESS
For the year ended June 30, 2014

Obligation	Date of issue	Interest rates	Amount originally issued
General obligation bonds and notes			
General obligation bonds, series 1999A	September 1, 1999	5.00-5.30%	$1,580,000
Capital loan notes, series 2007A	April 1, 2007	3.75-3.80%	1,500,000
General obligation bonds, series 2008A	June 1, 2008	3.65-4.20%	1,980,000
General obligation bonds, series 2008B	June 1, 2008	5.40-6.20%	3,805,000
Capital loan notes, series 2011A	February 1, 2011	1.85-4.15%	3,360,000
Refunding capital loan notes, series 2011B	February 1, 2011	2.00%	440,000
Refunding capital loan notes, series 2012A	May 24, 2012	0.60-1.20%	1,375,000
Capital loan notes, series 2013A	July 1, 2013	0.45-1.15%	950,000
Capital loan notes, series 2014	May 15, 2014	2.50%	325,000
Capital loan notes, series 2014A	January 6, 2014	2.00-4.00%	3,090,000
Total			

See accompanying independent auditor's report.

Schedule 3

Balance beginning of year	Issued during year	Redeemed during year	Balance end of year	Interest paid
$ 485,000	$ –	$ 485,000	$ –	$ 2,136
680,000	–	160,000	520,000	25,510
1,675,000	–	80,000	1,595,000	66,295
3,205,000	–	140,000	3,065,000	187,595
2,810,000	–	310,000	2,500,000	86,835
235,000	–	75,000	160,000	4,700
1,255,000	–	245,000	1,010,000	10,210
–	950,000	245,000	705,000	5,005
–	325,000	–	325,000	–
–	3,090,000	–	3,090,000	–
$10,345,000	$4,365,000	$1,740,000	$12,970,000	$ 388,286

Schedule 4

City of Windsor Heights, Iowa
BOND AND NOTE MATURITIES
June 30, 2014

GENERAL OBLIGATION BONDS/NOTES

	Series 2007A Issued April 1, 2007		Series 2008A Issued June 1, 2008		Series 2008B Issued June 1, 2008		Series 2011A Issued Feb 1, 2011	
Year ending June 30	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	3.75%	$ 165,000	3.65%	$ 85,000	5.40%	$ 145,000	1.85%	$ 315,000
2016	3.75%	175,000	3.65%	90,000	5.40%	155,000	2.65%	330,000
2017	3.80%	180,000	3.65%	90,000	5.40%	165,000	2.95%	340,000
2018		–	3.75%	95,000	5.50%	175,000	3.45%	355,000
2019		–	3.80%	100,000	5.60%	185,000	3.60%	370,000
2020		–	3.90%	105,000	5.70%	195,000	3.95%	385,000
2021		–	4.00%	110,000	5.80%	205,000	4.15%	405,000
2022		–	4.00%	115,000	5.90%	220,000		–
2023		–	4.05%	120,000	6.00%	230,000		–
2024		–	4.05%	125,000	6.00%	245,000		–
2025		–	4.10%	130,000	6.10%	260,000		–
2026		–	4.15%	135,000	6.10%	275,000		–
2027		–	4.20%	145,000	6.20%	295,000		–
2028		–	4.20%	150,000	6.20%	315,000		–
2029		–		–		–		–
2030		–		–		–		–
2031		–		–		–		–
2032		–		–		–		–
2033		–		–		–		–
Totals		$ 520,000		$ 1,595,000		$3,065,000		$2,500,000

	Series 2011B Issued Feb 1, 2011		Series 2012A Issued May 24, 2012		Series 2013A Issued July 1, 2013		Series 2014A Issued Jan 6, 2014	
Year ending June 30	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	2.00%	$ 80,000	0.60%	$ 250,000	0.45%	$ 230,000	2.00%	$ 100,000
2016	2.00%	80,000	0.75%	250,000	0.50%	250,000	2.00%	130,000
2017		–	1.00%	255,000	0.75%	70,000	2.00%	130,000
2018		–	1.20%	255,000	1.00%	75,000	2.00%	135,000
2019		–		–	1.15%	80,000	2.00%	135,000
2020		–		–		–	2.00%	140,000
2021		–		–		–	2.10%	145,000
2022		–		–		–	2.30%	150,000
2023		–		–		–	2.50%	155,000
2024		–		–		–	2.65%	155,000
2025		–		–		–	2.85%	165,000
2026		–		–		–	3.00%	170,000
2027		–		–		–	3.20%	175,000
2028		–		–		–	3.50%	180,000
2029		–		–		–	3.60%	190,000
2030		–		–		–	4.00%	195,000
2031		–		–		–	4.00%	205,000
2032		–		–		–	4.00%	215,000
2033		–		–		–	4.00%	220,000
Totals		$ 160,000		$1,010,000		$ 705,000		$3,090,000

See accompanying independent auditor's report.

Schedule 4

City of Windsor Heights, Iowa
BOND AND NOTE MATURITIES(continued
June 30, 2014

GENERAL OBLIGATION BONDS/NOTES (continued)

	Series 2014 Issued May 15, 2014		
Year ending June 30	Interest Rates	Amount	Amount
2015		$ –	$ 1,370,000
2016	2.50%	55,000	1,515,000
2017	2.50%	60,000	1,290,000
2018	2.50%	65,000	1,155,000
2019	2.50%	70,000	940,000
2020	2.50%	75,000	900,000
2021		–	865,000
2022		–	485,000
2023		–	505,000
2024		–	525,000
2025		–	555,000
2026		–	580,000
2027		–	615,000
2028		–	645,000
2029		–	190,000
2030		–	195,000
2031		–	205,000
2032		–	215,000
2033		–	220,000
Totals		$ 325,000	$12,970,000

See accompanying independent auditor's report.

Schedule 5

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

	Year ended June 30			
	2014	**2013**	**2012**	**2011**
RECEIPTS				
Property tax	$2,726,951	$2,506,807	$2,570,857	$2,565,082
Tax increment financing	1,732,283	1,785,128	1,776,154	1,724,469
Other city tax	472	772	1,348	3,525
Licenses and permits	336,307	293,260	276,280	292,831
Use of money and property	2,120	1,399	2,126	13,815
Intergovernmental	909,330	487,284	2,266,797	768,245
Charges for service	316,160	286,173	262,831	212,893
Miscellaneous	494,830	285,475	176,594	154,192
Total receipts	$6,518,453	$5,646,298	$7,332,987	$5,735,052
DISBURSEMENTS				
Operating				
Public safety	$2,454,983	$2,212,816	$2,177,783	$2,236,921
Public works	679,175	621,834	613,361	681,226
Health and social services	3,000	3,000	3,000	2,500
Culture and recreation	379,790	375,312	418,659	346,520
Community and economic development	51,022	157,090	155,196	37,777
General government	555,344	526,002	516,691	523,210
Debt service	1,643,286	1,445,175	2,080,081	2,099,516
Capital projects	1,537,829	206,700	2,398,341	1,177,079
Total disbursements	$7,304,429	$5,547,929	$8,363,112	$7,104,749

See accompanying independent auditor's report.

Schedule 5

Year ended June 30					
2010	**2009**	**2008**	**2007**	**2006**	**2005**
$ 2,703,573	$ 2,778,548	$2,215,440	$2,160,668	$2,149,157	$2,076,718
1,809,398	1,645,515	1,568,689	1,620,769	1,447,527	1,294,382
209,293	287,013	316,789	306,032	307,581	7,221
40,964	38,357	75,189	79,458	40,333	118,060
6,786	78,651	65,332	58,023	40,451	17,216
1,441,286	422,362	515,629	783,396	409,501	410,168
514,927	370,278	377,556	331,869	120,478	216,612
228,551	309,957	297,258	283,318	205,438	289,254
$ 6,954,778	$ 5,930,681	$5,431,882	$5,623,533	$4,720,466	$4,429,631
$ 2,102,371	$ 2,048,175	$1,819,876	$2,100,540	$1,622,875	$1,648,134
1,214,431	1,023,955	914,916	885,629	629,928	690,381
100	2,500	–	–	75,125	78,574
308,454	370,797	328,954	238,776	468,146	337,121
12,535	8,085	225	14,933	23,354	33,301
594,043	570,123	456,932	479,658	375,537	395,866
1,891,171	3,538,565	1,459,425	1,300,176	1,744,032	1,180,503
4,861,461	2,890,523	966,570	1,191,250	138,719	36,480
$10,984,566	$10,452,723	$5,946,898	$6,210,962	$5,077,716	$4,400,360

See accompanying independent auditor's report.

DENMAN
& COMPANY, LLP

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
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 the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Windsor Heights, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than 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 of Windsor Heights' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Windsor Heights' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Windsor Heights' internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Windsor Heights' financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items I-B-14 through I-D-14 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Windsor Heights' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 matters which 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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Windsor Heights' Responses to the Findings

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

Purpose of this Report

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

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 20, 2014

City of Windsor Heights
SCHEDULE OF FINDINGS
Year ended June 30, 2014

Part I - Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

I-A-14 SEGREGATION OF DUTIES

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

(1) Accounting and information system - performance of all general accounting functions, including recording journal entries, controlling data input and output and custody and control over assets.

(2) Cash - preparation of bank reconciliations, signing checks and recording cash. In addition, two individuals have access to one change drawer at the City rather than each individual having a change drawer they are solely responsible for.

(3) Investments - detailed record keeping, custody and reconciling.

(4) Receipts - depositing, posting and reconciling.

(5) Disbursements - purchasing, processing invoices, disbursing and recording.

(6) Payroll - recordkeeping, preparation, distribution and custody of undistributed warrants.

(7) Debt - recordkeeping, debt payment processing and reconciling.

Duties of accounting personnel are not rotated in their absence.

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

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

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

Recommendation

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

INTERNAL CONTROL DEFICIENCIES (continued)

I-A-14 SEGREGATION OF DUTIES (continued)

Responses

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

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

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

Conclusions

Responses accepted.

I-B-14 COMPUTER SYSTEM

The City does not have a written disaster recovery plan for its computer system or written policies regarding password security.

Recommendation

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

Response

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

Conclusion

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

INTERNAL CONTROL DEFICIENCIES (continued)

I-C-14 RECEIPTS

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

Recommendation

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

Response

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

Conclusion

Response accepted.

I-D-14 DISBURSEMENTS

Certain credit card disbursements and employee reimbursements were not supported by an original vendor invoice and reimbursements for out-of-state travel were not always supported by the required pre-authorization forms.

Recommendation

Credit card and travel claims submitted for payment should have original receipts attached to support the disbursement. The required pre-authorizations for out-of-state travel should be attached to reimbursement claims.

Response

Original receipts are required for travel claim reimbursements. The City will make sure original receipts are kept with proper documentation. The City will also attach copies of travel pre-authorizations for out-of-state travel to reimbursement claims.

Conclusion

Response accepted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II – Other Findings Related to Required Statutory Reporting

II-A-14 CERTIFIED BUDGET

Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.

II-B-14 QUESTIONABLE DISBURSEMENTS

No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

II-C-14 TRAVEL EXPENSE

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-14 BUSINESS TRANSACTIONS

No transactions between the City and City officials and employees were noted.

II-E-14 BOND COVERAGE

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

II-F-14 CITY COUNCIL MINUTES

Except as noted, no transactions were found that we believe should have been approved in the City Council minutes but were not.

Although minutes of City Council proceedings were published, the publications did not include the purpose of the claims approved for payment as required by Chapter 372.13(6) of the Code of Iowa. A summary of all receipts, and in several instances tested were not published within 15 days of the meeting.

Recommendation

All minutes should be published within 15 days of the meeting and the purpose of claims and a summary of receipts should be published as required.

Response

The City will publish minutes within 15 days of the meeting. The recommendation to publish the purpose of claims will again be discussed at the Council level along with the publishing of a summary of receipts.

Conclusion

Response acknowledged. Minutes should be published within 15 days of the meeting. The City should publish the purpose of all claims and summary of receipts as required.

Part II – Other Findings Related to Required Statutory Reporting (continued)

II-G-14 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-H-14 ANNUAL URBAN RENEWAL REPORT

The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

II-I-14 FINANCIAL CONDITION

The City had deficit balances in the following funds at June 30, 2014:

Capital Projects	
Tax Increment Financing Project Advance	$1,162,701
Hickman Road TIF	$555,577
73rd/Hickman	$180

Recommendation

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

Response

The City will investigate alternatives to eliminate these deficits.

Conclusion

Response accepted.