

**CITY OF BONDURANT**

**INDEPENDENT AUDITOR'S REPORT  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2008**

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**CITY OF BONDURANT**

**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2008)		
Marla B. McCoid . . . . .	Mayor . . . . .	Jan 2010
Mike R. Adams, Sr. . . . .	Council Member . . . . .	Jan 2008
Bruce N. Cordes . . . . .	Council Member . . . . .	Jan 2008
Jeffrey A. Kromrie . . . . .	Council Member . . . . .	Jan 2008
Michele R. Bailey . . . . .	Council Member . . . . .	Jan 2010
Keith P. Ryan . . . . .	Council Member . . . . .	Jan 2010
Mark J. Arentsen . . . . .	City Administrator . . . . .	Jan 2010
Matt S. Brick . . . . .	Attorney . . . . .	Indefinite
Michelle A. Wells . . . . .	Deputy City Clerk . . . . .	Indefinite
Lori Dunham . . . . .	Finance Director . . . . .	Indefinite
(After January 2008)		
Marla B. McCoid . . . . .	Mayor . . . . .	Jan 2010
Mike R. Adams, Sr. . . . .	Council Member . . . . .	Jan 2012
Michelle R. Bailey . . . . .	Council Member . . . . .	Jan 2010
Eric M. Boatwright . . . . .	Council Member . . . . .	Jan 2012
Keith P. Ryan . . . . .	Council Member . . . . .	Jan 2010
Curt D. Sullivan . . . . .	Council Member . . . . .	Jan 2012
Mark J. Arentsen . . . . .	City Administrator . . . . .	Jan 2010
Matt S. Brick . . . . .	Attorney . . . . .	Indefinite
Michelle A. Wells . . . . .	Deputy City Clerk . . . . .	Indefinite
Lori Dunham . . . . .	Finance Director . . . . .	Indefinite



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CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council:

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 Bondurant, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bondurant's management. Our responsibility is to express opinions on these basic 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 that 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 U.S. generally accepted accounting principles.

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 Bondurant at June 30, 2008, and the respective changes in the 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 September 15, 2008 on our consideration of the City of Bondurant's 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 5 through 11 and 30 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting 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 Bondurant's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the two years ended June 30, 2006 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The 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 aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
September 15, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Bondurant 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, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 160%, or approximately \$3,028,100 from fiscal 2007 to fiscal 2008. Property tax and tax increment financing increased approximately \$72,400, bond/loan proceeds increased by \$2,730,100, uses of money and property increased by \$100,600 and intergovernmental increased by \$183,000.
- Disbursements of the City's governmental activities increased 64%, or approximately \$1,379,264, from fiscal 2007 to fiscal 2008. Public safety, public works, debt service and capital projects increased approximately \$88,000, \$29,400, \$115,900 and \$932,200, respectively.
- The City's total cash basis net assets increased 283.8% or approximately \$1,761,000 from fiscal 2007 to fiscal 2008. Of this amount, the assets of the governmental activities increased \$1,572,000 and the assets of the business type activities increased \$189,000.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements 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 Statements consist of a statement of activities and net assets. 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 statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about nonmajor governmental funds and debt obligations.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader 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 Statement of Activities and Net Assets reports information which helps answer this question.

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

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, 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 waterworks, the sanitary sewer system, and garbage collection. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains four Enterprise Funds to provide separate information for the water, sewer, garbage and recycling funds, 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.

3) Fiduciary funds account for the City's Agency Fund to account for sidewalk escrow deposits received from developers to be returned when the installation of sidewalks is complete.

The required financial statement for fiduciary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities has increased from a year ago, increasing from \$12,596 to \$1,584,668. The analysis that follows focuses on these changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2008	2007
Receipts and transfers:		
Program receipts:		
Charges for service and sales	\$ 167,656	\$ 204,465
Operating grants, contributions and restricted interest	432,155	249,064
Capital grants, contributions and restricted interest	93,334	81,940
General receipts:		
Property tax	898,933	858,315
Tax increment financing	338,504	306,722
Other city tax	45,515	27,546
Unrestricted investment earnings	122,387	21,778
Bond proceeds	2,730,100	-
Note/loan proceeds	29,097	44,931
Other general receipts	64,332	99,092
Transfers, net	171,560	73,312
Total receipts and transfers	<u>5,093,573</u>	<u>1,967,165</u>
Disbursements:		
Public safety	446,249	357,732
Public works	314,543	285,134
Health and social services	4,786	-
Culture and recreation	237,789	170,671
Community and economic development	72,377	60,245
General government	435,122	305,978
Debt service	545,980	430,040
Capital projects	1,464,655	532,437
Total disbursements	<u>3,521,501</u>	<u>2,142,237</u>
Increase (decrease) in cash balance	1,572,072	(175,072)
Cash basis net assets beginning of year	<u>12,596</u>	<u>187,668</u>
Cash basis net assets end of year	<u>\$1,584,668</u>	<u>\$ 12,596</u>

The City's total receipts and transfers for governmental activities increased by 159.9 percent or approximately \$3,126,400. The total cost of all programs and services increased by approximately \$1,379,300 or 64.4 percent. The significant increase in receipts was primarily the result of proceeds received from the issuance of corporate purpose general obligation bonds. The most significant increase in disbursements was primarily the result of capital projects such as the library, public safety building and a new fire truck.

Based on increases in the total assessed valuation, property tax receipts are budgeted to increase by an additional \$149,800 next year or 12%.

The cost of all governmental activities this year was \$3.522 million compared to \$2.142 million last year. However, as shown in the statement of activities and net assets - cash basis on page 12, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2.828 million because some of the cost was paid by those directly benefitted from the programs (\$167,656) or by other governments and organizations that subsidized certain programs with grants and contributions (\$525,489). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2008 from approximately \$535,400 to approximately \$693,100, principally due to an increase in operating grants, contributions, and restricted interest. The City paid for the remaining public benefit portion of governmental activities with approximately \$1,237,437 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements. \$2,730,100 in bond proceeds was used to finance capital projects.

#### Business Type Activities

Changes in Cash Basis Net Assets of Business-Type Activities		
	Years ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Charges for service and sales:		
Water	\$ 564,093	\$ 471,525
Sewer	351,748	278,664
Garbage	139,058	126,863
Storm water	840	-
Investment earnings	10,662	9,674
General receipts:		
Bond proceeds	230,000	-
Other general receipts	74,375	114,505
Total receipts	<u>1,370,776</u>	<u>1,001,231</u>
Disbursements:		
Water	442,499	604,450
Sewer	388,568	470,960
Garbage	140,918	131,555
Water deposits	24,250	18,900
Storm water	13,666	42,991
Transfers	171,560	73,312
Total disbursements and transfers	<u>1,181,461</u>	<u>1,342,168</u>
Increase (decrease) in cash balance	189,315	(340,937)
Cash basis net assets beginning of year	<u>608,079</u>	<u>949,016</u>
Cash basis net assets end of year	<u>\$ 797,394</u>	<u>\$ 608,079</u>

Total business-type activities receipts for the fiscal year were \$1,370,776 compared to \$1,001,231 last year. This increase was due primarily to bond proceeds of \$230,000. The cash balance increased by \$189,315 from the prior year. Total disbursements for the fiscal year decreased by approximately 20 percent to a total of \$1,009,901. The Water Fund decreases were due to the completion of the 1st Street Water Main. The Sewer Fund decreases were due to approximately \$130,000 for the Lagoon Sludge Removal that was spent in 2007.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$1,584,688, an increase of \$1,572,092 from last year's total of \$12,596. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased from a balance of \$23,809 in 2007 to a balance of \$135,832 in 2008. The increase is due in part to the interest earned of \$122,073.
- The Road Use Tax Fund cash balance increased from a deficit balance of \$144,841 in 2007 to a deficit balance of \$77,010 in 2008. This fund should continue to have revenues exceed disbursements due to the completion of the 2006 Special Census. A significant portion of the disbursements includes the purchase of two plow trucks from Polk County and a street sweeper.
- The Urban Renewal Tax Increment Fund increased from a deficit position of \$122,042 in 2007 to a positive balance of \$40,438 in 2008 due to increased tax collections.
- The Library Grant Fund increased from \$20,541 to \$138,409 due to additional grants received.
- The Capital Projects Fund cash balance increased by \$1,197,971 to \$1,259,511, which was due to the issuance of bond proceeds of \$2,730,100 primarily used for the Library and Public Safety Building projects.
- The Debt Service Fund cash balance decreased from \$209,403 in 2007 to \$22,285 in 2008, due to the use of the accumulated balance to pay the first year principal and interest of the 2007 bond issuance.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance increased \$267,026 to \$645,814. The 2007 bond issuance included \$230,000 for the 84 Lumber water main project that has not proceeded, of which \$56,000 was transferred to the Sewer Fund for Inflow and Infiltration monitoring. Water revenues also increased due to the 18% rate increase.
- The Sewer Fund cash balance decreased by \$63,025 to \$191,281. Disbursements exceeded revenues due to increases in engineering services and WRA expenses and due to the installation of flow meters.
- The Garbage Fund cash balance decreased \$1,860 to \$14,203. This is due primarily to the spring and fall extra pick-up not billed to the citizens.
- The Storm Water Fund cash balance decreased \$12,826 to a deficit balance of (\$53,904). With the present high sewer rates, the decision was made to not increase rates to pay for storm water at this time. The deficit balance may be eliminated at a future bond issue.

## BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on May 19, 2008 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs. Disbursements were less than budget due to slow capital project construction as a result of poor weather conditions.

## DEBT ADMINISTRATION

At June 30, 2008, the City had \$5,638,529 in bonds and other long-term debt compared to \$3,141,931 last year shown as follows:

	Outstanding Debt at Year-End	
	2008	2007
General obligation bonds		
Corporate purpose and other	\$ 3,620,000	\$ 1,020,000
Revenue bonds	1,944,500	2,077,000
Sewer loan agreement	<u>74,029</u>	<u>44,931</u>
Total	<u>\$ 5,638,529</u>	<u>\$3,141,931</u>

The City's general obligation bonds are not rated. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,620,000 is well below the City's \$6.512 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Bondurant's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and fees charged for various City activities. The economy in the area has taken a slight down turn, with our unemployment rate taking a slight increase in the past year. Unemployment in Polk County now stands at 3.5% versus 3.1% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 5.7%.

The housing market boomed in Bondurant during 2007. During calendar year 2007, 182 total building permits were issued, including 106 single-family homes, which doubled the number for 2006, and 1 for commercial buildings. These permits resulted in adding over \$17.8 million in new valuation to the City in calendar year 2007.

These indicators were taken into account when adopting the budget for fiscal year 2009. Based on the tax rate of \$14.28570 per \$1,000 of taxable valuation, the City expects to generate \$1,059,502 in property tax revenue for FY 2009. Total General Fund revenues at this time are anticipated to be approximately \$1,062,587. Revenues from all funds, including Enterprise Funds, are anticipated to be \$4 million. Expenses are anticipated to match revenues in all funds.

It is anticipated that the financial condition of the City's deficit funds will end the fiscal year 2009 at or near a positive position. These negative fund balances have been a significant concern to the City and a concerted effort has been made to reduce these deficits. Regarding the Road Use Tax Fund deficit, the City conducted a Special Census in FY 2007, which has resulted in increased Road Use Tax collections for FY 2008. These increased collections have resulted in a deficit reduction of \$67,832 and will continue to ease the Road Use Fund financial condition.

### **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, contact Mark J. Arentsen, City Administrator, 200 Second Street, P.O. Box 37, Bondurant, Iowa 50035, 515-967-2418, e-mail [martensen@cityofbondurant.com](mailto:martensen@cityofbondurant.com).

## **BASIC FINANCIAL STATEMENTS**

## CITY OF BONDURANT

## STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS

As of and for the year ended June 30, 2008

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants and Contributions Restricted Interest	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$ 446,249	\$ 109,036	\$ 96,493	\$ 10,000	\$ (230,720)	\$ -	\$ (230,720)
Public works	314,543	33,028	253,073	-	(28,442)	-	(28,442)
Health and social services	4,786	-	-	-	(4,786)	-	(4,786)
Culture and recreation	237,789	3,603	3,730	80,000	(150,456)	-	(150,456)
Community and economic development	72,377	19,037	-	-	(53,340)	-	(53,340)
General government	435,122	2,952	78,859	-	(353,311)	-	(353,311)
Debt service	545,980	-	-	-	(545,980)	-	(545,980)
Capital projects	1,464,655	-	-	3,334	(1,461,321)	-	(1,461,321)
Total governmental activities	<u>3,521,501</u>	<u>167,656</u>	<u>432,155</u>	<u>93,334</u>	<u>(2,828,356)</u>	<u>-</u>	<u>(2,828,356)</u>
Business-type activities:							
Water	442,499	564,093	-	-	-	121,594	121,594
Sewer	388,568	351,748	-	-	-	(36,820)	(36,820)
Garbage	140,918	139,058	-	-	-	(1,860)	(1,860)
Water deposits	24,250	-	-	-	-	(24,250)	(24,250)
Storm water	13,666	840	-	-	-	(12,826)	(12,826)
Total business-type activities	<u>1,009,901</u>	<u>1,055,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,838</u>	<u>45,838</u>
Total	<u>\$4,531,402</u>	<u>\$1,223,395</u>	<u>\$ 432,155</u>	<u>\$ 93,334</u>	<u>\$(2,828,356)</u>	<u>\$ 45,838</u>	<u>\$(2,782,518)</u>
<b>General receipts:</b>							
Property tax levied for:							
General purposes					562,673	-	562,673
Employee benefits					158,085	-	158,085
Tax increment financing					338,504	-	338,504
Debt service					178,175	-	178,175
Other city tax					45,515	-	45,515
Bond proceeds					2,730,100	230,000	2,960,100
Loan proceeds					29,097	-	29,097
Unrestricted investment earnings					122,387	10,662	133,049
Miscellaneous					64,332	74,375	138,707
Transfers					171,560	(171,560)	-
Total general receipts and transfers					<u>4,400,428</u>	<u>143,477</u>	<u>4,543,905</u>
Change in cash basis net assets					1,572,072	189,315	1,761,387
Cash basis net assets beginning of year					12,596	608,079	620,675
Cash basis net assets end of year					<u>\$ 1,584,668</u>	<u>\$ 797,394</u>	<u>\$ 2,382,062</u>

## CITY OF BONDURANT

## STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS - CONTINUED

As of and for the year ended June 30, 2008

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants and Contributions Restricted Interest	Governmental Activities	Business-type Activities	Total
<b>Cash Basis Net Assets</b>						
Restricted:						
Debt service				\$ 22,285	\$ 12,763	\$ 35,048
Permanent fund				10,770	-	10,770
Special revenue funds				234,937	-	234,937
Capital project funds				1,259,512	-	1,259,512
Construction fund				-	356,905	356,905
Unrestricted				57,164	427,726	484,890
<b>Total cash basis net assets</b>				<u>\$ 1,584,668</u>	<u>\$ 797,394</u>	<u>\$ 2,382,062</u>

See notes to financial statements.

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue				Capital Projects					Debt Service	Other Nonmajor Governmental Funds	Total	
	General	Road Use Tax	Tax Increment Financing	Library Grant	Library	TIF Main Street	TIF Bike Trail	Public Safety Building	Fire Truck				Mud Creek Sewer
<b>Receipts:</b>													
Property taxes	\$ 546,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,175	\$ 174,492	\$ 898,933
Tax increment financing collections	-	-	338,504	-	-	-	-	-	-	-	-	-	338,504
Other city tax	45,515	-	-	-	-	-	-	-	-	-	-	-	45,515
Licenses and permits	93,508	-	-	-	-	-	-	-	-	-	-	-	93,508
Uses of money and property	122,073	-	-	-	-	-	-	-	-	-	-	314	122,387
Intergovernmental	78,859	253,073	-	2,835	-	-	-	-	-	-	-	97,388	432,155
Charges for service	74,148	-	-	-	-	-	-	-	-	-	-	-	74,148
Carver grant	-	-	-	60,000	-	-	-	-	-	-	-	-	60,000
Prairie Meadows grants	-	-	-	10,000	-	-	-	-	-	-	-	20,000	30,000
Rent	-	-	-	-	23,680	-	-	-	-	-	-	-	23,680
Miscellaneous	16,953	-	-	764	-	-	-	-	-	-	-	26,269	43,986
<b>Total receipts</b>	<b>977,322</b>	<b>253,073</b>	<b>338,504</b>	<b>73,599</b>	<b>23,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,175</b>	<b>318,463</b>	<b>2,162,816</b>
<b>Disbursements:</b>													
<b>Operating:</b>													
Public safety	349,772	-	-	-	-	-	-	-	-	-	-	96,477	446,249
Public works	108,073	185,242	5,837	-	-	-	-	-	-	-	-	15,391	314,543
Health and social services	4,786	-	-	-	-	-	-	-	-	-	-	-	4,786
Culture and recreation	186,087	-	-	2,888	-	-	-	-	-	-	-	48,814	237,789
Community and economic development	72,046	-	-	-	-	-	-	-	-	-	-	331	72,377
General government	366,010	-	-	-	-	-	-	-	-	-	-	69,112	435,122
Debt service	-	-	-	-	-	-	-	-	-	-	545,980	-	545,980
Capital projects	-	-	-	-	712,095	53,285	18,665	309,866	280,000	28,797	-	61,947	1,464,655
<b>Total disbursements</b>	<b>1,086,774</b>	<b>185,242</b>	<b>5,837</b>	<b>2,888</b>	<b>712,095</b>	<b>53,285</b>	<b>18,665</b>	<b>309,866</b>	<b>280,000</b>	<b>28,797</b>	<b>545,980</b>	<b>292,072</b>	<b>3,521,501</b>
Excess (deficiency) of receipts over (under) disbursements	(109,452)	67,831	332,667	70,711	(688,415)	(53,285)	(18,665)	(309,866)	(280,000)	(28,797)	(367,805)	26,391	(1,358,685)
<b>Other financing sources (uses)</b>													
Loan proceeds	-	-	-	-	-	-	-	-	-	29,097	-	-	29,097
Bond proceeds	100,100	-	-	-	1,350,000	-	50,000	950,000	280,000	-	-	-	2,730,100
Operating transfers in	179,157	-	-	47,157	-	-	-	-	-	-	180,687	47,643	454,644
Operating transfers (out)	(57,782)	-	(170,187)	-	(10,500)	-	-	-	-	-	-	(44,615)	(283,084)
<b>Total other financing sources (uses)</b>	<b>221,475</b>	<b>-</b>	<b>(170,187)</b>	<b>47,157</b>	<b>1,339,500</b>	<b>-</b>	<b>50,000</b>	<b>950,000</b>	<b>280,000</b>	<b>29,097</b>	<b>180,687</b>	<b>3,028</b>	<b>2,930,757</b>
<b>Net change in cash balances</b>	<b>112,023</b>	<b>67,831</b>	<b>162,480</b>	<b>117,868</b>	<b>651,085</b>	<b>(53,285)</b>	<b>31,335</b>	<b>640,134</b>	<b>-</b>	<b>300</b>	<b>(187,118)</b>	<b>29,419</b>	<b>1,572,072</b>
Cash balances beginning of year	23,809	(144,841)	(122,042)	20,541	(25,057)	(8,821)	-	(23,231)	-	(300)	209,403	83,135	12,596
Cash balances end of year	\$ 135,832	\$ (77,010)	\$ 40,438	\$ 138,409	\$ 626,028	\$ (62,106)	\$ 31,335	\$ 616,903	\$ -	\$ -	\$ 22,285	\$ 112,554	\$ 1,584,668

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES - CONTINUED  
*Governmental Funds*

As of and for the year ended June 30, 2008

	Special Revenue			Capital Projects						Debt Service	Other Nonmajor Governmental Funds	Total	
	General	Road Use Tax	Tax Increment Financing	Library Grant	Library	TIF Main Street	TIF Bike Trail	Public Safety Building	Fire Truck				Mud Creek Sewer
<b>Cash Basis Fund Balances</b>													
Reserved:													
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,285	\$ -	\$ 22,285
Unreserved:													
General fund	135,832	-	-	-	-	-	-	-	-	-	-	-	135,832
Special revenue funds	-	(77,010)	40,438	138,409	-	-	-	-	-	-	-	54,432	156,269
Capital projects funds	-	-	-	-	626,028	(62,106)	31,335	616,903	-	-	-	47,352	1,259,512
Permanent fund	-	-	-	-	-	-	-	-	-	-	-	10,770	10,770
Total cash basis fund balances	\$ 135,832	\$ (77,010)	\$ 40,438	\$ 138,409	\$ 626,028	\$ (62,106)	\$ 31,335	\$ 616,903	\$ -	\$ -	\$ 22,285	\$112,554	\$ 1,584,668

See notes to financial statements.

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
Proprietary Funds

As of and for the year ended June 30, 2008

	Enterprise Funds				Total
	Water	Sewer	Garbage	Storm Water	
Operating receipts:					
Charges for service	\$ 564,093	\$ 351,748	\$ 139,058	\$ 840	\$1,055,739
Water deposits	37,700	-	-	-	37,700
Miscellaneous	33,119	3,556	-	-	36,675
Total operating receipts	634,912	355,304	139,058	840	1,130,114
Operating disbursements:					
Business-type activities:	466,749	388,568	140,918	13,666	1,009,901
Total operating disbursements	466,749	388,568	140,918	13,666	1,009,901
Excess (deficiency) of operating receipts over (under) operating disbursements	168,163	(33,264)	(1,860)	(12,826)	120,213
Other financing sources (uses):					
Bond proceeds	230,000	-	-	-	230,000
Use of money and property	10,643	19	-	-	10,662
Operating transfers in	-	56,000	-	-	56,000
Operating transfers (out)	(141,780)	(85,780)	-	-	(227,560)
Total other financing sources (uses)	98,863	(29,761)	-	-	69,102
Net change in cash balances	267,026	(63,025)	(1,860)	(12,826)	189,315
Cash balances beginning of year	378,788	254,306	16,063	(41,078)	608,079
Cash balances end of year	\$ 645,814	\$ 191,281	\$ 14,203	\$ (53,904)	\$ 797,394
<b>Cash Basis Fund Balances</b>					
Reserved for :					
Debt service	\$ 8,926	\$ 3,837	\$ -	\$ -	\$ 12,763
Construction fund	356,905	-	-	-	356,905
Unreserved	279,983	187,444	14,203	(53,904)	427,726
Total cash basis fund balances	\$ 645,814	\$ 191,281	\$ 14,203	\$ (53,904)	\$ 797,394

See notes to financial statements.

**CITY OF BONDURANT**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN  
CASH BALANCE - FIDUCIARY FUND

*Agency Fund*

As of and for the year ended June 30, 2008

	<u>Agency Fund</u>
	<u>Sidewalk Escrow</u>
Cash balance beginning of year	\$ 53,470
Receipts:	
Uses of money and property	
Interest on investments	79
Escrow advance	<u>5,000</u>
Total receipts	<u>5,079</u>
Disbursements:	
Escrow remittances	<u>39,092</u>
Cash balance end of year	<u>\$ 19,457</u>

See notes to financial statements.

# CITY OF BONDURANT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bondurant is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1897 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 water and sewer utilities for its citizens.

#### A. Reporting Entity

For financial reporting purposes, the City of Bondurant 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

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following 28E agreements, boards and commissions: Metro Waste Authority, Polk County Assessor's Conference Board, Polk County Emergency Management Commission, Polk County Joint E911 Service Board, Polk County Public Works, Polk County Public Management Services, Polk County Animal Control Services, Homeland Security Services, Project Destiny and City of Altoona for Building Department Services, Fire/EMS Services, and the Safety Coalition of Central Iowa.

#### Joint Venture

The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority, a joint venture established pursuant to Chapter 28E of the Code of Iowa.

#### B. 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 the 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.

# CITY OF BONDURANT

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### B. Basis of Presentation - Continued

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

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts 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 Road Use Tax Fund is used to account for road construction and maintenance.

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

The Library Grant is used to account for funds donated to the library.

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

## CITY OF BONDURANT

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### B. Basis of Presentation - Continued

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

The Library Fund accounts for costs associated with the library construction.

The Mud Creek Sewer Fund accounts for the design costs that are paid for on a reimbursement basis.

The TIF Main Street Fund accounts for cash associated with the reconstruction of Main Street to attract commercial development.

The TIF Bike Trail Fund accounts for costs associated with providing a way to bike from the west side of town to Lake Petocka and eventually to the Chithaqua bike trail.

The Public Safety Building Fund accounts for costs in the construction of a new public safety building.

The Fire Truck Fund accounts for the purchase of a new fire truck.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Garbage Fund accounts for the operation and maintenance of the City's residential garbage collection system.

The Storm Water Fund accounts for the operation and maintenance of the City's storm water system.

The City also reports an Agency Fund to account for sidewalk escrow deposits received from developers to be returned when the installation of sidewalks is complete.

##### C. Measurement Focus and Basis of Accounting

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

**CITY OF BONDURANT**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

C. Measurement Focus and Basis of Accounting - Continued

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 assets 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.

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, all functions were within the budget guidelines.

**(2) CASH AND POOLED INVESTMENTS**

The City's deposits in banks 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.

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 and the Treasurer of the State of Iowa; 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 investments at June 30, 2008 are as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Savings	\$1,783,299	\$1,783,299

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$103,449 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

**CITY OF BONDURANT**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

**(3) LONG-TERM DEBT**

The following is a summary of the changes in the outstanding long-term debt of the City for the year ended June 30, 2008:

	Balance June 30, 2007	Issued	Redeemed	Balance June 30, 2008
<b>Governmental Activities</b>				
General obligation notes	\$ 305,000	\$ -	\$ 45,000	\$ 260,000
General obligation bonds	715,000	2,760,000	345,000	3,130,000
	<u>\$ 1,020,000</u>	<u>\$ 2,760,000</u>	<u>\$ 390,000</u>	<u>\$ 3,390,000</u>
<b>Business-Type Activities</b>				
General obligation bonds	\$ -	\$ 230,000	\$ -	\$ 230,000
Revenue bonds	2,077,000	-	132,500	1,944,500
Sewer loan agreement	44,931	29,098	-	74,029
	<u>\$ 2,121,931</u>	<u>\$ 259,098</u>	<u>\$ 132,500</u>	<u>\$ 2,248,529</u>

Interest rates range from 3.75% to 4.70% on the general obligation notes and bonds. The revenue interest rates are from 3.84% to 4.375%. The City paid \$235,492 in interest on debt obligations for the year ended June 30, 2008.

Annual debt service requirements for general obligation bonds, note and revenue bonds are as follows:

Year Ending June30,	General Obligation Note		General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 50,000	\$10,140	\$ 345,000	\$ 138,455	\$ 141,000	\$ 76,880	\$ 536,000	\$ 225,475
2010	50,000	8,190	285,000	124,050	146,500	71,388	481,500	203,628
2011	50,000	6,240	295,000	112,350	154,000	65,580	499,000	184,170
2012	55,000	4,290	175,000	100,071	160,000	59,579	390,000	163,940
2013	55,000	2,145	180,000	93,246	162,000	53,346	397,000	148,737
2014	-	-	205,000	86,136	168,500	47,036	373,500	133,172
2015	-	-	200,000	77,936	179,000	40,371	379,000	118,307
2016	-	-	210,000	69,936	86,500	33,398	296,500	103,334
2017	-	-	215,000	61,431	89,000	29,872	304,000	91,303
2018	-	-	225,000	52,616	88,000	26,345	313,000	78,961
2019	-	-	240,000	43,335	92,500	22,855	332,500	66,190
2020	-	-	250,000	33,375	55,000	19,087	305,000	52,462
2021	-	-	260,000	22,875	57,500	16,819	317,500	39,694
2022	-	-	275,000	11,825	60,000	14,344	335,000	26,169
2023	-	-	-	-	62,500	11,869	62,500	11,869
2024	-	-	-	-	67,500	9,188	67,500	9,188
2025	-	-	-	-	70,000	6,125	70,000	6,125
2026	-	-	-	-	70,000	3,063	70,000	3,063
2027	-	-	-	-	35,000	766	35,000	766
	<u>\$260,000</u>	<u>\$31,005</u>	<u>\$3,360,000</u>	<u>\$1,027,637</u>	<u>\$1,944,500</u>	<u>\$607,911</u>	<u>\$5,564,500</u>	<u>\$1,666,553</u>

## CITY OF BONDURANT

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

#### (3) LONG-TERM DEBT - CONTINUED

##### General Obligation Notes

On July 2, 2007, the City issued \$2,990,000 general obligation corporate purpose bonds. The funds were used to provide funds for constructing, furnishing and equipping a new municipal library and a new public safety building/fire station. \$29,900 of these funds were received in the prior year.

##### Revenue Bonds

The resolutions providing for the issuance of the water and sewer revenue bonds issued under a loan agreement between the City of Bondurant, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue bond sinking accounts within the Enterprise Funds for the purpose of making the bond principal and interest payments when due. At June 30, 2008, the restricted balance was \$12,762.
- (c) All funds remaining in the water and sewer accounts after making the required transfers shall be placed in water and sewer revenue surplus accounts. As long as the sinking accounts have the full amount required to be deposited, the balance in the surplus accounts may be made available to the City as the Council may direct.

The City has made monthly transfers to the bond sinking accounts as required by the bond resolutions.

##### Water Service Agreement

The City entered into an agreement with the Board of Water Works Trustees of the City of Des Moines, Iowa (DMWW) effective August 1, 2005 to join in the Wholesale Water Service Master Agreement.

This agreement allowed the City to acquire "Purchased Capacity" of .50 million gallons per day (mgd) of water from DMWW. Payments to DMWW by the City will be used to pay the City's portion of Water Revenue Bonds issued for the construction of a treatment plant.

##### Sewer Loan Agreement

The City entered into a \$1,175,000 interim 0% interest loan and disbursement agreement pursuant to Section 76.13 of the Code of Iowa with the Iowa Finance Authority on November 20, 2006.

The project note is issued in anticipation of the receipt of loan proceeds from the issuance of Sewer Revenue Bonds in a principal amount not to exceed \$1,175,000 to provide funds to pay the costs of constructing improvements and extensions to the utility. The balance on the loan at June 30, 2008 was \$74,029.

## CITY OF BONDURANT

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

#### (4) JOINT VENTURE AND COMMITMENTS

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

As part of the Agreement, the WRA issued debt to advance refund the sewer revenue refunding bonds Series 1997C and 2002D and the state revolving loans SRF2 and SRF3 of the City of Des Moines. In addition, state revolving loans SRF4, SRF6 and SRF7 were reassigned from the City of Des Moines to the WRA.

The City of Bondurant retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B and 2006 include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Agreement requires the debt service on the Series 2004A bonds to be allocated using the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$13,220,000 as of June 30, 2008. The City of Bondurant has a commitment for approximately \$0, or 0%, for future principal payment requirements on that debt. The WRA Sewer Revenue Bonds Series 2004B, 2006 bonds and the 2008 State Revolving Loan Funds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2008, the Series 2004B bonds had a balance of \$64,965,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$576,497 or 0.89%. As of June 30, 2008, the Series 2006 bonds had a balance of \$38,050,000 and the City of Bondurant's estimated future allocation based on the WRA Flows is currently \$356,896 or 0.94%. On June 30, 2008, the 2008 State Revolving Loans had a balance of \$14,414,583 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$139,157 or 0.97%. The pre 2004 State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2008, the WRA had \$10,780,000 in outstanding pre 2004 State Revolving Loans, of which \$0 of future principal debt service is a commitment of the City of Bondurant.

## CITY OF BONDURANT

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

#### (4) JOINT VENTURE AND COMMITMENTS - CONTINUED

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2008, the City paid the WRA \$82,169 for operations, maintenance, equipment replacements and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

#### (5) PENSION AND RETIREMENT BENEFITS

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.

Plan members are required to contribute 3.90% of their annual salary and the City is required to contribute 6.05% 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, 2008, 2007 and 2006 were \$24,539, \$20,490 and \$19,209, respectively, equal to the required contributions for each year.

#### (6) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for these earned vacation 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	\$ 22,490

This liability has been computed based on rates of pay as of June 30, 2008.

**CITY OF BONDURANT**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

**(7) INTERFUND TRANSFERS**

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

Transfer to	Transfer from	Amount
General Fund	Enterprise:	
	Water Fund	\$ 67,271
	Sewer Fund	67,271
	Special Revenue:	
	Emergency Fund	31,631
	Capital Projects Fund	12,984
Trust and Agency:		
Library	General Fund	47,157
EMS	General Fund	10,625
Debt Service Fund	Special Revenue:	
	Tax Increment Financing	170,187
	Capital Project - Library	10,500
Employee Benefits Fund	Enterprise:	
	Water Fund	18,509
	Sewer Fund	18,509
Enterprise Fund:	Enterprise:	
Sewer	Water	56,000
Water	Water Sinking Fund	25,500
Sewer	Sewer Sinking Fund	<u>10,560</u>
Total		<u>\$ 546,704</u>

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

**(8) RELATED PARTY TRANSACTIONS**

The City had business transactions between the City and City officials totaling \$5,686 during the year ended June 30, 2008.

## CITY OF BONDURANT

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

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

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained 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.

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, 2008 were \$37,948.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim 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 a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

**CITY OF BONDURANT**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2008

**(9) RISK MANAGEMENT - CONTINUED**

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

The City also carries commercial insurance purchased from other insurers for coverage associated with 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.

**(10) CONSTRUCTION CONTRACTS**

At June 30, 2008, the City had entered into construction contracts of approximately \$1,844,685 for various projects. At June 30, 2008 these projects will require future payments of approximately \$1,039,357 upon completion.

**(11) PENDING LITIGATION**

The City is currently not a potential defendant in a lawsuit. Subsequent to June 30, 2008 a lawsuit of approximately \$50,000 has arisen. The probability and amount of loss, if any, is undeterminable.

**(12) DEFICIT BALANCES**

The City had deficit balances at June 30, 2008, as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Road Use Tax	\$ 77,010
Emergency Management - FEMA	1,658
Enterprise:	
Storm Water	53,904
Capital Projects:	
TIF Main Street	62,106
Sidewalk	49,245

## CITY OF BONDURANT

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

#### (12) DEFICIT BALANCES - CONTINUED

The deficit balances are the result of costs incurred prior to availability of funds. The deficit balances will be eliminated upon receipt of property tax for the General Fund and the Special Revenue, Employee Benefits Fund, state road use tax funds, tax increment financing and a new bond issue.

#### (13) REVENUE RESERVE BALANCES

Revenue reserve balances are not available for general operating use. They are included with their respective water or sewer cash balances on Exhibit C. Cash balances at end of year are summarized as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Storm Water</u>	<u>Total</u>
General operation	\$215,794	\$187,444	\$ 14,203	\$(53,904)	\$363,537
Water deposits	64,189	-	-	-	64,189
Construction fund	356,905	-	-	-	356,905
Sinking fund	8,926	3,837	-	-	12,763
	<u>\$645,814</u>	<u>\$191,281</u>	<u>\$ 14,203</u>	<u>\$(53,904)</u>	<u>\$797,394</u>

#### (14) SUBSEQUENT EVENTS

On September 2, 2008, the City of Bondurant issued non-rated \$2,300,000 General Obligation Urban Renewal Corporate Purpose Bonds, Series 2008 with coupon rates of 2.75% to 4.15%. The borrowing will be used to provide funds for the purpose of paying the cost of planning, undertaking, and carrying out an urban renewal project within the City's Urban Renewal Area, consisting of constructing street, sidewalk, storm sewer, sanitary sewer and water system improvements; installing street lighting and constructing municipal bike trails and parking facilities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BONDURANT**

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Receipts:						
Property tax	\$ 898,933	\$ -	\$ 898,933	\$ 881,490	\$ 881,490	\$ 17,443
Tax increment financing collections	338,504	-	338,504	317,130	317,130	21,374
Other city tax	45,515	-	45,515	28,164	28,164	17,351
Licenses and permits	93,508	-	93,508	37,325	77,355	16,153
Uses of money and property	122,387	10,662	133,049	47,680	152,401	(19,352)
Intergovernmental	432,155	-	432,155	338,800	430,356	1,799
Charges for service	74,148	1,055,739	1,129,887	1,191,087	1,154,368	(24,481)
Miscellaneous	157,666	74,375	232,041	386,588	217,181	14,860
Total receipts	<u>2,162,816</u>	<u>1,140,776</u>	<u>3,303,592</u>	<u>3,228,264</u>	<u>3,258,445</u>	<u>45,147</u>
Disbursements:						
Public safety	446,249	-	446,249	360,945	485,308	39,059
Public works	314,543	-	314,543	240,060	398,517	83,974
Health and social services	4,786	-	4,786	2,610	6,150	1,364
Culture and recreation	237,789	-	237,789	167,931	310,853	73,064
Community and economic development	72,377	-	72,377	78,710	74,237	1,860
General government	435,122	-	435,122	410,410	453,432	18,310
Debt service	545,980	-	545,980	359,303	546,326	346
Capital projects	1,464,655	-	1,464,655	264,300	2,098,412	633,757
Business-type	-	1,009,901	1,009,901	1,252,495	1,118,009	108,108
Total disbursements	<u>3,521,501</u>	<u>1,009,901</u>	<u>4,531,402</u>	<u>3,136,764</u>	<u>5,491,244</u>	<u>959,842</u>
Excess (deficiency) of receipts over disbursements	(1,358,685)	130,875	(1,227,810)	91,500	(2,232,799)	1,004,989
Other financing sources (uses)						
Bond proceeds	2,730,100	230,000	2,960,100	-	3,008,000	(47,900)
Loan proceeds	29,097	-	29,097	-	91,130	(62,033)
Other	171,560	(171,560)	-	(386,588)	(48,000)	48,000
Total other financing sources (uses)	<u>2,930,757</u>	<u>58,440</u>	<u>2,989,197</u>	<u>(386,588)</u>	<u>3,051,130</u>	<u>(61,933)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,572,072	189,315	1,761,387	(295,088)	818,331	943,056
Balances beginning of year	12,596	608,079	620,675	674,144	674,144	(53,469)
Balances end of year	<u>\$1,584,668</u>	<u>\$ 797,394</u>	<u>\$2,382,062</u>	<u>\$ 379,056</u>	<u>\$1,492,475</u>	<u>\$ 889,587</u>

See accompanying independent auditor's report.

**CITY OF BONDURANT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**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 blended component units, internal service, non-expendable trust, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project 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 at the fund or fund type level. During the year, a budget amendment increased budgeted disbursements by \$2,354,480. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, no disbursements exceeded the amounts budgeted.

**OTHER SUPPLEMENTARY INFORMATION**

## CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2008

	Special Revenue					Permanent Cemetery Perpetual Care	Capital Projects			Total	
	Employee Benefits	Emergency	FEMA	EMS Grant	Park & Recreation		Drainage District	Urban Service	NE 62nd		Sidewalk
<b>Receipts:</b>											
Property tax	\$ 158,085	\$ 16,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,492
Uses of money and property:											
Interest on investments	-	-	-	-	-	-	314	-	-	-	314
Intergovernmental	-	-	895	96,493	-	-	-	-	-	-	97,388
Prairie Meadows grants	-	-	-	10,000	10,000	-	-	-	-	-	20,000
Sale of lots	-	-	-	-	-	-	400	-	-	-	400
Miscellaneous	1,026	-	-	5,443	16,066	-	-	2,866	468	-	25,869
<b>Total receipts</b>	<b>159,111</b>	<b>16,407</b>	<b>895</b>	<b>111,936</b>	<b>26,066</b>	<b>-</b>	<b>714</b>	<b>2,866</b>	<b>468</b>	<b>-</b>	<b>318,463</b>
<b>Disbursements:</b>											
<b>Operating:</b>											
Public safety	2,750	-	1,658	92,069	-	-	-	-	-	-	96,477
Public works	15,391	-	-	-	-	-	-	-	-	-	15,391
Culture and recreation	14,748	-	-	-	34,066	-	-	-	-	-	48,814
Community and economic development	331	-	-	-	-	-	-	-	-	-	331
General government	69,112	-	-	-	-	-	-	-	-	-	69,112
<b>Capital projects</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,866</b>	<b>10,724</b>	<b>48,357</b>	<b>61,947</b>
<b>Total disbursements</b>	<b>102,332</b>	<b>-</b>	<b>1,658</b>	<b>92,069</b>	<b>34,066</b>	<b>-</b>	<b>-</b>	<b>2,866</b>	<b>10,724</b>	<b>48,357</b>	<b>292,072</b>
Excess (deficiency) of receipts over (under) disbursements	56,779	16,407	(763)	19,867	(8,000)	-	714	-	(10,256)	(48,357)	26,391
<b>Other financing sources (uses):</b>											
Operating transfers in	37,018	-	-	10,625	-	-	-	-	-	-	47,643
Operating transfers (out)	-	(31,631)	-	-	-	-	-	-	(12,984)	-	(44,615)
<b>Total other financing sources (uses)</b>	<b>37,018</b>	<b>(31,631)</b>	<b>-</b>	<b>10,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,984)</b>	<b>-</b>	<b>3,028</b>
Net change in cash balances	93,797	(15,224)	(763)	30,492	(8,000)	-	714	-	(23,240)	(48,357)	29,419
Cash balances beginning of year	(87,703)	15,224	(895)	8,835	17,436	1,233	10,056	-	119,837	(888)	83,135
Cash balances end of year	\$ 6,094	\$ -	\$ (1,658)	\$ 39,327	\$ 9,436	\$ 1,233	\$ 10,770	\$ -	\$ 96,597	\$ (49,245)	\$ 112,554
<b>Cash Basis Fund Balances</b>											
<b>Unreserved:</b>											
Special revenue funds	\$ 6,094	\$ -	\$ (1,658)	\$ 39,327	\$ 9,436	\$ 1,233	\$ -	\$ -	\$ -	\$ -	\$ 54,432
Capital project funds	-	-	-	-	-	-	-	-	96,597	(49,245)	47,352
Permanent fund	-	-	-	-	-	-	10,770	-	-	-	10,770
<b>Total cash basis fund balances</b>	<b>\$ 6,094</b>	<b>\$ -</b>	<b>\$ (1,658)</b>	<b>\$ 39,327</b>	<b>\$ 9,436</b>	<b>\$ 1,233</b>	<b>\$ 10,770</b>	<b>\$ -</b>	<b>\$ 96,597</b>	<b>\$ (49,245)</b>	<b>\$ 112,554</b>

See accompanying independent auditor's report.

**CITY OF BONDURANT**  
**SCHEDULE OF INDEBTEDNESS**  
Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General obligation notes:									
Property acquisition (library)	Jun. 21, 2006	3.90%	\$ 350,000	\$ 305,000	\$ -	\$ 45,000	\$ 260,000	\$ 12,237	\$ -
Total				\$ 305,000	\$ -	\$ 45,000	\$ 260,000	\$ 12,237	\$ -
General obligation bonds:									
Corporate purpose	Jul. 1, 1998	4.40%	\$ 355,000	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 2,200	\$ -
Corporate purpose	Jun. 1, 1999	4.50-4.70	1,215,000	385,000	-	130,000	255,000	17,360	-
Corporate purpose	Mar. 1, 2001	4.20-4.40	565,000	280,000	-	65,000	215,000	11,915	-
Corporate purpose	Jul. 2, 2007	3.80-4.30	2,990,000	-	2,990,000	100,000	2,890,000	110,868	-
Total				\$ 715,000	\$2,990,000	\$ 345,000	\$3,360,000	\$142,343	\$ -
Revenue bonds:									
Drinking water	Dec. 22, 2000	3.84%	\$ 972,000	\$ 696,000	\$ -	\$ 74,000	\$ 622,000	\$ 26,726	\$ -
Sewer Series A 1998	Jan. 6, 1999	3.92	248,934	166,000	-	11,000	155,000	6,507	-
Sewer Series B 1998	Jan. 6, 1999	3.92	326,066	225,000	-	15,000	210,000	8,820	-
Water Series 2006	Aug. 1, 2005	4.00 - 4.375	1,020,000	990,000	-	32,500	957,500	38,859	-
Total				\$2,077,000	\$ -	\$ 132,500	\$1,944,500	\$ 80,912	\$ -
Sewer loan agreement	Nov. 20, 2006	0.00%	\$1,175,000	\$ 44,931	\$ 29,098	\$ -	\$ 74,029	\$ -	\$ -

See accompanying independent auditor's report.

**CITY OF BONDURANT**  
**BOND AND NOTE MATURITIES**

June 30, 2008

Year Ending June 30,	General Obligation Notes		General Obligation Bonds						Total
	Property Acquisition (Library)		Corporate Purpose		Corporate Purpose		Corporate Purpose		
	Issued Jun. 21, 2006		Issued June 8, 1999		Issued March 22, 2001		Issued July 2, 2007		
	Interest	Amount	Interest	Amount	Interest	Amount	Interest	Amount	
2009	3.90%	\$ 50,000	4.50%	\$ 145,000	4.20%	\$ 70,000	3.80%	\$ 130,000	\$ 345,000
2010	3.90	50,000	4.60	55,000	4.30	70,000	3.85	160,000	285,000
2011	3.90	50,000	4.70	55,000	4.40	75,000	3.875	165,000	295,000
2012	3.90	55,000	-	-	-	-	3.90	175,000	175,000
2013	3.90	55,000	-	-	-	-	3.95	180,000	180,000
2014	-	-	-	-	-	-	4.00	205,000	205,000
2015	-	-	-	-	-	-	4.00	200,000	200,000
2016	-	-	-	-	-	-	4.05	210,000	210,000
2017	-	-	-	-	-	-	4.10	215,000	215,000
2018	-	-	-	-	-	-	4.125	225,000	225,000
2019	-	-	-	-	-	-	4.15	240,000	240,000
2020	-	-	-	-	-	-	4.20	250,000	250,000
2021	-	-	-	-	-	-	4.25	260,000	260,000
2022	-	-	-	-	-	-	4.30	275,000	275,000
Total		<u>\$ 260,000</u>		<u>\$ 255,000</u>		<u>\$215,000</u>		<u>\$2,890,000</u>	<u>\$3,360,000</u>

Year Ending June 30,	Revenue Bonds								Total
	Drinking Water		Sewer Series A 1998		Sewer Series B 1998		Water Series 2006		
	Issued Dec. 22, 2000		Issued Jan. 6, 1999		Issued Jan. 6, 1999		Issued Mar. 1, 2006		
	Interest	Amount	Interest	Amount	Interest	Amount	Interest	Amount	
2009	3.84%	\$ 78,000	3.92%	\$ 12,000	3.92%	\$ 16,000	4.00%	\$ 35,000	\$ 141,000
2010	3.84	81,000	3.92	12,000	3.92	16,000	4.00	37,500	146,500
2011	3.84	85,000	3.92	12,000	3.92	17,000	4.00	40,000	154,000
2012	3.84	89,000	3.92	13,000	3.92	18,000	4.00	40,000	160,000
2013	3.84	91,000	3.92	13,000	3.92	18,000	4.00	40,000	162,000
2014	3.84	93,000	3.92	14,000	3.92	19,000	4.00	42,500	168,500
2015	3.84	99,000	3.92	15,000	3.92	20,000	4.00	45,000	179,000
2016	3.84	4,000	3.92	15,000	3.92	20,000	4.00	47,500	86,500
2017	3.84	2,000	3.92	16,000	3.92	21,000	4.00	50,000	89,000
2018	-	-	3.92	16,000	3.92	22,000	4.00	50,000	88,000
2019	-	-	3.92	17,000	3.92	23,000	4.00	52,500	92,500
2020	-	-	-	-	-	-	4.0625	55,000	55,000
2021	-	-	-	-	-	-	4.125	57,500	57,500
2022	-	-	-	-	-	-	4.125	60,000	60,000
2023	-	-	-	-	-	-	4.125	62,500	62,500
2024	-	-	-	-	-	-	4.250	67,500	67,500
2025	-	-	-	-	-	-	4.375	70,000	70,000
2026	-	-	-	-	-	-	4.375	70,000	70,000
2027	-	-	-	-	-	-	4.375	35,000	35,000
Total		<u>\$ 622,000</u>		<u>\$ 155,000</u>		<u>\$ 210,000</u>		<u>\$ 957,500</u>	<u>\$ 1,944,500</u>

See accompanying independent auditor's report.

## CITY OF BONDURANT

SCHEDULE OF RECEIPTS BY SOURCE AND  
DISBURSEMENTS BY FUNCTION -  
ALL GOVERNMENTAL FUNDS

FOR THE LAST FOUR YEARS

	Years ended June 30,			
	2008	2007	2006	2005
<b>Receipts:</b>				
Property and other city tax	\$ 944,448	\$ 885,861	\$ 803,124	\$ 761,171
Tax increment financing	338,504	306,722	290,532	302,471
Licenses and permits	93,508	79,170	126,604	194,717
Use of money and property	122,387	21,778	8,509	8,668
Intergovernmental	432,155	249,064	594,283	224,504
Charges for service	74,148	125,295	137,027	31,015
Miscellaneous	157,666	181,032	29,784	69,243
<b>Total</b>	<b>\$2,162,816</b>	<b>\$1,848,922</b>	<b>\$1,989,863</b>	<b>\$1,591,789</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 446,249	\$ 357,732	\$ 452,157	\$ 306,838
Public works	314,543	285,134	417,440	808,986
Health and social services	4,786	-	-	2,573
Culture and recreation	237,789	170,671	114,763	101,946
Community and economic development	72,377	60,245	81,525	25,216
General government	435,122	305,978	335,955	234,923
Debt service	545,980	430,040	381,882	369,952
Capital projects	1,464,655	532,437	514,448	15,774
<b>Total</b>	<b>\$3,521,501</b>	<b>\$2,142,237</b>	<b>\$2,298,170</b>	<b>\$1,866,208</b>

See accompanying independent auditor's report.



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

To the Honorable Mayor and  
Members of the City Council:

We have audited 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 Bondurant, Iowa as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated September 15, 2008. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Bondurant's 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 our opinion on the effectiveness of the City of Bondurant's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bondurant'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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, 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 of Bondurant's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Bondurant's financial statements that is more than inconsequential will not be prevented or detected by the City of Bondurant's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Bondurant'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 the 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, of the significant deficiencies described above, we believe items II-A-08, II-B-08, and II-D-08 are material weaknesses.

### Compliance and Other Matters

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bondurant and other parties to whom the City of Bondurant may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
September 15, 2008

**CITY OF BONDURANT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2008

**Part I: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepting accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**CITY OF BONDURANT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2008

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

**REPORTABLE CONDITIONS:**

II-A-08     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. We noted that the following functions are not entirely segregated: cash receipts, general ledger posting, reconciliations and investment control and custody.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-08     Computer System Control - The design and controls established over the computer system process is very important in providing assurance and financial integrity of the City's financial records. We noted some weaknesses in the policies and controls.

Recommendation -

- (1) A sprinkler system should be installed.
- (2) Procedures should be established to ensure proper disposal of sensitive material (e.g. shredding of printouts, complete removal of data and software from hard disks and diskettes.
- (3) All employees should be trained for appropriate responses to emergency situations.

Response - We will consider these recommendations.

Conclusion - Response acknowledged. Once established, the recommended policies and procedures will add a measure of assurance to the City's financial records.

**CITY OF BONDURANT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2008

**REPORTABLE CONDITIONS:**

II-C-08 Petty Cash - A petty cash fund maintained at the library had an unexplained overage. All cash on hand should be recorded on the City records.

Recommendation - Procedures should be established for recording all receipts and disbursements at the library to accurately reflect the financial activity.

Response - Adequate procedures will be established.

Conclusion - Response acknowledged.

II-D-08 Preparation of Financial Statements - The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Recommendation - We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, the City's management and those charged with governance should decide whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We are aware of the situation and will continually review the risks associated with this condition because of cost or other considerations.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**CITY OF BONDURANT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2008

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

- III-A-08 Certified Budget - Disbursements during the year ended June 30, 2008 did not exceed amounts budgeted.
- III-B-08 Questionable Disbursements - We noted no expenditures for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General’s opinion dated April 25, 1979.
- III-C-08 Travel Expenses - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-08 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Allen Ihde, former Mayor, partner in J.I.C.K. Investors Corporation, LLC Bruce Cordes, Council member, partner in J.I.C.K. Investors Corporation, LLC	Rental of library space	\$5,160

Although the rental transaction noted above appears to represent a conflict of interest in accordance with Chapter 362.5 of the Code of Iowa since the total amount exceeded \$1,500 during the fiscal year, the City Attorney has concluded this transaction does not represent a conflict of interest because the portion allocable to each partner within the partnership was less than \$1,500 for the fiscal year.

Maria McCoid, Mayor	Washington DC trip airfare	\$350
Eric Boatwright, Council Member	Mileage and fee to Iowa League of Cities	\$176

- III-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 ensure that the coverage is adequate for current operations.
- III-F-08 Council Minutes - No transactions were found that we believe should have been approved in the Council Minutes but were not.
- III-G-08 Revenue Bonds - All provisions of the revenue bond requirements have been met.

**CITY OF BONDURANT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2008

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

III-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

III-I-08 Financial Condition - The City had deficit balances at June 30, 2008 as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Road Use Tax	\$ 77,010
Emergency Management - FEMA	1,658
Enterprise:	
Storm Water	53,904
Capital Projects:	
TIF Main Street	62,106
Sidewalk	49,245

Recommendation - The City should continue in their efforts of returning these funds to a sound financial position.

Response - The City agrees that deficit fund balances in the funds listed are not desirable. The City conducted a special census which will result in the collection of additional Road Use Funds. The employee benefit budget was increased to eliminate its deficit. A \$2,300,000 General Obligation Urban Renewal Bond issue will eliminate Capital Project deficits. Considerable progress has already been made in reducing deficits from the 2007 levels.

Conclusion - Response acknowledged.