

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

**June 30, 2010**

## Table of Contents

Officials.....	3
Independent Auditor’s Report.....	5-6
Management’s Discussion and Analysis.....	7-13
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets - Cash Basis.....	A. .... 16 -17
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balances.....	B. .... 18-19
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balances.....	C. .... 20
Fiduciary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and	
Changes in Cash Balance - Agency Fund.....	D. .... 21
Notes to Financial Statements.....	22-33
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements	
and Changes in Balances - Budget and Actual (Cash Basis) -	
All Governmental Funds and Proprietary Funds.....	36-37
Notes to Required Supplementary Information -	
Budgetary Reporting.....	38
Other Supplementary Information:	<u>Schedule</u>
Statement of Cash Receipts, Disbursements and Changes	
in Cash Balances - Nonmajor Governmental Funds.....	1. .... 40-41
Schedule of Indebtedness.....	2. .... 42-43
Bond and Note Maturities.....	3. .... 44-45
Schedule of Receipts by Source and Disbursements by Function -	
All Governmental Funds.....	4. .... 46-47
Statement of Cash Receipts, Disbursements and Changes	
in Cash Balances - Capital Projects.....	5. .... 48-49
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	
<i>Government Auditing Standards</i> .....	51-52
Schedule of Findings.....	53-56

**CITY OF BONDURANT**

**OFFICIALS**

**(Before January 1, 2010)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marla B. McCoid.....	Mayor.....	Jan 2010
Keith P. Ryan.....	Mayor Pro tem.....	Jan 2010
Mike R. Adams, Sr.....	Council Member.....	Jan 2012
Michele R. Bailey.....	Council Member.....	Jan 2010
Eric M. Boatwright.....	Council Member.....	Jan 2012
Curt D. Sullivan.....	Council Member.....	Jan 2012
Mark J. Arentsen.....	City Administrator.....	Indefinite
David Brick.....	Attorney.....	Indefinite
Michelle A. Wells.....	Deputy City Clerk.....	Indefinite
Lori Dunham.....	Finance Director.....	Indefinite

**(After January 1, 2010)**

Keith P. Ryan.....	Mayor.....	Jan 2014
Mike R. Adams, Sr.....	Mayor Pro tem.....	Jan 2012
Amy J. Bogaards.....	Council Member.....	Jan 2014
Jerry J. Fischer.....	Council Member.....	Jan 2014
Eric M. Boatwright.....	Council Member.....	Jan 2012
Curt D. Sullivan.....	Council Member.....	Jan 2012
Mark J. Arentsen.....	City Administrator.....	Indefinite
David Brick.....	Attorney.....	Indefinite
Michelle A. Wells.....	Deputy City Clerk.....	Indefinite
Lori Dunham.....	Finance Director.....	Indefinite

**City of Bondurant**



**MARTENS & COMPANY, CPA, LLP**

CERTIFIED PUBLIC ACCOUNTANTS  
4949 Pleasant Street, Suite 104  
West Des Moines, Iowa 50266

(515)-223-4841  
FAX: (515)-223-0851

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, 2010, 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 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 as of June 30, 2010, 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 reports dated October 11, 2010 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 on 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 7 through 13 and 36 through 38 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted 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 three years ended June 30, 2009 (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 three 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. Other 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
October 11, 2010

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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, 2010. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2010 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 41.2%, or approximately \$1,851,500 from fiscal 2009 to fiscal 2010. Property tax and tax increment financing increased approximately \$274,200, bond and loan proceeds decreased by approximately \$2,337,000, uses of money and property decreased by \$34,000 and intergovernmental receipts increased by approximately \$263,500.
- Disbursements of the City's governmental activities decreased 26%, or approximately \$1,130,300, from fiscal 2009 to fiscal 2010. Public safety, debt service and capital projects decreased approximately \$55,200, \$121,000 and \$1,016,300, respectively.
- The City's total cash basis net assets decreased 14.8% or approximately \$390,300 from fiscal 2009 to fiscal 2010. Of this amount, the assets of the governmental activities decreased approximately \$402,600 and the assets of the business type activities increased approximately \$12,300.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements as well as 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 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 statement 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, the City's indebtedness, and the Schedule of Capital Projects provides information about the various projects of the City.

## **BASIS OF ACCOUNTING**

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

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The 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, 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 waterworks, the sanitary sewer system, the storm water 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 4) the Capital Projects Fund and 5) the Permanent 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 storm water 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 decreased from a year ago, decreasing from \$1,944,789 to \$1,542,148. 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,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service and sales	\$ 127,043	\$ 121,737
Operating grants, contributions and restricted interest	392,333	373,693
Capital grants, contributions and restricted interest	339,934	36,164
General receipts:		
Property tax	1,246,106	1,041,906
Tax increment financing	389,868	319,895
Other city tax	16,629	44,845
Unrestricted investment earnings	24,100	47,658
Bond proceeds	-	2,300,000
Note/loan proceeds	59,786	96,832
Other general receipts	44,754	109,288
Total receipts	<u>2,640,553</u>	<u>4,492,018</u>
Disbursements:		
Public safety	458,550	513,749
Public works	263,744	249,766
Health and social services	7,572	4,955
Culture and recreation	234,388	247,255
Community and economic development	130,139	40,430
General government	440,640	471,794
Debt service	634,392	755,527
Capital projects	1,025,117	2,041,390
Total disbursements	<u>3,194,542</u>	<u>4,324,866</u>
Change in cash basis net assets before transfers	(553,989)	167,152
Transfers, net	<u>151,348</u>	<u>192,969</u>
Change in cash basis net assets	(402,641)	360,121
Cash basis net assets beginning of year	<u>1,944,789</u>	<u>1,584,668</u>
Cash basis net assets end of year	<u>\$1,542,148</u>	<u>\$1,944,789</u>

The City's total receipts for governmental activities decreased by 41 percent or approximately \$1,851,500. The total cost of all programs and services decreased by approximately \$1,130,300 or 26.1 percent with no new programs added this year. The decrease in receipts was primarily the result of a decrease in bond proceeds. The most significant decrease in disbursements was primarily the result of completing capital projects such as the library, public safety building, and the Main Street Project.

Based on increases in the total assessed valuation, property tax receipts are budgeted to increase by an additional \$39,800 next year or 3.2%.

The cost of all governmental activities this year was \$3.195 million compared to \$4.325 million last year. However, as shown in the statement of activities and net assets - cash basis on pages 16-17, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2.335 million because some of the cost was paid by those directly benefitted from the programs (\$127,043) or by other governments and organizations that subsidized certain programs with grants and contributions (\$732,267). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2010 from approximately \$531,600 to approximately \$859,310, principally due to an increase in capital grants, contributions, and restricted interest. The City paid for the remaining public benefit portion of governmental activities with approximately \$1,635,900 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities		
	Years ended June 30,	
	2010	2009
Receipts:		
Program receipts:		
Charges for service and sales:		
Water	\$ 631,077	\$ 572,631
Sewer	455,707	411,306
Garbage	164,001	159,791
Storm water	3,523	1,840
General receipts:		
Unrestricted investment earnings	3,059	5,913
Other general receipts	66,334	41,336
Total receipts	<u>1,323,701</u>	<u>1,192,817</u>
Disbursements:		
Water	459,913	427,531
Sewer	497,161	481,971
Garbage	158,521	160,790
Storm water	44,467	44,214
Total disbursements	<u>1,160,062</u>	<u>1,114,506</u>
Change in cash basis net assets before transfers	163,639	78,311
Transfers, net	<u>(151,348)</u>	<u>(192,969)</u>
Change in cash basis net assets	12,291	(114,658)
Cash basis net assets beginning of year	<u>682,736</u>	<u>797,394</u>
Cash basis net assets end of year	<u>\$ 695,027</u>	<u>\$ 682,736</u>

Total business type activities receipts for the fiscal year were \$1,323,701 compared to \$1,192,817 last year. This increase was due primarily to increased utility rates. The cash balance increased by approximately \$12,300 from the prior year. Total disbursements for the fiscal year increased by approximately 4.6 percent to a total of \$1,160,062. The Water Fund cash balance decreased due to an increase in meter deposit refunds, water main maintenance and the purchase of a truck. The Sewer Fund disbursement increases were due primarily to increases in engineering services, WRA expenses and treatment chemicals and the installation of a lagoon curtain and air lines.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$1,542,148, a decrease of \$402,641 from last year's total of \$1,944,789. 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 \$167,909 in 2009 to a balance of \$290,219 in 2010. The increase is due in part to an increase in building permit and property tax revenues.
- The Special Revenue, Road Use Tax Fund cash balance increased from a deficit balance of \$38,911 in 2009 to a positive balance of \$29,076 in 2010. A significant portion of the disbursements includes the expenditure of street lighting and snow removal costs. Anticipated expenses of 2010 were delayed until fiscal year 2011.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased from a deficit position of \$3,626 in 2009 to a positive balance of \$43,579 in 2010 due to the reduction in uncollected property taxes.
- The Capital Projects Fund cash balance decreased by \$635,616 to \$1,076,832, which was due to the expenditure of bond proceeds for the Main Street and High School water and sewer main projects.
- The Debt Service Fund cash balance increased from \$14,089 in 2009 to \$19,335 in 2010 due to the receipt of uncollected property taxes from the prior year and decreased debt service payments.

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

- The Enterprise, Water Fund cash balance increased \$121,323 to \$690,171 due to an increase in revenues and a reduction in transfers out.
- The Enterprise, Sewer Fund cash balance decreased by \$79,886 to \$105,679. Sewer revenues increased by \$44,401 due to a mid fiscal year 30% rate increase. Disbursements exceeded revenues due to the installation of new pumps at the Mallard Pointe lift station, new air lines at the lagoon, continued manhole rehabilitation to reduce inflow and infiltration, increased expenses in lift station repairs, the settlement of a lawsuit with a sludge removal vendor and an increase in WRA fees.
- The Enterprise, Garbage Fund cash balance increased \$9,272 to \$23,894 due to the increased rates put into effect the prior year, and a decrease in recycle expense and the cost of city wide clean up.
- The Enterprise, Storm Water Fund cash balance decreased \$38,418 to a deficit balance of (\$124,717). This was due to minimal storm water fees collected in fiscal year 2010. A storm water fee was established as of July 1, 2010.

## **BUDGETARY HIGHLIGHTS**

During the year, the City amended its budget once. The amendment was approved on May 17, 2010 to provide for additional disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$51,877 less than budgeted. This was primarily due to the City receiving less in charges for service and intergovernmental receipts than anticipated, even after the amendments.

With the budget amendments, total disbursements were \$807,250 less than budgeted. This was primarily due to the wet spring weather that slowed or delayed many capital projects. Legal expense and engineering fees were less than anticipated. Considerable maintenance work did not get accomplished as planned.

## DEBT ADMINISTRATION

At June 30, 2010, the City had \$6,847,647 in bonds and other long-term debt compared to \$7,354,361 last year shown as follows:

Outstanding Debt at Year-End		
	June 30	
	2010	2009
General obligation bonds and notes		
Corporate purpose and other	\$ 4,960,000	\$ 5,380,000
Revenue bonds	1,657,000	1,803,500
Sewer loan agreement (Mud Creek Sewer)	230,647	170,861
<b>Total</b>	<b><u>\$ 6,847,647</u></b>	<b><u>\$ 7,354,361</u></b>

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 \$4,960,000 is well below the City's \$8.491 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 2011 budget, tax rates and fees charged for various City activities. The economy in the area continues its significant downward trend, with our unemployment rate increasing by 10% in the past year. Unemployment in Polk County now stands at 6.4% versus 5.8% a year ago. This compares with the State's unemployment rate of 6.7% and the national rate of 9.5%.

The housing market rebounded in 2009 with a 135% increase in new home permits issued in Bondurant. During calendar year 2009, 169 total building permits were issued, including 72 for single-family homes and 3 for commercial buildings. These permits resulted in \$10.7 million in new valuation to the City in calendar year 2009.

These indicators were taken into account when adopting the budget for fiscal year 2011. Based on the tax rate of \$14.18011 per \$1,000 of taxable valuation, the City expects to generate \$1,285,897 in property tax revenue for fiscal year 2011. Total General Fund revenues at this time are anticipated to be approximately \$1,147,695. Revenues from all funds, including Enterprise Funds, are anticipated to be \$4.5 million.

The City's deficit funds have been a significant concern to the City and a concerted effort has been made to reduce these deficits. The City has established a storm water utility fee to address the deficit in the Storm Water Enterprise Fund.

## **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).

**City of Bondurant**

## **Basic Financial Statements**

**CITY OF BONDURANT**

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2010

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 458,550	\$ 116,708	\$ 64,404	\$ -
Public works	263,744	4,073	286,111	-
Health and social services	7,572	-	-	-
Culture and recreation	234,388	3,877	41,818	-
Community and economic development	130,139	388	-	-
General government	440,640	1,997	-	-
Debt service	634,392	-	-	-
Capital projects	1,025,117	-	-	339,934
Total governmental activities	<u>3,194,542</u>	<u>127,043</u>	<u>392,333</u>	<u>339,934</u>
Business type activities:				
Water	459,913	631,077	-	-
Sewer	497,161	455,707	-	-
Garbage	158,521	164,001	-	-
Storm water	44,467	3,523	-	-
Total business type activities	<u>1,160,062</u>	<u>1,254,308</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,354,604</u>	<u>\$1,381,351</u>	<u>\$ 392,333</u>	<u>\$ 339,934</u>

**General receipts and transfers:**

- Property tax levied for:
  - General purposes
  - Employee benefits
  - Debt service
- Tax increment financing
- Other city tax
- Unrestricted interest on investments
- Loan proceeds
- Miscellaneous
- Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

**Cash Basis Net Assets**

- Restricted:
  - Nonexpendable:
    - Cemetery perpetual care
  - Expendable:
    - Debt service
    - Streets
    - Urban renewal purposes
    - Capital projects
    - Other purposes
- Unrestricted

**Total cash basis net assets**

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
\$ (277,438)	\$ -	\$ (277,438)
26,440	-	26,440
(7,572)	-	(7,572)
(188,693)	-	(188,693)
(129,751)	-	(129,751)
(438,643)	-	(438,643)
(634,392)	-	(634,392)
(685,183)	-	(685,183)
(2,335,232)	-	(2,335,232)
-	171,164	171,164
-	(41,454)	(41,454)
-	5,480	5,480
-	(40,944)	(40,944)
-	94,246	94,246
(2,335,232)	94,246	(2,240,986)
748,209	-	748,209
126,422	-	126,422
371,475	-	371,475
389,868	-	389,868
16,629	-	16,629
24,100	3,059	27,159
37,755	66,334	104,089
66,785	-	66,785
151,348	(151,348)	-
1,932,591	(81,955)	1,850,636
(402,641)	12,291	(390,350)
1,944,789	682,736	2,627,525
\$ 1,542,148	\$ 695,027	\$ 2,237,175
\$ 11,698	\$ -	\$ 11,698
19,335	14,241	33,576
20,076	-	20,076
43,579	-	43,579
1,076,832	-	1,076,832
80,409	188,938	269,347
290,219	491,848	782,067
\$ 1,542,148	\$ 695,027	\$ 2,237,175

**CITY OF BONDURANT**

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
*Governmental Funds*

As of and for the year ended June 30, 2010

	Special Revenue		
	General	Road Use Tax	Tax Increment Financing
<b>Receipts:</b>			
Property taxes	\$ 748,209	\$ -	\$ -
Tax increment financing collections	-	-	389,868
Other city tax	16,629	-	-
Licenses and permits	73,698	-	-
Use of money and property	13,655	-	-
Intergovernmental	91,546	263,060	-
Charges for service	55,183	-	-
Special assessments	2,946	-	-
Miscellaneous	44,813	-	-
Total receipts	<u>1,046,679</u>	<u>263,060</u>	<u>389,868</u>
<b>Disbursements:</b>			
Operating:			
Public safety	441,981	-	-
Public works	17,016	204,073	-
Health and social services	7,572	-	-
Culture and recreation	199,673	-	-
Community and economic development	30,139	-	100,000
General government	366,545	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>1,062,926</u>	<u>204,073</u>	<u>100,000</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(16,247)</u>	<u>58,987</u>	<u>289,868</u>
<b>Other financing sources (uses):</b>			
Loan proceeds	-	-	-
Sale of capital assets	1,500	-	-
Operating transfers in	152,057	-	-
Operating transfers (out)	(15,000)	-	(242,663)
Total other financing sources (uses)	<u>138,557</u>	<u>-</u>	<u>(242,663)</u>
Net change in cash balances	122,310	58,987	47,205
Cash balances beginning of year	<u>167,909</u>	<u>(38,911)</u>	<u>(3,626)</u>
Cash balances end of year	<u>\$ 290,219</u>	<u>\$ 20,076</u>	<u>\$ 43,579</u>
<b>Cash Basis Fund Balances</b>			
Reserved:			
Debt service	\$ -	\$ -	\$ -
Unreserved:			
General fund	290,219	-	-
Special revenue funds	-	20,076	43,579
Capital projects fund	-	-	-
Permanent fund	-	-	-
Total cash basis fund balances	<u>\$ 290,219</u>	<u>\$ 20,076</u>	<u>\$ 43,579</u>

See notes to financial statements.

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
\$ 371,475	\$ -	\$ 126,422	\$ 1,246,106
-	-	-	389,868
-	-	-	16,629
-	-	-	73,698
-	43,335	403	57,393
-	264,636	31,388	650,630
-	-	-	55,183
-	29,038	-	31,984
-	2,925	10,039	57,777
371,475	339,934	168,252	2,579,268
-	-	16,569	458,550
-	-	42,655	263,744
-	-	-	7,572
-	-	34,715	234,388
-	-	-	130,139
-	-	74,095	440,640
634,392	-	-	634,392
-	1,025,117	-	1,025,117
634,392	1,025,117	168,034	3,194,542
(262,917)	(685,183)	218	(615,274)
-	59,786	-	59,786
-	-	-	1,500
268,163	281	-	420,501
-	(10,500)	(991)	(269,154)
268,163	49,567	(991)	212,633
5,246	(635,616)	(773)	(402,641)
14,089	1,712,448	92,880	1,944,789
\$ 19,335	\$ 1,076,832	\$ 92,107	\$ 1,542,148
\$ 19,335	\$ -	\$ -	\$ 19,335
-	-	-	290,219
-	-	80,409	144,064
-	1,076,832	-	1,076,832
-	-	11,698	11,698
\$ 19,335	\$ 1,076,832	\$ 92,107	\$ 1,542,148

## CITY OF BONDURANT

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2010

	Enterprise Funds				Total
	Water	Sewer	Garbage	Storm Water	
Operating receipts:					
Charges for service	\$ 594,707	\$ 455,707	\$ 164,001	\$ 3,523	\$ 1,217,938
Meter deposits	36,370	-	-	-	36,370
Total operating receipts	631,077	455,707	164,001	3,523	1,254,308
Operating disbursements:					
Business type activities	459,913	497,161	158,521	44,467	1,160,062
Total operating disbursements	459,913	497,161	158,521	44,467	1,160,062
Excess (deficiency) of operating receipts over (under) operating disbursements	171,164	(41,454)	5,480	(40,944)	94,246
Non-operating receipts (disbursements):					
Interest on investments	3,059	-	-	-	3,059
Miscellaneous	22,774	37,242	3,792	2,526	66,334
Net non-operating receipts	25,833	37,242	3,792	2,526	69,393
Excess (deficiency) of receipts over (under) disbursements	196,997	(4,212)	9,272	(38,418)	163,639
Transfers:					
Operating transfers out	(75,674)	(75,674)	-	-	(151,348)
Net change in cash balances	121,323	(79,886)	9,272	(38,418)	12,291
Cash balances (deficits) beginning of year	568,848	185,565	14,622	(86,299)	682,736
Cash balances (deficits) end of year	\$ 690,171	\$ 105,679	\$ 23,894	\$ (124,717)	\$ 695,027
<b>Cash Basis Fund Balances</b>					
Reserved for:					
Debt service	\$ 9,948	\$ 4,293	\$ -	\$ -	\$ 14,241
Construction fund	188,938	-	-	-	188,938
Unreserved:					
Deposits	77,624	-	-	-	77,624
Other	413,661	101,386	23,894	(124,717)	414,224
Total cash basis fund balances	\$ 690,171	\$ 105,679	\$ 23,894	\$ (124,717)	\$ 695,027

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, 2010

	<u>Agency Fund</u> <u>Sidewalk Escrow</u>
Cash balance beginning of year	\$ 19,511
Receipts:	
Uses of money and property	
Interest on investments	<u>51</u>
Total receipts	<u>51</u>
Cash balance end of year	<u>\$ 19,562</u>

See notes to financial statements.

# CITY OF BONDURANT

## Notes to Financial Statements

June 30, 2010

### (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, sewer, storm water and garbage 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 of Bondurant 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, Polk County Aviation Authority, City of Altoona for Building Department Services, Fire/EMS Services, the Safety Coalition of Central Iowa, Des Moines Metropolitan Planning Organization, and Polk County Law Enforcement Services.

#### Joint Venture

The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA). The WRA, a joint venture, was developed as a result of an agreement between the City of Des Moines and surrounding municipalities. (See Note 4)

# CITY OF BONDURANT

## Notes to Financial Statements - Continued

June 30, 2010

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

#### 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.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in three categories:

*Nonexpendable restricted net assets* are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

*Expendable 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 categories. 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.

# CITY OF BONDURANT

## Notes to Financial Statements - Continued

June 30, 2010

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

#### B. Basis of Presentation - Continued

##### 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 tax increment financing collections and the repayment of tax increment financing indebtedness.

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

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 City reports the following major proprietary funds:

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

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

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

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

The City reports the following fiduciary fund:

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, 2010

### (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, 2010, all functions were within the budget guidelines.

### (2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2010 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.

Interest rate risk - The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money-market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

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, 2010

#### (3) LONG-TERM DEBT

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and revenue notes are as follows:

	Balance June 30, 2009	Issued	Redeemed	Balance June 30, 2010
<b>Governmental Activities</b>				
General obligation notes	\$ 210,000	\$ -	\$ 50,000	\$ 160,000
General obligation bonds	5,170,000	-	370,000	4,800,000
	<u>\$ 5,380,000</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ 4,960,000</u>
<b>Business Type Activities</b>				
Revenue bonds	\$ 1,803,500	\$ -	\$ 146,500	\$ 1,657,000
Sewer loan agreement	170,861	59,786	-	230,647
	<u>\$ 1,974,361</u>	<u>\$ 59,786</u>	<u>\$ 146,500</u>	<u>\$ 1,887,647</u>

Interest rates range from 3.00% to 4.70% on the general obligation notes and bonds. The revenue bond interest rates are from 3.84% to 4.375%. The City paid \$282,181 in interest on debt obligations for the year ended June 30, 2010.

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

Year Ending June 30,	General Obligation Urban Renewal Bond		General Obligation Bonds and Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 160,000	\$ 82,613	\$ 270,000	\$115,290	\$ 154,000	\$ 63,537	\$ 584,000	\$ 261,440
2012	165,000	77,812	230,000	104,361	160,000	57,803	555,000	239,976
2013	170,000	72,533	235,000	95,392	162,000	51,855	567,000	219,780
2014	180,000	66,752	205,000	86,136	168,500	45,831	553,500	198,719
2015	185,000	59,553	200,000	77,936	179,000	39,570	564,000	177,059
2016-2020	1,285,000	156,047	1,140,000	263,992	356,000	133,035	2,781,000	553,074
2021-2025	-	-	535,000	34,700	407,500	64,950	942,500	99,650
2026-2027	-	-	-	-	70,000	3,062	70,000	3,062
	<u>\$2,145,000</u>	<u>\$515,310</u>	<u>\$2,815,000</u>	<u>\$777,807</u>	<u>\$1,657,000</u>	<u>\$459,643</u>	<u>\$6,617,000</u>	<u>\$1,752,760</u>

#### 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.

## CITY OF BONDURANT

### Notes to Financial Statements - Continued

June 30, 2010

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

##### Revenue Bonds - Continued

- (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, 2010, the restricted balance was \$14,241.
- (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, 2010 was \$230,647.

#### (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.

## CITY OF BONDURANT

### Notes to Financial Statements - Continued

June 30, 2010

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

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 \$5,965,000 as of June 30, 2010. 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, 2010, the Series 2004B bonds had a balance of \$62,430,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$720,626 or 1.15%. As of June 30, 2010, the Series 2006 bonds had a balance of \$36,575,000 and the City of Bondurant's estimated future allocation based on the WRA Flows is currently \$445,838 or 1.22%. On June 30, 2010, the 2008 and 2009 State Revolving Loans had a balance of \$56,634,056 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$819,768 or 1.45%. 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, 2010, the WRA had \$8,557,000 in outstanding pre 2004 State Revolving Loans, of which \$0 of future principal debt service is a commitment of the City of Bondurant.

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, 2010, the City paid the WRA \$152,106 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.

## CITY OF BONDURANT

### Notes to Financial Statements - Continued

June 30, 2010

**(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 4.30% of their annual salary and the City is required to contribute 6.65% 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, 2010, 2009 and 2008 were \$32,416, \$28,903 and \$24,539, 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, 2010, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation and compensation	\$ 26,190

This liability has been computed based on rates of pay as of June 30, 2010.

**(7) INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
General Fund	Enterprise:	
	Water Fund	\$ 75,674
	Sewer Fund	75,674
	Special Revenue:	
	Emergency Fund	709
Capital Projects:	Special Revenue:	
Storm Shelter	Emergency Fund	281

# CITY OF BONDURANT

## Notes to Financial Statements - Continued

June 30, 2010

### (7) INTERFUND TRANSFERS - CONTINUED

Transfer to	Transfer from	Amount
Debt Service Fund	Special Revenue:	
	Tax Increment Financing	242,663
	Capital Project:	
	Library	10,500
	General Fund	<u>15,000</u>
Total		<u>\$ 420,501</u>

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

### (8) 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 634 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, 2010 were \$40,097.

# CITY OF BONDURANT

## Notes to Financial Statements - Continued

June 30, 2010

### **(8) RISK MANAGEMENT - CONTINUED**

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 \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

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, 2010, 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. 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 workmen's compensation insurance. 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.

### **(9) IOWA EVENTS CENTER**

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$2,500 per year to be used by the County for the project. The grant is being advanced over 10 years. Payments began in the fiscal year ended June 30, 2003 and are subject to annual budget allocation and approval.

### **(10) CONSTRUCTION CONTRACTS**

At June 30, 2010, the City had entered into construction contracts of approximately \$1,650,600 for various projects. At June 30, 2010, these projects will require future payments of approximately \$823,400 upon completion.

**CITY OF BONDURANT**

Notes to Financial Statements - Continued

June 30, 2010

**(11) DEFICIT BALANCES**

The City had deficit balances at June 30, 2010, as follows:

Fund	Amount
Enterprise:	
Storm Water	\$ 124,717
Capital Projects:	
Sidewalk	36,150
Paine Heights	10,456

The deficit balances are the result of costs incurred prior to availability of funds. The deficit balances will be eliminated upon receipt of a new storm water utility fee beginning July 1, 2010, tax increment financing, special assessments, and state aid.

**(12) 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:

	Water	Sewer	Garbage	Storm Water	Total
General operation	\$413,661	\$101,386	\$ 23,894	\$(124,717)	\$414,224
Construction fund	188,938	-	-	-	188,938
Sinking fund	9,948	4,293	-	-	14,241
	<u>\$612,547</u>	<u>\$105,679</u>	<u>\$ 23,894</u>	<u>\$(124,717)</u>	<u>\$617,403</u>

**(13) SUBSEQUENT EVENTS**

The City has evaluated subsequent events through October 11, 2010, the date the financial statements were available to be issued.

**(14) OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 8 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Health Care River Valley. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, based on their age.

## CITY OF BONDURANT

Notes to Financial Statements - Continued

June 30, 2010

### (14) OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members vary and are based on their age and family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2010, the City contributed \$49,468 and plan members eligible for benefits contributed \$7,103 to the plan.

Dental insurance is also made available at employee cost. Employees contributed \$429 to the plan for the year ended June 30, 2010.

**City of Bondurant**

## **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, 2010

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 1,246,106	\$ -	\$ 1,246,106
Tax increment financing collections	389,868	-	389,868
Other city tax	16,629	-	16,629
Licenses and permits	73,698	-	73,698
Uses of money and property	57,394	3,059	60,453
Intergovernmental	650,630	-	650,630
Charges for service	55,183	1,217,938	1,273,121
Special assessments	31,984	1,317	33,301
Miscellaneous	57,776	101,387	159,163
Total receipts	2,579,268	1,323,701	3,902,969
Disbursements:			
Public safety	458,550	-	458,550
Public works	263,744	-	263,744
Health and social services	7,572	-	7,572
Culture and recreation	234,388	-	234,388
Community and economic development	130,139	-	130,139
General government	440,640	-	440,640
Debt service	634,392	-	634,392
Capital projects	1,025,117	-	1,025,117
Business type activities	-	1,160,062	1,160,062
Total disbursements	3,194,542	1,160,062	4,354,604
Excess (deficiency) of receipts over (under) disbursements	(615,274)	163,639	(451,635)
Other financing sources (uses), net	212,633	(151,348)	61,285
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(402,641)	12,291	(390,350)
Balances beginning of year	1,944,789	682,736	2,627,525
Balances end of year	\$ 1,542,148	\$ 695,027	\$ 2,237,175

See accompanying independent auditor's report.

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 1,202,308	\$ 1,202,308	\$ 43,798
386,847	386,847	3,021
44,680	45,308	(28,679)
18,900	60,652	13,046
35,060	58,597	1,856
329,121	758,833	(108,203)
1,315,262	1,343,189	(70,068)
6,600	33,354	(53)
35,364	65,758	93,405
3,374,142	3,954,846	(51,877)
455,024	468,707	10,157
242,072	305,094	41,350
7,640	7,850	278
211,031	251,183	16,795
158,055	146,300	16,161
465,571	478,795	38,155
634,143	634,635	243
791,675	1,532,195	507,078
1,303,248	1,337,095	177,033
4,268,459	5,161,854	807,250
(894,317)	(1,207,008)	755,373
-	76,500	(15,215)
(894,317)	(1,130,508)	740,158
2,647,036	2,647,036	(19,511)
\$ 1,752,719	\$ 1,516,528	\$ 720,647

## CITY OF BONDURANT

### Required Supplemental Information

#### Notes To Required Supplementary Information - Budgetary Reporting

June 30, 2010

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds, permanent fund and enterprise 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, a budget amendment increased budgeted disbursements by \$893,395. This budget amendment is reflected in the final budgeted amounts.

## **Other Supplementary Information**

**CITY OF BONDURANT**

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue			
	I-Jobs	Employee Benefits	Library Grant	FEMA
<b>Receipts:</b>				
Property tax	\$ -	\$ 126,422	\$ -	\$ -
Uses of money and property:				
Interest on investments	-	-	291	-
Intergovernmental	12,998	-	3,145	5,245
Miscellaneous	-	-	9,399	-
Total receipts	<u>12,998</u>	<u>126,422</u>	<u>12,835</u>	<u>5,245</u>
<b>Disbursements:</b>				
Operating:				
Public safety	-	3,047	-	-
Public works	12,998	19,985	-	-
Culture and recreation	-	23,340	10,800	-
General government	-	74,095	-	-
Total disbursements	<u>12,998</u>	<u>120,467</u>	<u>10,800</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	-	5,955	2,035	5,245
<b>Other financing (uses):</b>				
Operating transfers (out)	-	-	-	(991)
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(991)</u>
Net change in cash balances	-	5,955	2,035	4,254
Cash balances beginning of year	<u>-</u>	<u>12,800</u>	<u>48,598</u>	<u>(4,254)</u>
Cash balances end of year	<u>\$ -</u>	<u>\$ 18,755</u>	<u>\$ 50,633</u>	<u>\$ -</u>
<b>Cash Basis Fund Balances</b>				
Unreserved:				
Special revenue funds	\$ -	\$ 18,755	\$ 50,633	\$ -
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ -</u>	<u>\$ 18,755</u>	<u>\$ 50,633</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**Schedule 1**

EMS Grant	Park & Recreation	Storm Water Grants	Drainage District	Permanent Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,422
-	-	-	-	112	403
-	-	10,000	-	-	31,388
-	-	-	-	640	10,039
-	-	10,000	-	752	168,252
13,522	-	-	-	-	16,569
-	-	9,672	-	-	42,655
-	575	-	-	-	34,715
-	-	-	-	-	74,095
13,522	575	9,672	-	-	168,034
(13,522)	(575)	328	-	752	218
-	-	-	-	-	(991)
-	-	-	-	-	(991)
(13,522)	(575)	328	-	752	(773)
13,522	10,035	-	1,233	10,946	92,880
\$ -	\$ 9,460	\$ 328	\$ 1,233	\$ 11,698	\$ 92,107
\$ -	\$ 9,460	\$ 328	\$ 1,233	\$ -	\$ 80,409
-	-	-	-	11,698	11,698
\$ -	\$ 9,460	\$ 328	\$ 1,233	\$ 11,698	\$ 92,107

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**CITY OF BONDURANT**

Schedule of Indebtedness

Year ended June 30, 2010

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Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Property acquisition (library)	Jun. 21,2006	3.90%	\$ 350,000
Total			
General obligation bonds:			
Corporate purpose	Jun. 1, 1999	4.70%	\$ 1,215,000
Corporate purpose	Jul. 2, 2007	3.875-4.30	2,990,000
Urban renewal	Sep. 2, 2008	3.00-4.15	2,300,000
Total			
Revenue bonds:			
Drinking water	Dec. 22, 2000	3.84%	\$ 972,000
Sewer Series A 1998	Jan. 6, 1999	3.92	248,934
Sewer Series B 1998	Jan. 6, 1999	3.92	326,066
DMWW Water Revenue, Series 2006	Feb. 7, 2006	4.00-4.375	1,020,000
Total			
Sewer loan agreement	Nov. 20, 2006	0.00%	\$ 1,175,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 210,000	\$ -	\$ 50,000	\$ 160,000	\$ 8,190
\$ 210,000	\$ -	\$ 50,000	\$ 160,000	\$ 8,190
110,000	-	55,000	55,000	5,115
2,760,000	-	160,000	2,600,000	112,625
2,300,000	-	155,000	2,145,000	87,263
\$ 5,170,000	\$ -	\$ 370,000	\$ 4,800,000	\$ 205,003
\$ 544,000	\$ -	\$ 81,000	\$ 463,000	\$ 20,890
143,000	-	12,000	131,000	4,290
194,000	-	16,000	178,000	5,820
922,500	-	37,500	885,000	37,988
\$ 1,803,500	\$ -	\$ 146,500	\$ 1,657,000	\$ 68,988
\$ 170,861	\$ 59,786	\$ -	\$ 230,647	\$ -

**CITY OF BONDURANT**

**Bond and Note Maturities**

June 30, 2010

Year Ending June 30,	General Obligation Notes		General Obligation Bonds			
	Property Acquisition (Library)		Corporate Purpose		Corporate Purpose	
	Issued Jun. 21, 2006		Issued Jun. 1, 1999		Issued Jul. 2, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.90%	\$ 50,000	4.70%	\$ 55,000	3.875%	\$ 165,000
2012	3.90	55,000	-	-	3.90	175,000
2013	3.90	55,000	-	-	3.95	180,000
2014	-	-	-	-	4.00	205,000
2015	-	-	-	-	4.00	200,000
2016	-	-	-	-	4.05	210,000
2017	-	-	-	-	4.10	215,000
2018	-	-	-	-	4.125	225,000
2019	-	-	-	-	4.15	240,000
2020	-	-	-	-	4.20	250,000
2021	-	-	-	-	4.25	260,000
2022	-	-	-	-	4.30	275,000
Total		<u>\$ 160,000</u>		<u>\$ 55,000</u>		<u>\$2,600,000</u>

Year Ending June 30,	Revenue Bonds					
	Drinking Water		Sewer Series A 1998		Sewer Series B 1998	
	Issued Dec. 22, 2000		Issued Jan. 6, 1999		Issued Jan. 6, 1999	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2011	3.84%	\$ 85,000	3.92%	\$ 12,000	3.92%	\$ 17,000
2012	3.84	89,000	3.92	13,000	3.92	18,000
2013	3.84	91,000	3.92	13,000	3.92	18,000
2014	3.84	93,000	3.92	14,000	3.92	19,000
2015	3.84	99,000	3.92	15,000	3.92	20,000
2016	3.84	4,000	3.92	15,000	3.92	20,000
2017	3.84	2,000	3.92	16,000	3.92	21,000
2018	-	-	3.92	16,000	3.92	22,000
2019	-	-	3.92	17,000	3.92	23,000
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total		<u>\$ 463,000</u>		<u>\$ 131,000</u>		<u>\$ 178,000</u>

See accompanying independent auditor's report.

Urban Renewal		
Issued Aug. 4, 2008		
Interest Rates	Amount	Total
3.00%	\$ 160,000	\$ 430,000
3.20	165,000	395,000
3.40	170,000	405,000
4.00	180,000	385,000
4.00	185,000	385,000
4.00	255,000	465,000
4.00	265,000	480,000
4.05	275,000	500,000
4.10	240,000	480,000
4.15	250,000	500,000
	-	260,000
	-	275,000
	<u>\$ 2,145,000</u>	<u>\$ 4,960,000</u>

Water Series 2006		
Issued Feb. 7, 2006		
Interest Rates	Amount	Total
4.00%	\$ 40,000	\$ 154,000
4.00	40,000	160,000
4.00	40,000	162,000
4.00	42,500	168,500
4.00	45,000	179,000
4.00	47,500	86,500
4.00	50,000	89,000
4.00	50,000	88,000
4.00	52,500	92,500
4.0625	55,000	55,000
4.125	57,500	57,500
4.125	60,000	60,000
4.125	62,500	62,500
4.250	67,500	67,500
4.375	70,000	70,000
4.375	70,000	70,000
4.375	35,000	35,000
	<u>\$ 885,000</u>	<u>\$ 1,657,000</u>

**CITY OF BONDURANT**

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Funds

For the Last Seven Years

	Years ended June 30,				
	2010	2009	2008	2007	2006
<b>Receipts:</b>					
Property and other city tax	\$1,262,735	\$1,086,751	\$ 944,448	\$ 885,861	\$ 803,124
Tax increment financing	389,868	319,895	338,504	306,722	290,532
Licenses and permits	73,698	52,618	93,508	79,170	126,604
Use of money and property	57,394	47,658	122,387	21,778	8,509
Intergovernmental	650,630	387,082	432,155	249,064	594,283
Charges for service	55,183	86,401	74,148	125,295	137,027
Special assessments	31,984	8,360	-	-	-
Miscellaneous	57,776	113,881	157,666	181,032	29,784
<b>Total</b>	<b>\$2,579,268</b>	<b>\$2,102,646</b>	<b>\$2,162,816</b>	<b>\$1,848,922</b>	<b>\$1,989,863</b>
<b>Disbursements:</b>					
<b>Operating:</b>					
Public safety	\$ 458,550	\$ 513,749	\$ 446,249	\$ 357,732	\$ 452,157
Public works	263,744	249,766	314,543	285,134	417,440
Health and social services	7,572	4,955	4,786	-	-
Culture and recreation	234,388	247,255	237,789	170,671	114,763
Community and economic development	130,139	40,430	72,377	60,245	81,525
General government	440,640	471,794	435,122	305,978	335,955
Debt service	634,392	755,527	545,980	430,040	381,882
Capital projects	1,025,117	2,041,390	1,464,655	532,437	514,448
<b>Total</b>	<b>\$3,194,542</b>	<b>\$4,324,866</b>	<b>\$3,521,501</b>	<b>\$2,142,237</b>	<b>\$2,298,170</b>

See accompanying independent auditor's report.

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<u>2005</u>	<u>2004</u>
\$ 761,171	\$ 648,446
302,471	284,615
194,717	127,505
8,668	7,947
224,504	336,186
31,015	56,905
-	-
69,243	371,010
<u>\$ 1,591,789</u>	<u>\$ 1,832,614</u>

\$ 306,838	\$ 300,707
808,986	371,775
2,573	2,284
101,946	100,964
25,216	406,455
234,923	210,746
369,952	503,729
15,774	7,925
<u>\$ 1,866,208</u>	<u>\$ 1,904,585</u>

**CITY OF BONDURANT**

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Capital Projects

As of and for the year ended June 30, 2010

	NE 62nd Avenue	Library	TIF Main Street	Public Safety Building	Mud Creek Sewer
<b>Receipts:</b>					
Use of money and property:					
Interest on investments	\$ -	\$ 33,293	\$ 5,542	\$ -	\$ -
Intergovernmental	-	2,500	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	-	-	325	2,600	-
Total receipts	<u>-</u>	<u>35,793</u>	<u>5,867</u>	<u>2,600</u>	<u>-</u>
<b>Disbursements:</b>					
Capital projects	-	5,520	590,001	-	59,786
Total disbursements	<u>-</u>	<u>5,520</u>	<u>590,001</u>	<u>-</u>	<u>59,786</u>
Excess (deficiency) of receipts over (under) disbursements	-	30,273	(584,134)	2,600	(59,786)
<b>Other financing sources (uses):</b>					
Loan proceeds	-	-	-	-	59,786
Operating transfers in	6,770	-	-	-	-
Operating transfers (out)	-	(10,500)	-	(6,771)	-
Total other financing sources (uses)	<u>6,770</u>	<u>(10,500)</u>	<u>-</u>	<u>(6,771)</u>	<u>59,786</u>
Net change in cash balances	6,770	19,773	(584,134)	(4,171)	-
Cash balances beginning of year	97,974	8,821	1,046,724	4,171	-
Cash balances end of year	<u>\$ 104,744</u>	<u>\$ 28,594</u>	<u>\$ 462,590</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash Basis Fund Balances</b>					
Unreserved:					
Capital project funds	<u>\$ 104,744</u>	<u>\$ 28,594</u>	<u>\$ 462,590</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash basis fund balances	<u>\$ 104,744</u>	<u>\$ 28,594</u>	<u>\$ 462,590</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Sidewalk	TIF Bike Trail	TIF High School Utilities	Storm Shelter	TIF Paine Heights	Intrafund Eliminations	Total
\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ 43,335
-	262,136	-	-	-	-	264,636
10,475	-	18,563	-	-	-	29,038
-	-	-	-	-	-	2,925
10,475	266,636	18,563	-	-	-	339,934
-	340,104	12,750	6,500	10,456	-	1,025,117
-	340,104	12,750	6,500	10,456	-	1,025,117
10,475	(73,468)	5,813	(6,500)	(10,456)	-	(685,183)
-	-	-	-	-	-	59,786
-	36,564	-	282	-	(43,335)	281
-	-	(36,564)	-	-	43,335	(10,500)
-	36,564	(36,564)	282	-	-	49,567
10,475	(36,904)	(30,751)	(6,218)	(10,456)	-	(635,616)
(46,625)	545,851	49,314	6,218	-	-	1,712,448
\$ (36,150)	\$ 508,947	\$ 18,563	\$ -	\$ (10,456)	\$ -	\$1,076,832
\$ (36,150)	\$ 508,947	\$ 18,563	\$ -	\$ (10,456)	\$ -	1,076,832
\$ (36,150)	\$ 508,947	\$ 18,563	\$ -	\$ (10,456)	\$ -	\$1,076,832

**City of Bondurant**



**MARTENS & COMPANY, CPA, LLP**

CERTIFIED PUBLIC ACCOUNTANTS  
4949 Pleasant Street, Suite 104  
West Des Moines, Iowa 50266

(515)-223-4841  
FAX: (515)-223-0851

**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, 2010, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 11, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and an other deficiency we consider to be a significant deficiency.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City of Bondurant's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items II-A-10 and II-B-10 to be material weaknesses.

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 deficiency described in Part II of the accompanying Schedule of Findings as item II-C-10 to be a significant deficiency.

### 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 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. 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  
October 11, 2010

# CITY OF BONDURANT

## Schedule of Findings

Year ended June 30, 2010

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

- (a) Unqualified opinions were 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 accepted accounting principles.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

# CITY OF BONDURANT

## Schedule of Findings

Year ended June 30, 2010

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

#### **INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Segregation of Duties - One important aspect of internal accounting 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 continue to monitor its control procedures to obtain the maximum internal control possible under the circumstances. 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.

Response - We will monitor the procedures as suggested.

Conclusion - Response acknowledged.

II-B-10 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

Year ended June 30, 2010

II-C-10 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 reported.

# CITY OF BONDURANT

## Schedule of Findings

Year ended June 30, 2010

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

- III-A-10 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-B-10 Travel Expenses - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-10 Business Transactions - No business transactions between the City and City officials or employees were noted.
- III-D-10 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-E-10 Council Minutes - No transactions were found that we believe should have been approved in the Council Minutes but were not.
- III-F-10 Revenue Bonds - All provisions of the revenue bond requirements have been met.
- III-G-10 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-H-10 Financial Condition - The City had deficit balances at June 30, 2010 as follows:

<u>Fund</u>	<u>Amount</u>
Enterprise:	
Storm Water	\$ 124,717
Capital Projects:	
Sidewalk	36,150
TIF - Paine Heights	10,456

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 Storm Water deficit has been addressed by adding a storm water fee July 1, 2010. The Capital Project-Sidewalk deficit will be cleared upon payment of a 10 year special assessment. Capital Project - TIF Paine Heights will be cleared by transfers from other TIF capital projects.

Considerable progress has already been made in reducing the number of funds with deficit balances from the 2008 levels.

Conclusion - Response acknowledged.