

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

**June 30, 2012**

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**CITY OF BONDURANT**

**OFFICIALS**

**(Before January 1, 2012)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith P. Ryan	Mayor	Jan 2014
Eric Boatwright	Mayor Pro tem	Jan 2012
Amy J. Bogaards	Council Member	Jan 2014
Jerry J. Fischer	Council Member	Jan 2014
Eric Johnson	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, 2012)**

Keith P. Ryan	Mayor	Jan 2014
Amy J. Bogaards	Mayor Pro tem	Jan 2014
Jerry J. Fischer	Council Member	Jan 2014
Eric Johnson	Council Member	Jan 2016
Brian Lohse	Council Member	Jan 2016
Curt D. Sullivan	Council Member	Jan 2016
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  
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West Des Moines, Iowa 50266

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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, 2012, 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, 2012, 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 26, 2012 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.

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 five years ended June 30, 2011 (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. The supplementary information included in

Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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. Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 13 and 36 through 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
September 26, 2012

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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, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 88.8%, or approximately \$2,300,000 from fiscal year 2011 to fiscal year 2012. Property tax and tax increment financing increased approximately \$130,400, bond and loan proceeds increased by approximately \$1,730,000, uses of money and property increased by approximately \$3,600 and intergovernmental receipts increased by approximately \$391,900.
- Disbursements of the City's governmental activities increased 15.5%, or approximately \$611,300, from fiscal year 2011 to fiscal year 2012. Public safety, public works, community and economic development, general government and capital projects increased approximately \$94,400, \$18,300, \$39,600, \$63,000 and \$369,200, respectively.
- The City's total cash basis net assets increased 75.2% or approximately \$906,900 from fiscal year 2011 to fiscal year 2012. Of this amount, the assets of the governmental activities increased approximately \$519,600 and the assets of the business type activities increased approximately \$387,300.

### **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.

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

Supplementary Information provides detailed information about the nonmajor governmental funds, and the City's indebtedness. In addition, 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 governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps 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 increased from a year ago, increasing from \$461,208 to \$980,774. 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,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service	\$ 182,046	\$ 165,647
Operating grants, contributions and restricted interest	523,820	492,077
Capital grants, contributions and restricted interest	517,746	124,816
General receipts:		
Property tax	1,434,131	1,309,877
Tax increment financing	386,986	380,845
Other city tax	16,624	17,013
Unrestricted investment earnings	3,629	7,205
Bond proceeds	1,627,665	15,643
Note/loan proceeds	150,000	31,918
Other general receipts	48,692	45,563
Total receipts	<u>4,891,339</u>	<u>2,590,604</u>
Disbursements:		
Public safety	678,647	584,205
Public works	512,100	493,850
Health and social services	6,705	407
Culture and recreation	334,820	327,180
Community and economic development	250,404	210,810
General government	513,726	450,756
Debt service	642,169	629,253
Capital projects	1,608,596	1,239,397
Total disbursements	<u>4,547,167</u>	<u>3,935,858</u>
Change in cash basis net assets before transfers	344,172	(1,345,254)
Transfers, net	<u>175,394</u>	<u>264,314</u>
Change in cash basis net assets	519,566	(1,080,940)
Cash basis net assets beginning of year	<u>461,208</u>	<u>1,542,148</u>
Cash basis net assets end of year	<u>\$ 980,774</u>	<u>\$ 461,208</u>

The City's total receipts for governmental activities increased by 88.8 percent or approximately \$2,300,000. The total cost of all programs and services increased by approximately \$611,000 or 15.5 percent with no new programs added this year. The increase in receipts was primarily the result of an increase in bond proceeds. The most significant increase in disbursements was primarily the result of capital projects such as the 2nd St SE widening, Mud Creek sewer, safe room and Garfield paving TIF.

Based on increases in the total assessed valuation, property tax receipts are budgeted to increase by an additional \$110,000 next year.

The cost of all governmental activities this year was approximately \$4.547 million compared to approximately \$3.936 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 approximately \$3.324 million because some of the cost was paid by those directly benefitted from the programs approximately (\$182,000) or by other governments and organizations that subsidized certain programs with grants and contributions approximately (\$1,041,500). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2012 from approximately \$782,500 to approximately \$1,223,600, principally due to a increase in capital grants, contributions and restricted interest. The City paid for the remaining public benefit portion of governmental activities with approximately \$1,821,100 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,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 644,678	\$ 605,975
Sewer	812,877	710,502
Garbage	153,181	149,080
Storm water	102,900	96,698
General receipts:		
Unrestricted investment earnings	852	1,920
Loan proceeds	100,920	-
Other general receipts	38,699	26,376
Total receipts	<u>1,854,107</u>	<u>1,590,551</u>
Disbursements:		
Water	508,145	541,638
Sewer	539,715	460,461
Garbage	160,091	156,848
Storm water	83,426	117,157
Total disbursements	<u>1,291,377</u>	<u>1,276,104</u>
Change in cash basis net assets before transfers	562,730	314,447
Transfers, net	<u>(175,394)</u>	<u>(264,314)</u>
Change in cash basis net assets	387,336	50,133
Cash basis net assets beginning of year	<u>745,160</u>	<u>695,027</u>
Cash basis net assets end of year	<u>\$ 1,132,496</u>	<u>\$ 745,160</u>

Total business type activities receipts for the fiscal year were \$1,854,107 compared to \$1,590,551 last year. This increase was due primarily to increased utility rates and new loan proceeds. The cash balance increased by approximately \$387,300 from the prior year. Total disbursements for the fiscal year increased by approximately 1.2 percent to a total of \$1,291,377. The Water Fund cash balance increased due to the repayment of a \$175,000 loan from the capital projects fund. The storm water fund cash balance increased due to loan proceeds of \$100,920.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$980,774, a increase of \$519,566 from last year's total of \$461,208. 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 positive balance of \$187,014 in 2011 to a positive balance of \$400,354 in 2012. The increase is due in part to the reimbursement from July 2011 bond proceeds for the purchase of a plow truck, increased property tax and increased charges for services.
- The Special Revenue, Road Use Tax Fund cash balance increased from a positive balance of \$16,298 in 2011 to a positive balance of \$69,295 in 2012. A significant portion of the disbursements includes the expenditure of street lighting and street repairs. Receipts increased \$71,769.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased from a positive balance of \$29,721 in 2011 to a positive balance of \$38,216 in 2012 due to the reimbursement of the certification of a pre-funding street lighting installation in a new development thereby reducing a developer agreement.
- The Debt Service Fund cash balance increased from \$18,464 in 2011 to \$42,921 in 2012 due to increased property tax receipts.
- The Capital Projects Fund cash balance increased by \$202,418 to \$323,024, which was due to unspent bond proceeds of the July 2011 borrowing for the Paine Heights Storm Water Drainage project.

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

- The Enterprise, Water Fund cash balance increased \$80,690 to \$609,297 due to a transfer in to the repayment of an Interfund Loan of \$175,000 to the Capital Projects Fund for the purchase and rehabilitation of a dilapidated property for use as a Public Works Facility.
- The Enterprise, Sewer Fund cash balance increased by \$193,162 to \$538,765. Sewer revenues increased by \$102,375 due to a 8% rate increase on July 1, 2011. Major expenditures include WRA fees of \$240,021, operational equipment repairs of \$22,470 and lagoon treatment chemicals of \$55,590. The City also installed a fine bubble diffusion system at the lagoon and continues with its manhole rehabilitation efforts to reduce inflow and infiltration.
- The Enterprise, Garbage Fund cash balance decreased \$6,910 to \$9,216 due to the use of the fund balance for City wide clean up and increased recycling fees.
- The Enterprise, Storm Water Fund cash balance increased \$120,394 to a deficit balance of (\$24,782) due mostly to the July 2011 bond proceeds of \$100,920. The City will increase its storm water rate to the residents by 20% on July 1, 2012, because of anticipated storm water issues and the continued effort to reduce the negative balance.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The amendment was approved on May 21, 2012 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 \$125,346 more than budgeted. This was primarily due to the City receiving more in property tax receipts than anticipated and increased charges for services, even after the amendments.

Even with the budget amendments, total disbursements were \$793,472 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. Enterprise disbursements were less than anticipated.

**DEBT ADMINISTRATION**

At June 30, 2012, the City had \$7,604,924 in bonds and other long-term debt compared to \$6,311,208 last year shown as follows:

Outstanding Debt at Year-End		
	June 30	
	<u>2012</u>	<u>2010</u>
General obligation bonds and notes		
Corporate purpose and other	\$ 5,805,000	\$ 4,545,643
Revenue bonds	1,343,000	1,503,000
Sewer loan agreement (Mud Creek Sewer)	<u>456,924</u>	<u>262,565</u>
Total	<u>\$ 7,604,924</u>	<u>\$ 6,311,208</u>

The City’s general obligation bond rating carries an A-1 rating by Moodies Rating Agency. 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 \$5,805,000 is well below the City’s \$14.957 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 2013 budget, tax rates and fees charged for various City activities. The economy in the area has improved slightly with small change in our unemployment rate in the past year. Unemployment in Polk County now stands at 5.4% versus 6.2% a year ago. This compares with the State’s unemployment rate of 5.3% and the national rate of 8.3%.

The housing market weakened in 2011 with a 27% decrease in new home permits issued in Bondurant. During calendar year 2011, 325 total building permits were issued, including 46 for single-family homes. These permits resulted in \$10.4 million in new valuation to the City in calendar year 2011.

These indicators were taken into account when adopting the budget for fiscal year 2013. Based on the tax rate of \$14.08040 per \$1,000 of taxable valuation, the City expects to generate \$1,544,203 in property tax revenue for fiscal year 2013. Total General Fund revenues at this time are anticipated to be approximately \$1,337,240. Revenues from all funds, including Enterprise Funds, are anticipated to be \$4.7 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.

## **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 Northeast, P.O. Box 37, Bondurant, Iowa 50035, 515-967-2418, e-mail [marentsen@cityofbondurant.com](mailto:marentsen@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, 2012

	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	\$ 678,647	\$ 123,814	\$ 74,519	\$ -
Public works	512,100	2,856	366,128	-
Health and social services	6,705	-	-	-
Culture and recreation	334,820	2,820	75,673	-
Community and economic development	250,404	34,383	-	-
General government	513,726	18,173	7,500	-
Debt service	642,169	-	-	-
Capital projects	1,608,596	-	-	517,746
Total governmental activities	<u>4,547,167</u>	<u>182,046</u>	<u>523,820</u>	<u>517,746</u>
Business type activities:				
Water	508,145	644,678	-	-
Sewer	539,715	812,877	-	-
Garbage	160,091	153,181	-	-
Storm water	83,426	102,900	-	-
Total business type activities	<u>1,291,377</u>	<u>1,713,636</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,838,544</u>	<u>\$ 1,895,682</u>	<u>\$ 523,820</u>	<u>\$ 517,746</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
- Note and 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
    - SRF Reserve
    - 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
\$ (480,314)	\$ -	\$ (480,314)
(143,116)	-	(143,116)
(6,705)	-	(6,705)
(256,327)	-	(256,327)
(216,021)	-	(216,021)
(488,053)	-	(488,053)
(642,169)	-	(642,169)
(1,090,850)	-	(1,090,850)
(3,323,555)	-	(3,323,555)
-	136,533	136,533
-	273,162	273,162
-	(6,910)	(6,910)
-	19,474	19,474
-	422,259	422,259
(3,323,555)	422,259	(2,901,296)
861,863	-	861,863
148,955	-	148,955
423,313	-	423,313
386,986	-	386,986
16,624	-	16,624
3,629	852	4,481
1,777,796	100,920	1,878,716
48,561	38,699	87,260
175,394	(175,394)	-
3,843,121	(34,923)	3,808,198
519,566	387,336	906,902
461,208	745,160	1,206,368
\$ 980,774	\$ 1,132,496	\$ 2,113,270
\$ 12,530	\$ -	\$ 12,530
42,921	14,783	57,704
115,113	-	69,295
67,132	-	38,216
323,024	-	323,024
-	106,182	106,182
109,962	59,160	153,594
310,092	952,371	1,352,725
\$ 980,774	\$ 1,132,496	\$ 2,113,270

**CITY OF BONDURANT**

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

As of and for the year ended June 30, 2012

	Special Revenue		
	General	Road Use Tax	Tax Increment Financing
<b>Receipts:</b>			
Property tax	\$ 861,863	\$ -	\$ -
Tax increment financing	-	-	386,986
Other city tax	16,624	-	-
Licenses and permits	53,055	-	-
Use of money and property	2,708	-	-
Intergovernmental	94,398	366,125	-
Charges for service	100,685	-	-
Special assessments	6,870	-	-
Miscellaneous	75,125	-	-
Total receipts	1,211,328	366,125	386,986
<b>Disbursements:</b>			
Operating:			
Public safety	672,429	-	-
Public works	193,969	283,819	-
Health and social services	6,705	-	-
Culture and recreation	276,313	-	-
Community and economic development	94,421	-	155,983
General government	415,030	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	1,658,867	283,819	155,983
Excess (deficiency) of receipts over (under) disbursements	(447,539)	82,306	231,003
<b>Other financing sources (uses):</b>			
Bond and loan proceeds	558,309	-	-
Sale of capital assets	9,000	-	-
Operating transfers in	106,202	-	-
Operating transfers out	(12,632)	(29,309)	(222,508)
Total other financing sources (uses)	660,879	(29,309)	(222,508)
Net change in cash balances	213,340	52,997	8,495
Cash balances beginning of year	187,014	16,298	29,721
Cash balances end of year	\$ 400,354	\$69,295	\$ 38,216
<b>Cash Basis Fund Balances</b>			
Nonspendable - cemetery perpetual care	\$ -	\$ -	\$ -
Restricted for:			
Debt service	-	-	-
Urban renewal projects	-	-	38,216
Streets	-	69,295	-
Other purposes	-	-	-
Unassigned	400,354	-	-
Total cash basis fund balances	\$ 400,354	\$69,295	\$ 38,216

See notes to financial statements.

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
\$ 423,313	\$ -	\$148,955	\$ 1,434,131
-	-	-	386,986
-	-	-	16,624
-	-	-	53,055
-	752	166	3,626
-	454,519	9,763	924,805
-	-	-	100,685
-	34,378	-	41,248
-	28,097	33,291	136,513
423,313	517,746	192,175	3,097,673
-	-	6,218	678,647
-	-	34,312	512,100
-	-	-	6,705
-	-	58,507	334,820
-	-	-	250,404
-	-	98,827	513,857
642,169	-	-	642,169
-	1,608,596	-	1,608,596
642,169	1,608,596	197,864	4,547,298
(218,856)	(1,090,850)	(5,689)	(1,449,625)
-	1,219,487	-	1,777,796
-	-	-	9,000
243,313	287,585	24,192	661,292
-	(213,804)	(644)	(478,897)
243,313	1,293,268	23,548	1,969,191
24,457	202,418	17,859	519,566
18,464	120,606	89,105	461,208
\$ 42,921	\$ 323,024	\$106,964	\$ 980,774
\$ -	\$ -	\$ 12,530	\$ 12,530
42,921	-	-	42,921
-	28,916	-	67,132
-	45,818	-	115,113
-	15,528	94,434	109,962
-	232,762	-	633,116
\$ 42,921	\$ 323,024	\$106,964	\$ 980,774

## CITY OF BONDURANT

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

As of and for the year ended June 30, 2012

	Enterprise Funds				Total
	Water	Sewer	Garbage	Storm Water	
Operating receipts:					
Charges for service	\$609,428	\$812,877	\$153,181	\$102,900	\$1,678,386
Meter deposits	35,250	-	-	-	35,250
Total operating receipts	644,678	812,877	153,181	102,900	1,713,636
Operating disbursements:					
Business type activities	310,523	500,175	160,091	83,426	1,054,215
Total operating disbursements	310,523	500,175	160,091	83,426	1,054,215
Excess (deficiency) of operating receipts over (under) operating disbursements	334,155	312,702	(6,910)	19,474	659,421
Non-operating receipts (disbursements):					
Interest on investments	852	-	-	-	852
Miscellaneous	38,699	-	-	-	38,699
Loan Proceeds	-	-	-	100,920	100,920
Debt service	(173,474)	(39,540)	-	-	(213,014)
Capital projects	(24,148)	-	-	-	(24,148)
Net non-operating receipts	(158,071)	(39,540)	-	100,920	(96,691)
Excess (deficiency) of receipts over (under) disbursements	176,084	273,162	(6,910)	120,394	562,730
Transfers:					
Operating transfers in	175,000	-	-	-	175,000
Operating transfers (out)	(270,394)	(80,000)	-	-	(350,394)
	(95,394)	(80,000)	-	-	(175,394)
Net change in cash balances	80,690	193,162	(6,910)	120,394	387,336
Cash balances (deficits) beginning of year	528,607	345,603	16,126	(145,176)	745,160
Cash balances (deficits) end of year	\$609,297	\$538,765	\$ 9,216	\$(24,782)	\$1,132,496
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Debt service	\$ 10,129	\$ 4,654	\$ -	\$ -	\$ 14,783
Construction fund	59,160	-	-	-	59,160
SRF Reserve	106,182	-	-	-	106,182
Unrestricted:					
Deposits	94,110	-	-	-	94,110
Other	339,716	534,111	9,216	(24,782)	858,261
Total cash basis fund balances	\$609,297	\$538,765	\$ 9,216	\$(24,782)	\$1,132,496

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, 2012

	<u>Agency Fund Sidewalk Escrow</u>
Cash balance beginning of year	\$ 19,593
Receipts:	
Uses of money and property	
Interest on investments	<u>3</u>
Total receipts	<u>3</u>
Disbursements:	
Reimbursement	<u>5,218</u>
Cash balance end of year	<u>\$ 14,378</u>

See notes to financial statements.

# CITY OF BONDURANT

## Notes to Financial Statements

June 30, 2012

### (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, Polk County Law Enforcement Services, Wastewater Reclamation Authority, and Central Iowa Regional Drinking Water Commission.

#### 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, 2012

## (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 the following categories/components:

*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, 2012

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

### B. Basis of Presentation - Continued

#### Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used 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 property tax and other revenues to be used 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 also 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, 2012

### (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.

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

Proprietary funds distinguish operating receipts and disbursements from 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. Governmental Cash Basis Fund Balances

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

#### E. Budgets and Budgetary Accounting

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

#### F. Property Taxes

All City property taxes must be certified to the Polk County Auditor on or before the fifteenth day of March of each year for the upcoming fiscal year which runs from July 1 to June 30. Property taxes are levied in June and attached as an enforceable lien on the property on July 1.

Property taxes levied for the year ending June 30, 2012, attached as an enforceable lien on July 1, 2011, with the first half installment being delinquent after September 30, 2011 and the second half installment being delinquent after March 31, 2012.

## CITY OF BONDURANT

Notes to Financial Statements - Continued

June 30, 2012

### (2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2012 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.

### (3) BONDS AND NOTES PAYABLE

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

	Balance June30,2011	Issued	Redeemed	Balance June 30, 2012
<b>Governmental Activities</b>				
General obligation notes	\$ 110,000	\$ 150,000	\$ 55,000	\$ 205,000
General obligation bonds	4,535,643	1,534,357	370,000	5,600,000
	<u>\$ 4,645,643</u>	<u>\$ 1,684,357</u>	<u>\$ 425,000</u>	<u>\$ 5,805,000</u>
<b>Business Type Activities</b>				
Revenue bonds	\$ 1,503,000	\$ -	\$ 160,000	\$ 1,343,000
Sewer loan agreement	262,565	194,359	-	456,924
	<u>\$ 1,765,565</u>	<u>\$ 194,359</u>	<u>\$ 160,000</u>	<u>\$ 1,799,924</u>

Interest rates range from 1.00% to 4.30% on the general obligation notes and bonds. The revenue bond interest rates are from 3.0% to 4.375%. The City paid \$270,348 in interest on debt obligations for the year ended June 30, 2012.

## CITY OF BONDURANT

### Notes to Financial Statements - Continued

June 30, 2012

#### (3) BONDS AND NOTES PAYABLE - CONTINUED

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
2013	\$ 170,000	\$ 72,533	\$ 320,000	\$135,090	\$ 162,000	\$ 50,227	\$ 652,000	\$257,850
2014	180,000	66,753	335,000	124,243	166,000	44,968	681,000	235,964
2015	185,000	59,552	345,000	114,444	176,000	39,588	726,000	213,584
2016	255,000	52,152	310,000	104,409	126,500	33,768	691,500	190,329
2017	265,000	41,993	315,000	94,454	86,500	30,798	666,500	167,245
2018-2022	765,000	61,943	1,815,000	272,451	343,000	109,308	2,923,000	443,702
2023-2027	-	-	545,000	46,260	719,924	44,588	1,264,924	90,848
	<u>\$1,820,000</u>	<u>\$354,926</u>	<u>\$3,985,000</u>	<u>\$891,351</u>	<u>\$1,799,924</u>	<u>\$353,245</u>	<u>\$7,604,924</u>	<u>\$1,599,522</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.
- (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, 2012, the restricted balance was \$14,783.
- (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.

## CITY OF BONDURANT

Notes to Financial Statements - Continued

June 30, 2012

### (3) BONDS AND NOTES PAYABLE - CONTINUED

#### 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, 2012 was \$456,924.

### (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.

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 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, 2012, the Series 2004B bonds had a balance of \$60,025,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$680,842 or 1.13%. As of June 30, 2012, the Series 2006 bonds had a balance of \$34,985,000 and the City of Bondurant's estimated future allocation based on

# CITY OF BONDURANT

Notes to Financial Statements - Continued

June 30, 2012

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

the WRA Flows is currently \$419,314 or 1.20%. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. On June 30, 2012, the State Revolving Loans had a balance of \$153,679,699 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$1,778,653 or 1.16%. 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, 2012, the WRA had \$6,139,000 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, 2012, the City paid the WRA \$240,021 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.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$42,718, \$36,364 and \$32,416, 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

**CITY OF BONDURANT**

Notes to Financial Statements - Continued

June 30, 2012

**(6) COMPENSATED ABSENCES - CONTINUED**

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, 2012, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation and compensation	\$ 34,895

This liability has been computed based on rates of pay as of June 30, 2012.

**(7) INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects: Safe room	Special Revenue: FEMA	\$ 644
Capital Projects: Paine Heights	Enterprise: Water Fund	165,000
	Sewer Fund	80,000
Capital Projects: 2 <sup>nd</sup> St. SE	General Fund:	12,632
Capital Projects: Public Works Facility	Special Revenue: Road Use	29,309
General Fund:	Capital Projects: Library	25,000
General Fund:	Enterprise: Water	81,202
Employee Benefits	Enterprise: Water	24,192
Enterprise: Water Fund	Capital Projects: Public Works	175,000
Debt Service Fund	Special Revenue: Tax Increment Financing	222,508
	Capital Project: High School Utilities	<u>20,805</u>
Total		<u>\$ 836,292</u>

## CITY OF BONDURANT

### Notes to Financial Statements - Continued

June 30, 2012

#### (7) INTERFUND TRANSFERS - CONTINUED

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 663 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 150 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, 2012 were \$40,293.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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, 2012, 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, 2012

### **(8) 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 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, 2012, the City had entered into construction contracts of approximately \$1,159,199 for various projects. At June 30, 2012, these projects will require future payments of approximately \$379,600 upon completion.

### **(11) DEFICIT BALANCES**

The City had deficit balances at June 30, 2012, as follows:

<u>Fund</u>	<u>Amount</u>
Enterprise:	
Storm Water	\$24,782
Capital Projects:	
Sidewalk	26,284
Safe Room	61,703
Old Town Sidewalk	14,493
Gay Lea Wilson Trail East	1,981

# CITY OF BONDURANT

Notes to Financial Statements - Continued

June 30, 2012

## (11) DEFICIT BALANCES - CONTINUED

The Storm Water deficit is being addressed by a storm water fee that started July 1, 2010. The Capital Project-Sidewalk deficit will be cleared upon payment of a 10 year special assessment. The safe room deficit will be funded with FEMA grant and local funds. The old town sidewalk will be cleared upon payment of a 10 year special assessment.

## (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	\$433,826	\$534,111	\$9,216	\$(24,782)	\$952,371
Construction fund	59,160	-	-	-	59,160
Sinking fund	10,129	4,654	-	-	14,783
SRF Reserve	106,182	-	-	-	106,182
	<u>\$609,297</u>	<u>\$538,765</u>	<u>\$9,216</u>	<u>\$(24,782)</u>	<u>\$1,132,496</u>

## (13) 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 9 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.

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, 2012, the City contributed \$70,004 and plan members eligible for benefits contributed \$13,076 to the plan.

Dental insurance is also made available at employee cost. Employees contributed \$162 to the plan for the year ended June 30, 2012.

## (14) DEVELOPMENT REBATE AGREEMENTS

The City has entered into a number of TIF rebate agreements requiring repayment to the developers from TIF receipts. The rebate service requirements, if appropriated by the City, are as follows:

**CITY OF BONDURANT**

Note to Financial Statements - Continued

June 30, 2012

**(14) DEVELOPMENT REBATE AGREEMENTS - CONTINUED**

Year ending <u>June 30</u>	
2012	\$ 100,000
2013	100,000
2014	138,624
2015	138,624
2016	138,624
2017-2021	<u>485,000</u>
	<u><u>\$1,100,872</u></u>

**(15) SEVERANCE AGREEMENT**

Effective January 18, 2010, the City entered into an agreement with the City Administrator which formally identifies the financial obligation of the City to its City Administrator in the event of an involuntary employment termination. The agreement provides for a termination payment equal to three months of compensation as full and complete settlement for all damages sustained as well as payment for all accrued but unused vacation and other benefits typically paid to City employees at termination.

**(16) PRIVATE COLLEGE FACILITY REVENUE BOND**

The city has issued a total of \$8,000,000 of Private College Facility Revenue Bonds (Grandview University Project), series 2012B under the provisions of chapter 419 of the Code of Iowa, of which \$8,000,000 is outstanding at June 30, 2012. The bonds and related interest are payable solely out of the revenues derived from the loan agreement and are not otherwise an obligation of the city.

**(17) SUBSEQUENT EVENTS**

The City has evaluated subsequent events through September 26, 2012, the date the financial statements were available to be issued.

## Other 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  
Other Information  
Year ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$1,434,131	\$ -	\$1,434,131
Tax increment financing collections	386,986	-	386,986
Other city tax	16,624	-	16,624
Licenses and permits	53,055	-	53,055
Uses of money and property	3,626	852	4,478
Intergovernmental	924,805	-	924,805
Charges for service	100,685	1,678,386	1,779,071
Special assessments	41,248	-	41,248
Miscellaneous	136,513	73,949	210,462
Total receipts	3,097,673	1,753,187	4,850,860
Disbursements:			
Public safety	678,647	-	678,647
Public works	512,100	-	512,100
Health and social services	6,705	-	6,705
Culture and recreation	334,820	-	334,820
Community and economic development	250,404	-	250,404
General government	513,726	-	513,726
Debt service	642,169	-	642,169
Capital projects	1,608,596	-	1,608,596
Business type activities	-	1,291,377	1,291,377
Total disbursements	4,547,167	1,291,377	5,838,544
Excess (deficiency) of receipts over (under) disbursements	(1,449,494)	461,810	(987,684)
Other financing sources (uses), net	1,969,060	(74,474)	1,894,586
Excess of receipts and other financing sources over disbursements and other financing uses	519,566	387,336	906,902
Balances beginning of year	461,208	745,160	1,206,368
Balances end of year	\$ 980,774	\$1,132,496	\$2,113,270

See accompanying independent auditor's report.

Budgeted Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 1,392,579	\$ 1,392,579	\$ 41,552
378,492	378,492	8,494
45,737	45,287	(28,663)
46,915	47,035	6,020
28,690	30,965	(26,487)
781,381	970,045	(45,240)
1,612,300	1,679,233	99,838
24,400	40,897	351
53,675	140,981	69,481
4,364,169	4,725,514	125,346
670,965	705,755	27,108
541,001	562,720	50,620
7,960	7,960	1,255
262,635	356,487	21,667
254,784	252,231	1,827
515,505	531,568	17,842
662,604	642,520	351
1,410,680	2,183,685	575,089
1,426,891	1,389,090	97,713
5,753,025	6,632,016	793,472
(1,388,856)	(1,906,502)	918,818
1,589,150	1,942,227	(47,641)
200,294	35,725	871,177
1,225,962	1,225,962	(19,594)
\$ 1,426,256	\$ 1,261,687	\$ 851,583

## CITY OF BONDURANT

### Required Supplemental Information

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

June 30, 2012

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, 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 \$878,991. This budget amendment is reflected in the final budgeted amounts.

## **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, 2012

	Special Revenue		
	Employee Benefits	Library Grant	FEMA
Receipts:			
Property tax	\$ 148,955	\$ -	\$ -
Uses of money and property:			
Interest on investments	-	131	-
Intergovernmental	-	2,098	7,665
Miscellaneous	121	17,726	-
Total receipts	<u>149,076</u>	<u>19,955</u>	<u>7,665</u>
Disbursements:			
Operating:			
Public safety	6,218	-	-
Public works	25,359	-	-
Culture and recreation	28,630	19,731	-
General government	98,827	-	-
Total disbursements	<u>159,034</u>	<u>19,731</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	(9,958)	224	7,665
Other financing (sources):			
Operating transfers in	24,192	-	-
Operating transfers (out)	-	-	(644)
Total other financing (sources)	<u>24,192</u>	<u>-</u>	<u>(644)</u>
Net change in cash balances	14,234	224	7,021
Cash balances beginning of year	<u>19,853</u>	<u>51,698</u>	<u>(7,021)</u>
Cash balances end of year	<u>\$ 34,087</u>	<u>\$ 51,922</u>	<u>\$ -</u>
<b>Cash Basis Fund Balances</b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted:			
Other purposes	34,087	51,922	-
Unassigned	-	-	-
Total cash basis fund balances	<u>\$ 34,087</u>	<u>\$ 51,922</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**Schedule 1**

Park & Recreation	Storm Water Grants	Tree Fund	Drainage District	Permanent Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,955
-	-	-	-	35	166
-	-	-	-	-	9,763
3,647	10,000	1,557	-	240	33,291
3,647	10,000	1,557	-	275	192,175
-	-	-	-	-	6,218
-	8,953	-	-	-	34,312
10,146	-	-	-	-	58,507
-	-	-	-	-	98,827
10,146	8,953	-	-	-	197,864
(6,499)	1,047	1,557	-	275	(5,689)
-	-	-	-	-	24,192
-	-	-	-	-	(644)
-	-	-	-	-	23,548
(6,499)	1,047	1,557	-	275	17,859
11,027	60	-	1,233	12,255	89,105
\$ 4,528	\$ 1,107	\$ 1,557	\$ 1,233	\$ 12,530	\$ 106,964
\$ -	\$ -	\$ -	\$ -	\$ 12,530	\$ 12,530
4,528	1,107	1,557	1,233	-	94,434
-	-	-	-	-	-
\$ 4,528	\$ 1,107	\$ 1,557	\$ 1,233	\$ 12,530	\$ 106,964

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**CITY OF BONDURANT**

Schedule of Indebtedness

Year ended June 30, 2012

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Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Park Improvement (BRSC)	Apr. 25,2012	1.60%	\$ 150,000
Property acquisition (library)	Jun. 21,2006	3.90%	350,000
Total			
General obligation bonds:			
Corporate purpose	Jul. 2, 2007	3.95-4.30	2,990,000
Urban renewal	Sep. 2, 2008	3.40-4.15	2,300,000
Corporate purpose	July 6, 2011	1.00-3.45	1,550,000
Total			
Revenue bonds:			
Drinking water	Dec. 22, 2000	3.00%	\$ 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
\$ -	\$ 150,000	\$ -	\$ 150,000	\$ -
110,000	-	55,000	55,000	4,290
<u>\$ 110,000</u>	<u>\$ 150,000</u>	<u>\$ 55,000</u>	<u>\$ 205,000</u>	<u>\$ 4,290</u>
2,435,000	-	175,000	2,260,000	100,072
1,985,000	-	165,000	1,820,000	77,813
15,643	1,534,357	30,000	1,520,000	33,545
<u>\$ 4,435,643</u>	<u>\$ 1,534,357</u>	<u>\$ 370,000</u>	<u>\$ 5,600,000</u>	<u>\$ 211,430</u>
\$ 378,000	\$ -	\$ 89,000	\$ 289,000	\$ 11,340
119,000	-	13,000	106,000	3,570
161,000	-	18,000	143,000	4,830
845,000	-	40,000	805,000	34,888
<u>\$ 1,503,000</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 1,343,000</u>	<u>\$ 54,628</u>
<u>\$ 262,565</u>	<u>\$ 194,359</u>	<u>\$ -</u>	<u>\$ 456,924</u>	<u>\$ -</u>

**CITY OF BONDURANT**

**Bond and Note Maturities**

June 30, 2012

Year Ending June 30,	General Obligation Notes					Total
	Property Acquisition (Library)		Park Improvement (BRSC)			
	Issued Jun. 21, 2006		Issued Apr 25, 2012			
	Interest Rates	Amount	Interest Rates	Amount		
2013	3.90%	\$ 55,000	1.60%	\$ 50,000	\$ 105,000	
2014		-	1.60	50,000	50,000	
2015		-	1.60	50,000	50,000	
2016		-		-	-	
2017		-		-	-	
2018		-		-	-	
2019		-		-	-	
2020		-		-	-	
2021		-		-	-	
2022		-		-	-	
2023		-		-	-	
2024		-		-	-	
2025		-		-	-	
2026		-		-	-	
2027		-		-	-	
Total		<u>\$ 55,000</u>		<u>\$ 150,000</u>	<u>\$ 205,000</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
2013	3.00%	\$ 91,000	3.92%	\$ 13,000	3.92%	\$ 18,000
2014	3.00	93,000	3.92	14,000	3.92	19,000
2015	3.00	99,000	3.92	15,000	3.92	20,000
2016	3.00	4,000	3.92	15,000	3.92	20,000
2017	3.00	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>\$ 289,000</u>		<u>\$ 106,000</u>		<u>\$ 143,000</u>

See accompanying independent auditor's report.

General Obligation Bonds							
Corporate Purpose Issued Jul. 2, 2007		Urban Renewal Issued Sep. 2, 2008		Corporate Purpose Issued Jul. 6, 2011			
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total	
3.95%	\$ 180,000	3.40%	\$ 170,000	1.00%	\$ 35,000	\$ 385,000	
4.00	205,000	4.00	180,000	1.00	80,000	465,000	
4.00	200,000	4.00	185,000	1.30	95,000	480,000	
4.05	210,000	4.00	255,000	1.45	100,000	565,000	
4.10	215,000	4.00	265,000	1.70	100,000	580,000	
4.125	225,000	4.05	275,000	2.00	105,000	605,000	
4.15	240,000	4.10	240,000	2.20	110,000	590,000	
4.20	250,000	4.15	250,000	2.40	115,000	615,000	
4.25	260,000		-	2.60	115,000	375,000	
4.30	275,000		-	2.80	120,000	395,000	
	-		-	3.00	125,000	125,000	
	-		-	3.20	135,000	135,000	
	-		-	3.30	140,000	140,000	
	-		-	3.45	145,000	145,000	
	-		-		-	-	
	<u>\$ 2,260,000</u>		<u>\$ 1,820,000</u>		<u>\$ 1,520,000</u>	<u>\$ 5,600,000</u>	

Water Series 2006 Issued Feb. 7, 2006		
Interest Rates	Amount	Total
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>\$ 805,000</u>	<u>\$ 1,343,000</u>

**CITY OF BONDURANT**

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

For the Last Nine Years

	Years ended June 30,				
	2012	2011	2010	2009	2008
<b>Receipts:</b>					
Property and other city tax	\$1,450,755	\$1,326,890	\$1,262,735	\$1,086,751	\$ 944,448
Tax increment financing	386,986	380,845	389,868	319,895	338,504
Licenses and permits	53,055	46,584	73,698	52,618	93,508
Use of money and property	3,626	37,814	57,394	47,658	122,387
Intergovernmental	924,805	532,942	650,630	387,082	432,155
Charges for service	100,685	74,619	55,183	86,401	74,148
Special assessments	41,248	35,378	31,984	8,360	-
Miscellaneous	136,513	105,721	57,776	113,881	157,666
<b>Total</b>	<b>\$3,097,673</b>	<b>\$2,540,793</b>	<b>\$2,579,268</b>	<b>\$2,102,646</b>	<b>\$2,162,816</b>
<b>Disbursements:</b>					
<b>Operating:</b>					
Public safety	\$ 678,647	\$ 584,205	\$ 458,550	\$ 513,749	\$ 446,249
Public works	512,100	493,850	263,744	249,766	314,543
Health and social services	6,705	407	7,572	4,955	4,786
Culture and recreation	334,820	327,180	234,388	247,255	237,789
Community and economic development	250,404	210,810	130,139	40,430	72,377
General government	513,726	450,756	440,640	471,794	435,122
Debt service	642,169	629,253	634,392	755,527	545,980
Capital projects	1,608,596	1,239,397	1,025,117	2,041,390	1,464,655
<b>Total</b>	<b>\$4,547,167</b>	<b>\$3,935,858</b>	<b>\$3,194,542</b>	<b>\$4,324,866</b>	<b>\$3,521,501</b>

See accompanying independent auditor's report.

2007	2006	2005	2004
\$ 885,861	\$ 803,124	\$ 761,171	\$ 648,446
306,722	290,532	302,471	284,615
79,170	126,604	194,717	127,505
21,778	8,509	8,668	7,947
249,064	594,283	224,504	336,186
125,295	137,027	31,015	56,905
-	-	-	-
181,032	29,784	69,243	371,010
<u>\$1,848,922</u>	<u>\$ 1,989,863</u>	<u>\$ 1,591,789</u>	<u>\$ 1,832,614</u>
\$ 357,732	\$ 452,157	\$ 306,838	\$ 300,707
285,134	417,440	808,986	371,775
-	-	2,573	2,284
170,671	114,763	101,946	100,964
60,245	81,525	25,216	406,455
305,978	335,955	234,923	210,746
430,040	381,882	369,952	503,729
532,437	514,448	15,774	7,925
<u>\$2,142,237</u>	<u>\$ 2,298,170</u>	<u>\$ 1,866,208</u>	<u>\$ 1,904,505</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, 2012

	NE 62nd Avenue	Library	2 <sup>nd</sup> St SE Widening	Mud Creek Sewer	15 <sup>th</sup> ; Paine Sidewalk
<b>Receipts:</b>					
Use of money and property:					
Interest on investments	\$ -	\$ -	\$ 137	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Special assessments	-	-	-	-	5,658
Miscellaneous	-	26,575	1,297	-	-
Total receipts	<u>-</u>	<u>26,575</u>	<u>1,434</u>	<u>-</u>	<u>5,658</u>
<b>Disbursements:</b>					
Capital projects	-	5,738	207,984	194,359	997
Total disbursements	<u>-</u>	<u>5,738</u>	<u>207,984</u>	<u>194,359</u>	<u>997</u>
Excess (deficiency) of receipts over (under) disbursements	-	20,837	(206,550)	(197,359)	4,661
<b>Other financing sources (uses):</b>					
Loan proceeds	-	-	193,918	194,359	-
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(58,926)	(25,000)	12,632	-	-
Total other financing sources (uses)	<u>(58,926)</u>	<u>(25,000)</u>	<u>(206,550)</u>	<u>194,359</u>	<u>-</u>
Net change in cash balances	(58,926)	(4,163)	-	-	4,661
Cash balances beginning of year	<u>104,744</u>	<u>19,691</u>	<u>-</u>	<u>-</u>	<u>(30,945)</u>
Cash balances end of year	<u>\$ 45,818</u>	<u>\$ 15,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,284)</u>
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Urban renewal	\$ -	\$ -	\$ -	\$ -	\$ -
Streets	45,818	-	-	-	-
Other purposes	-	15,528	-	-	-
Unassigned	-	-	-	-	(26,284)
Total cash basis fund balances	<u>\$ 45,818</u>	<u>\$ 15,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,284)</u>

See accompanying independent auditor's report.

TIF Bike Trail	TIF High School Utilities	Safe Room	TIF Paine Heights	Public Works Facility	TIF Trail to Chichaqua	Paine Heights Drainage- Sump
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173	\$ 442
53,104	-	333,915	-	-	67,500	-
-	20,187	-	-	-	-	1,850
-	-	-	-	-	-	225
53,104	20,187	333,915	-	-	67,673	2,517
52,070	-	436,627	22,993	31,895	186,416	319,409
52,070	-	436,627	22,993	31,895	186,416	319,409
1,034	20,187	(102,712)	(22,993)	(31,895)	(118,743)	(316,892)
-	-	-	-	176,610	-	353,220
-	-	59,570	137,877	29,309	146,334	245,000
(130,876)	(20,805)	-	-	(175,000)	-	-
(130,876)	(20,805)	59,570	137,877	30,919	146,334	598,220
(129,842)	(618)	(43,142)	114,884	(976)	27,591	281,328
138,571	20,805	(18,561)	(114,884)	976	-	(9,262)
\$ 8,729	\$ 20,187	\$ (61,703)	\$ -	\$ -	\$ 27,591	\$ 272,066
\$ 8,729	\$ 20,187	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(61,703)	-	-	27,591	272,066
\$ 8,779	\$ 20,187	\$ (61,703)	\$ -	\$ -	\$ 27,591	\$ 272,066

**CITY OF BONDURANT**

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

As of and for the year ended June 30, 2012

	TIF - Lake Petocka Playground	TIF Kinney Parking	Trailhead	Old Town Sidewalk	Gay Lea Wilson Trail East
<b>Receipts:</b>					
Use of money and property:					
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Special assessments	-	-	-	6,683	-
Miscellaneous	-	-	-	-	-
Total receipts	-	-	-	6,683	-
<b>Disbursements:</b>					
Capital projects	5,227	7,002	5,010	18,454	1,981
Total disbursements	5,227	7,002	5,010	18,454	1,981
Excess (deficiency) of receipts over (under) disbursements	(5,227)	(7,002)	(5,010)	(11,771)	(1,981)
<b>Other financing sources (uses):</b>					
Loan proceeds	-	-	5,046	-	-
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	5,046	-	-
Net change in cash balances	(5,227)	(7,002)	36	(11,771)	(1,981)
Cash balances beginning of year	5,227	7,002	(36)	(2,722)	-
Cash balances end of year	\$ -	\$ -	\$ -	\$(14,493)	\$ (1,981)
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Urban renewal	\$ -	\$ -	\$ -	\$ -	\$ -
Streets	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	(14,493)	(1,981)
Total cash basis fund balances	\$ -	\$ -	\$ -	\$(14,493)	\$ (1,981)

See accompanying independent auditor's report.

BRSC Improvements	Intrafund Eliminations	Total
\$ -	\$ -	\$ 752
-	-	454,519
-	-	34,378
-	-	28,097
-	-	<u>517,746</u>
112,434	-	1,608,596
<u>112,434</u>	-	<u>1,608,596</u>
(112,434)	-	(1,090,850)
150,000	-	1,219,487
-	(196,803)	287,585
-	196,803	(213,804)
<u>150,000</u>	-	<u>1,293,268</u>
37,566	-	202,418
-	-	120,606
<u>37,566</u>	-	<u>\$ 323,024</u>
\$ -	\$ -	\$ 28,916
-	-	45,818
-	-	15,528
<u>37,566</u>	-	<u>232,762</u>
<u>\$ 37,566</u>	<u>\$ -</u>	<u>\$ 323,024</u>

**City of Bondurant**



**MARTENS & COMPANY, CPA, LLP**

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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, 2012, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated September 26, 2012. 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**

The management of the City of Bondurant is responsible for establishing and maintaining effective 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 an 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-12 and II-B-12 to be 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 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, 2012 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  
September 26, 2012

# CITY OF BONDURANT

## Schedule of Findings

Year ended June 30, 2012

### **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, 2012

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

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

II-A-12 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-12 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 non-water fire suppression system should be installed in the office part of the building.
- (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).

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.

#### **INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

CITY OF BONDURANT

Schedule of Findings

Year ended June 30, 2012

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

- III-A-12 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-12 Travel Expenses - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-12 Business Transactions - No business transactions between the City and City officials or employees were noted.
- III-D-12 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-12 Council Minutes - No transactions were found that we believe should have been approved in the Council Minutes but were not.
- III-F-12 Revenue Bonds - All provisions of the revenue bond requirements have been met.
- III-G-12 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-12 Financial Condition - The City had deficit balances at June 30, 2012 as follows:

<u>Fund</u>	<u>Amount</u>
Enterprise:	
Storm Water	\$ 24,782
Capital Projects:	
Sidewalk	26,284
Safe Room	61,703
Old Town Sidewalk	14,493
Gay Lea Wilson Trail East	1,981

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

**CITY OF BONDURANT**

Schedule of Findings

Year ended June 30, 2012

**Part III: Other Findings Related to Required Statutory Reporting - Continued:**

III-H-12 Financial Condition - Continued

*Response* - The City agrees that deficit fund balances in the funds listed are not desirable.

The Storm Water deficit is being addressed by a storm water fee that started July 1, 2010. The Capital Project-Sidewalk deficit will be cleared upon payment of a 10 year special assessment. The safe room deficit will be funded with FEMA grant and local funds. The old town sidewalk will be cleared upon payment of a 10 year special assessment.

*Conclusion* - Response acknowledged.