



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

November 7, 2013

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Auditor of State Mary Mosiman today released an audit report on the City of Bondurant, Iowa.

The City's receipts totaled \$9,547,274 for the year ended June 30, 2013, a 41.5% increase over the prior year. The receipts included \$1,568,920 in property tax, \$383,187 from tax increment financing, \$2,216,990 from charges for service, \$533,274 from operating grants, contributions and restricted interest, \$332,818 from capital grants, contributions and restricted interest, \$3,211 from unrestricted interest on investments, \$4,458,184 from bond, note and loan proceeds and \$50,690 from other general receipts.

Disbursements for the year totaled \$7,579,120, an increase of 29.8% over the prior year, and included \$1,144,472 for capital projects, \$1,026,071 for debt service, \$632,809 for public safety and \$1,700,525 to the refunding bond escrow agent. Also, disbursements for business type activities totaled \$1,331,331.

The significant increase in receipts is due primarily to an increase in bond, note and loan proceeds and charges for service in the current fiscal year. The significant increase in disbursements is due primarily to the payment to the refunding bond escrow agent.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1320-0715-B00F.pdf>.

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

JUNE 30, 2013

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City of Bondurant

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Ryan	Mayor	Jan 2014
Brian Lohse	Mayor Pro tem	Jan 2016
Amy Bogaards	Council Member	Jan 2014
Jerry Fischer	Council Member	Jan 2014
Eric Johnson	Council Member	Jan 2016
Curt Sullivan	Council Member	Jan 2016
Mark Arentsen	City Administrator	Indefinite
Lori Dunham	Finance Director	Indefinite
Michelle Wells	Deputy City Clerk	Indefinite
David Brick	Attorney	Indefinite

City of Bondurant



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bondurant's basic financial statements. The financial statements for the six years ended June 30, 2012 and the year ended June 30, 2004 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.


The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 12 and 32 through 34, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2013 on our consideration of the City of Bondurant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Bondurant's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 17, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

As described in Note 11 on page 30, beginning governmental activities net position increased and business type activities net position decreased \$9,216 to reclassify the City's Solid Waste activity from a separate Enterprise, Solid Waste Fund to the General Fund. In addition, beginning governmental activities net position and the beginning cash balance of the Special Revenue Funds were restated to include the financial activity for the Bondurant Community Library Foundation and Bondurant Fire-Rescue Association, component units, pursuant to Governmental Accounting Standards Board (GASB) Statements Nos. 14, 39 and 61. To enhance comparability, all amounts presented for fiscal year 2012 in this discussion and analyses were restated, where applicable, to reflect these changes as if the changes had been made in the prior year.

2013 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 52%, or approximately \$2,641,000, from fiscal year 2012 to fiscal year 2013. Property tax increased approximately \$118,000 and bond, note and loan proceeds increased approximately \$2,576,000.
- Disbursements of the City's governmental activities increased 33%, or approximately \$1,541,000, from fiscal year 2012 to fiscal year 2013. Public safety, public works and capital projects disbursements decreased approximately \$46,000, \$103,000 and \$464,000, respectively, and culture and recreation, debt service and refunding bond activity disbursements increased approximately \$66,000, \$384,000 and \$1,701,000, respectively.
- The City's total cash basis net position increased 92%, or approximately \$1,968,000 from fiscal year 2012 to fiscal year 2013. Of this amount, the cash basis net position of the governmental activities increased approximately \$1,478,000 and the cash basis net position of the business type activities increased approximately \$490,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with 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 Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

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

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

- 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 and the storm water system. 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. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as 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 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 three Enterprise Funds to provide separate information for the Water, Sewer 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.

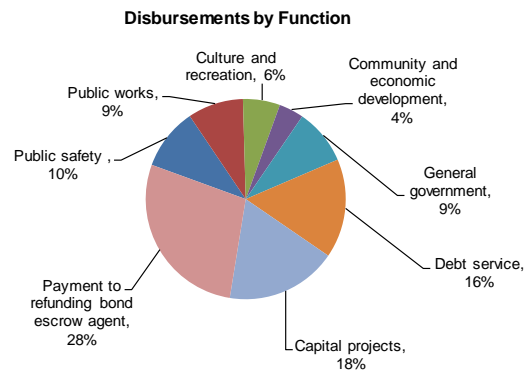
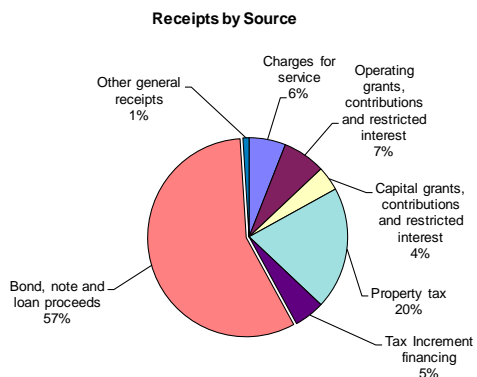
3) Fiduciary funds account for the City's Agency Fund to account for sidewalk escrow deposits received from developers to be returned when the installation of sidewalks is complete.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased sharply from a year ago, increasing from approximately \$1.013 million to approximately \$2.491 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities			
		Year ended June 30,	
		2013	2012
Receipts:			
Program receipts:			
Charges for service	\$	460,272	335,227
Operating grants, contributions and restricted interest		533,274	523,820
Capital grants, contributions and restricted interest		332,818	517,746
General receipts:			
Property tax		1,568,920	1,450,755
Tax Increment financing		383,187	386,986
Unrestricted interest on investments		2,798	3,629
Bond, note and loan proceeds		4,353,184	1,777,665
Other general receipts		50,690	48,692
Total receipts		7,685,143	5,044,520
Disbursements:			
Public safety		632,809	678,647
Public works		569,142	672,191
Health and social services		6,588	6,705
Culture and recreation		400,516	334,820
Community and economic development		228,550	250,404
General government		539,116	513,726
Debt service		1,026,071	642,169
Capital projects		1,144,472	1,608,596
Payment to refunding bond escrow agent		1,700,525	-
Total disbursements		6,247,789	4,707,258
Change in cash basis net position before transfers		1,437,354	337,262
Transfers, net		41,000	175,394
Change in cash basis net position		1,478,354	512,656
Cash basis net position beginning of year, as restated		1,012,593	499,937
Cash basis net position end of year	\$	2,490,947	1,012,593



The City's total receipts for governmental activities increased 52%, or approximately \$2,641,000. The total cost of all programs and services increased approximately \$1,541,000, or 33%. The significant increase in receipts was primarily the result of an increase in property tax receipts and bond, note and loan proceeds.

The City reduced the property tax rate for fiscal year 2013 by five cents per \$1,000 of taxable valuation, but total taxable valuation increased approximately \$9,329,000. This increased valuation raised the City's property tax receipts approximately \$118,000. Based on increases in the total taxable valuation, property tax receipts are budgeted to increase an additional \$85,000 next year.

The cost of all governmental activities this year was approximately \$6,248,000 compared to approximately \$4,707,000 last year. The most significant increase in disbursements was primarily the result of the 2007 bond refunding and the repayment of temporary debt. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 14-15, the amount taxpayers ultimately financed for these activities was approximately \$3,221,000 because some of the cost was paid by those directly benefited from the programs (approximately \$460,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$866,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2013 from approximately \$1,376,800 to approximately \$1,326,000, principally due to a decrease in capital grants, contributions and restricted interest related to capital projects.

Changes in Cash Basis Net Position of Business Type Activities		
	Year ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 779,839	644,678
Sewer	858,756	812,877
Storm water	118,123	102,900
General receipts:		
Unrestricted interest on investments	413	852
Bond proceeds	105,000	100,920
Other general receipts	-	38,699
Total receipts	1,862,131	1,700,926
Disbursements:		
Water	558,090	508,145
Sewer	633,194	539,715
Storm water	140,047	83,426
Total disbursements	1,331,331	1,131,286
Change in cash basis net position before transfers	530,800	569,640
Transfers, net	(41,000)	(175,394)
Change in cash basis net position	489,800	394,246
Cash basis net position beginning of year, as restated	1,123,280	729,034
Cash basis net position end of year	\$ 1,613,080	1,123,280

Total business type activities receipts for the fiscal year were \$1,862,131 compared to \$1,700,926 last year. This increase is due primarily to increased water consumption due to drought conditions in our area. The cash balance increased approximately \$490,000 from the prior year. Total disbursements for the fiscal year increased approximately 18% to a total of \$1,331,331. The Enterprise, Water Fund cash balance increased \$222,162 and the Enterprise, Sewer Fund cash balance increased \$184,562.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$2,490,947, an increase of \$1,478,354 over last year's total of \$1,012,593. 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 \$409,570 to a balance of \$713,059 during fiscal year 2013. The increase is due, in part, to unspent bond proceeds from the June 2013 borrowing for updating the City Zoning Code, street patching and fire department air packs and radios.
- The Special Revenue, Road Use Tax Fund cash balance increased from a balance of \$69,295 to a balance of \$104,965 during fiscal year 2013. A significant portion of the disbursements includes disbursements for street lighting, equipment purchases and street repair.
- The Special Revenue, Urban Renewal Tax Increment Fund decreased from a balance of \$38,216 at June 30, 2012 to a balance of \$4,654 at June 30, 2013 due to funds used for paving the Grant Street frontage road and soccer parking lot improvements.
- The Debt Service Fund cash balance decreased \$14,028 to \$28,893 at June 30, 2013. This decrease was due to the use of the available cash balance to pay a portion of the park improvement note.
- The Capital Projects Fund cash balance increased \$1,163,715 to \$1,486,739 at June 30, 2013, which was due to bond proceeds being received from the June 2013 borrowing for the Pleasant Street/15th Street overlay, Wastewater Reclamation Authority connection and park improvements.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$222,162 to \$831,459 at June 30, 2013 due to increased water consumption caused by drought conditions and more users of the City water system. The City will be looking into purchasing water capacity in fiscal year 2014.
- The Enterprise, Sewer Fund cash balance increased \$184,562 to \$723,327 at June 30, 2013. Sewer revenues increased \$45,879 due to increased water usage. Major disbursements include Wastewater Reclamation Authority (WRA) fees of \$265,909, lagoon operation disbursements of \$208,100 and a low pressure sanitary sewer line on Pleasant Street, Northeast costing \$57,027. Fiscal year 2014 disbursements will include costs associated with the anticipated connection to the WRA, including the clean out of the lagoons and removal of lift stations.
- The Enterprise, Storm Water Fund cash balance increased \$83,076 to a balance of \$58,294, due mostly to the June 2013 bond proceeds of \$105,000 and a 20% rate increase.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 20, 2013 and resulted in an increase in operating disbursements for fire department radios and supplies, street construction, equipment purchases, park shelter construction, sports complex activity, issuance costs for 2013 debt, early payment of temporary debt and capital projects related to the trailhead and trails. The City had sufficient cash balances to absorb these additional costs, but disbursements did exceed the original budget in the public works, community and economic development and capital projects functions prior to the May 20 amendment.

The City's receipts were \$114,397 less than budgeted. This was primarily due to the delay in the receipt of anticipated grant money.

Even with the May budget amendment, total disbursements were \$20,718 more than the amended budget in the debt service function. This was due to the reclassification of issuance costs for the 2007 refunding/2013B debt issuance from the general government function to the debt service function. Overall, disbursements were \$1,496,291 less than budgeted.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$9,444,696 of bonds, notes and other long-term debt outstanding, compared to \$7,604,924 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2013	2012
General obligation bonds and notes	\$ 7,650,000	5,805,000
Revenue bonds	416,000	538,000
Water service agreement	753,139	805,000
Sewer loan agreement (Mud Creek Sewer)	625,557	456,924
Total	\$ 9,444,696	7,604,924

Debt increased as a result of issuing general obligation bonds for a variety of projects, including the refunding of debt issued in 2007.

The City's general obligation bond rating carries an A1 rating by Moody's Investor Service. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property with the City's corporate limits. The City's outstanding general obligation debt of \$8,814,915 (includes \$1,164,915 of TIF debt) is well below the City's \$10.1 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 BUDGET AND RATES

The City of Bondurant's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 4.8% versus 5.4% a year ago. This compares with the State's unemployment rate of 4.6% and the national rate of 7.6%.

The housing market strengthened in 2012 with a 36% increase in new single-family home permits issued in Bondurant. During calendar year 2012, 691 building permits were issued, including 64 for single-family homes and 81 for duplexes. These permits resulted in \$20.7 million in new valuation to the City in calendar year 2012.

These indicators were taken into account when adopting the budget for fiscal year 2014. Based on the tax rate of \$14.03532 per \$1,000 of taxable valuation, the City expects to generate \$1,628,818 of property tax receipts for fiscal year 2014. Total General Fund receipts at this time are anticipated to be approximately \$1,502,100. Receipts for all funds, including Enterprise Funds, are anticipated to be approximately \$6.7 million.

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, at 515-967-2418 or e-mail at marentsen@cityofbondurant.com.

Basic Financial Statements

City of Bondurant

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2013

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 632,809	90,174	75,372	-
Public works	569,142	187,758	376,773	-
Health and social services	6,588	-	-	-
Culture and recreation	400,516	76,713	34,731	12,500
Community and economic development	228,550	103,727	11,584	-
General government	539,116	1,900	34,787	-
Debt service	1,026,071	-	27	-
Capital projects	1,144,472	-	-	320,318
Total governmental activities	4,547,264	460,272	533,274	332,818
Business type activities:				
Water	558,090	779,839	-	-
Sewer	633,194	858,756	-	-
Storm water	140,047	118,123	-	-
Total business type activities	1,331,331	1,756,718	-	-
Total	\$ 5,878,595	2,216,990	533,274	332,818
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Bond, note and loan proceeds (net of discount of \$20,449)				
Payment to refunding bond escrow agent				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year, as restated				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net position				
See notes to financial statements.				

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(467,263)	-	(467,263)
(4,611)	-	(4,611)
(6,588)	-	(6,588)
(276,572)	-	(276,572)
(113,239)	-	(113,239)
(502,429)	-	(502,429)
(1,026,044)	-	(1,026,044)
(824,154)	-	(824,154)
(3,220,900)	-	(3,220,900)
-	221,749	221,749
-	225,562	225,562
-	(21,924)	(21,924)
-	425,387	425,387
(3,220,900)	425,387	(2,795,513)
1,136,647	-	1,136,647
432,273	-	432,273
383,187	-	383,187
2,798	413	3,211
4,353,184	105,000	4,458,184
(1,700,525)	-	(1,700,525)
44,588	-	44,588
6,102	-	6,102
41,000	(41,000)	-
4,699,254	64,413	4,763,667
1,478,354	489,800	1,968,154
1,012,593	1,123,280	2,135,873
\$ 2,490,947	1,613,080	4,104,027
\$ 13,442	-	13,442
104,965	-	104,965
4,654	-	4,654
28,893	121,300	150,193
1,486,739	-	1,486,739
371,595	166,731	538,326
480,659	1,325,049	1,805,708
\$ 2,490,947	1,613,080	4,104,027

City of Bondurant

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

As of and for the year ended June 30, 2013

		Special Revenue	
		Road	Urban
		Use	Renewal
	General	Tax	Tax Increment
Receipts:			
Property tax	\$ 929,058	-	-
Tax increment financing	-	-	383,187
Other city tax	17,158	-	-
Licenses and permits	121,876	-	-
Use of money and property	28,873	-	150
Intergovernmental	91,548	369,656	-
Charges for service	278,415	-	-
Special assessments	4,354	-	-
Miscellaneous	120,530	-	-
Total receipts	1,591,812	369,656	383,337
Disbursements:			
Operating:			
Public safety	619,482	-	-
Public works	198,884	333,986	-
Health and social services	6,588	-	-
Culture and recreation	346,140	-	-
Community and economic development	69,963	-	158,587
General government	438,929	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	1,679,986	333,986	158,587
Excess (deficiency) of receipts over (under) disbursements	(88,174)	35,670	224,750
Other financing sources (uses):			
Bond proceeds (net of discount of \$20,449)	352,316	-	-
Note proceeds	-	-	-
Loan proceeds	-	-	-
Payment to refunding bond escrow agent	-	-	-
Sale of capital assets	6,102	-	-
Operating transfers in	56,528	-	-
Operating transfers out	(23,283)	-	(258,312)
Total other financing sources (uses)	391,663	-	(258,312)
Change in cash balances	303,489	35,670	(33,562)
Cash balances beginning of year, as restated	409,570	69,295	38,216
Cash balances end of year	\$ 713,059	104,965	4,654
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	104,965	-
Urban renewal purposes	-	-	4,654
Debt service	-	-	-
Other purposes	232,400	-	-
Unassigned	480,659	-	-
Total cash basis fund balances	\$ 713,059	104,965	4,654

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
424,976	-	186,881	1,540,915
-	-	-	383,187
7,297	-	3,550	28,005
-	-	-	121,876
-	138	147	29,308
-	90,705	2,877	554,786
-	-	-	278,415
-	76,516	-	80,870
27	152,961	34,977	308,495
432,300	320,320	228,432	3,325,857
-	-	13,327	632,809
-	-	36,272	569,142
-	-	-	6,588
-	-	54,376	400,516
-	-	-	228,550
-	-	100,187	539,116
1,026,071	-	-	1,026,071
-	1,144,472	-	1,144,472
1,026,071	1,144,472	204,162	4,547,264
(593,771)	(824,152)	24,270	(1,221,407)
1,737,235	1,795,000	-	3,884,551
300,000	-	-	300,000
-	168,633	-	168,633
(1,700,525)	-	-	(1,700,525)
-	-	-	6,102
243,033	59,949	-	359,510
-	(35,715)	(1,200)	(318,510)
579,743	1,987,867	(1,200)	2,699,761
(14,028)	1,163,715	23,070	1,478,354
42,921	323,024	129,567	1,012,593
28,893	1,486,739	152,637	2,490,947
-	-	13,442	13,442
-	-	-	104,965
-	-	-	4,654
28,893	-	-	28,893
-	1,486,739	139,195	1,858,334
-	-	-	480,659
28,893	1,486,739	152,637	2,490,947

Exhibit C

City of Bondurant

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

As of and for the year ended June 30, 2013

	Enterprise			Total
	Water	Sewer	Storm Water	
Operating receipts:				
Charges for service	\$ 665,030	858,756	118,123	1,641,909
Miscellaneous	114,809	-	-	114,809
Total operating receipts	779,839	858,756	118,123	1,756,718
Operating disbursements:				
Business type activities	329,570	523,406	59,362	912,338
Excess of operating receipts over operating disbursements	450,269	335,350	58,761	844,380
Non-operating receipts (disbursements):				
Bond proceeds	-	-	105,000	105,000
Interest on investments	413	-	-	413
Debt service	(168,476)	(38,595)	-	(207,071)
Capital projects	(60,044)	(71,193)	(80,685)	(211,922)
Net non-operating receipts (disbursements)	(228,107)	(109,788)	24,315	(313,580)
Excess of receipts over disbursements	222,162	225,562	83,076	530,800
Transfers out	-	(41,000)	-	(41,000)
Change in cash balances	222,162	184,562	83,076	489,800
Cash balances beginning of year, as restated	609,297	538,765	(24,782)	1,123,280
Cash balances end of year	\$ 831,459	723,327	58,294	1,613,080
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 116,601	4,699	-	121,300
Deposits	107,423	-	-	107,423
Capital improvements	59,308	-	-	59,308
Unrestricted	548,127	718,628	58,294	1,325,049
Total cash basis fund balances	\$ 831,459	723,327	58,294	1,613,080

See notes to financial statements.

City of Bondurant

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Fiduciary Fund

As of and for the year ended June 30, 2013

	<u>Agency</u>
	<u>Sidewalk</u>
	<u>Escrow</u>
Additions	\$ -
Deductions:	
Reimbursement	<u>14,378</u>
Net change in cash balances	(14,378)
Cash balance beginning of year	<u>14,378</u>
Cash balance end of year	<u><u>\$ -</u></u>

See notes to financial statements.

City of Bondurant

Notes to Financial Statements

June 30, 2013

(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 and storm water 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.

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

Blended Component Units

The Bondurant Fire-Rescue Association (Association) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The purpose of the Association is to support and promote the activities of Bondurant Emergency Services. The financial transactions of this component unit have been blended into the Special Revenue Funds.

The Bondurant Community Library Foundation (Foundation) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The Foundation was organized under Chapter 504 of the Code of Iowa as a non-profit corporation in accordance with Section 501(c)3 of the Internal Revenue Code. The purpose of the Foundation is to support, improve and enhance the Bondurant Community Library. The financial transactions of this component unit have been blended into the Special Revenue Funds.

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 the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Metro Waste Authority, Polk County Assessor's Conference Board, Polk County Emergency Management Commission and Polk County Joint E911 Service Board.

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.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

The 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 receipts 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 wastewater treatment and sanitary sewer 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 accounts for sidewalk escrow deposits received from developers which are 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.

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, both restricted and unrestricted cash basis net position is 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 are 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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public works, community and economic development and capital projects functions before the budget was amended.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,175,433 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The City's investment in the Iowa Public Agency Investment Trust is unrated.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 630,000	229,929	126,000	7,281	756,000	237,210
2015	675,000	213,811	134,000	5,075	809,000	218,886
2016	775,000	125,860	39,000	2,730	814,000	128,590
2017	810,000	112,110	39,000	2,048	849,000	114,158
2018	860,000	97,140	38,000	1,364	898,000	98,504
2019-2023	3,170,000	250,278	40,000	700	3,210,000	250,978
2024-2026	730,000	37,712	-	-	730,000	37,712
Total	\$ 7,650,000	1,066,840	416,000	19,198	8,066,000	1,086,038

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$972,000 of water revenue notes issued in December 2000. Proceeds from the notes provided financing for the construction of water main extensions. The notes are payable solely from water customer net receipts and are payable through 2017. Annual principal and interest payments on the notes are expected to require less than 23% of net receipts. The total principal and interest remaining to be paid on the notes is \$203,443. For the current year, principal and interest paid and total customer net receipts were \$99,670 and \$450,269, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$575,000 of sewer revenue notes issued in January 1999. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2019. Annual principal and interest payments on the notes are expected to require less than 12% of net receipts. The total principal and interest remaining to be paid on the notes is \$231,755. For the current year, principal and interest paid and total customer net receipts were \$38,470 and \$335,350, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (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 to be deposited, the balance in the surplus accounts may be made available to the City as the City Council may direct.

Sewer Loan

The City entered into a \$1,175,000 interest free planning and design loan with the Iowa Finance Authority on December 7, 2006.

The planning and design loan was used to fund the design and land acquisition of a sewer extension project. The balance on the loan at June 30, 2013 was \$625,557.

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 and payable through December 1, 2025 to join in the Wholesale Water Service Master Agreement.

This agreement allowed the City to acquire the "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.

During the year ended June 30, 2013, the DMWW refinanced the debt, resulting in a reduction in principal of \$6,926 to the City.

General Obligation Refunding Bonds

On June 12, 2013, the City issued \$1,745,000 of general obligation refunding bonds for the advance refunding of \$1,675,000 of general obligation bonds dated July 2, 2007. The bonds will be called on June 1, 2015.

The City entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. government securities. These securities were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the City.

The refunding was undertaken to reduce total debt service payments over the next nine years by \$148,136 and resulted in an economic gain of \$143,354.

(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 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 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, 2006 and 2013B include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities. The 2004B bonds were refinanced as the 2013B bonds during the year ended June 30, 2013.

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, 2013, the Series 2013B bonds had a balance of \$56,420,000 and the City's estimated future allocation based on the WRA flows is currently \$626,636, or 1.11%. As of June 30, 2013, the Series 2006 bonds had a balance of \$34,145,000 and the City's estimated future allocation based on the WRA flows is currently \$399,807, or 1.17%. 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, 2013, the State Revolving Loans had a balance of \$219,873,118 and the City's estimated future allocation based on the WRA flows is currently \$2,342,905, or 1.07%. 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, 2013, the WRA had \$4,850,000 of outstanding pre-2004 State Revolving Loans, of which \$0 of future principal debt service is a commitment of the City.

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, 2013, the City paid the WRA \$265,909 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 or online at DMMWRA.org.

(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 5.78% of their annual covered salary and the City is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$50,813, \$42,718 and \$36,364, respectively, equal to the required contributions for each year.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time hours payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 42,000
Compensatory time	<u>6,000</u>
Total	<u>\$ 48,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2013.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 15,528
	Enterprise:	
	Sewer	<u>41,000</u>
		<u>56,528</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	222,846
	Capital Projects	<u>20,187</u>
		<u>243,033</u>
Capital Projects	General	23,283
	Special Revenue:	
	Urban Renewal Tax Increment	35,466
	Tree	<u>1,200</u>
		<u>59,949</u>
Total		<u>\$ 359,510</u>

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

(8) Risk Management

The City is a member of 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 679 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 at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2013 were \$42,829.

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 \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington 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, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their

casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by the amount of capital distributions previously received by the withdrawing member and 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 worker's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Development Agreements

The City has entered into a development agreement with Wil-Ron Properties LLC. The City agreed to pay Wil-Ron Properties LLC an amount not to exceed \$1,000,000 in exchange for the construction of certain water, sewer, storm water and street improvements. Payments of \$50,000 will be made semiannually for a period of ten years provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2013, the City made payments of \$100,000 to the developer. The balance remaining under the agreement at June 30, 2013 is \$600,000.

The City has entered into a development agreement with S.C. Stoner Construction. The City agreed to provide tax increment payments in an amount not to exceed \$370,000 in exchange for the construction of certain infrastructure improvements. Semiannual payments will be made through June 1, 2013 provided the developer is in compliance with the terms of the agreement. As of June 30, 2013, the City has made no payments to the developer.

The City has entered into a development agreement with Hubbell Realty Company. The City agreed to pay Hubbell Realty Company a maximum of \$3,050,000 to develop a property consisting of up to 240 residential apartments together with amenities, including garages and a clubhouse. The agreement requires semiannual payments over a period of ten years provided the developer is in compliance with the terms of the agreement. Payments will terminate June 1, 2032 or when the maximum has been paid to the developer. As of June 30, 2013, the City has made no payments to the developer as the project is still in the development phase.

In February 2009, the City agreed to a proposed amendment to the Urban Service Area Agreement with Polk County to pay for 75% of the annual principal due by the County for a total of \$1,221,213. The payments started June 1, 2011 and will continue through June 1, 2026. During the year ended June 30, 2013, the City paid \$58,587 to the County. The balance remaining under the agreement at June 30, 2013 is \$1,053,264.

(10) 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, 2013. 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.

(11) Restatements

During the year ended June 30, 2013, the City began reporting the Bondurant Fire-Rescue Association and the Bondurant Community Library Foundation as component units of the City in accordance with Governmental Accounting Standards Board Statements No. 14, 39 and 61. In addition, the Garbage Fund, which was previously reported as an Enterprise Fund, has been reclassified and now is included in the General Fund. The Association and Foundation were not previously reported by the City. The effect of these restatements are as follows:

	General Fund	Governmental Activities	Business Type Activities
Balances June 30, 2012, as previously reported	\$ 400,354	980,774	1,132,496
Inclusion of:			
Bondurant Fire-Rescue Association	-	3,288	-
Bondurant Community Library Foundation	-	19,315	-
Reclassification of Garbage Fund	9,216	9,216	(9,216)
Balances July 1, 2012, as restated	<u>\$ 409,570</u>	<u>1,012,593</u>	<u>1,123,280</u>

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, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,540,915	-	-
Tax increment financing	383,187	-	-
Other city tax	28,005	-	-
Licenses and permits	121,876	-	-
Use of money and property	29,308	413	9
Intergovernmental	554,786	-	-
Charges for service	278,415	1,641,909	-
Special assessments	80,870	-	-
Miscellaneous	308,495	114,809	8,769
Total receipts	3,325,857	1,757,131	8,778
Disbursements:			
Public safety	632,809	-	3,154
Public works	569,142	-	-
Health and social services	6,588	-	-
Culture and recreation	400,516	-	-
Community and economic development	228,550	-	-
General government	539,116	-	-
Debt service	1,026,071	-	-
Capital projects	1,144,472	-	-
Business type activities	-	1,331,331	-
Total disbursements	4,547,264	1,331,331	3,154
Excess (deficiency) of receipts over (under) disbursements	(1,221,407)	425,800	5,624
Other financing sources, net	2,699,761	64,000	-
Excess of receipts and other financing sources over (under) disbursements and other financing uses	1,478,354	489,800	5,624
Balances beginning of year, as restated	1,012,593	1,123,280	22,603
Balances end of year	\$ 2,490,947	1,613,080	28,227

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to
	Original	Final	Total Variance
1,540,915	1,544,203	1,544,203	(3,288)
383,187	401,214	384,991	(1,804)
28,005	45,265	44,980	(16,975)
121,876	50,726	99,072	22,804
29,712	29,675	29,791	(79)
554,786	418,884	714,496	(159,710)
1,920,324	1,694,839	2,024,214	(103,890)
80,870	29,000	83,969	(3,099)
414,535	89,000	262,891	151,644
5,074,210	4,302,806	5,188,607	(114,397)
629,655	575,522	680,028	50,373
569,142	339,605	645,030	75,888
6,588	7,960	10,020	3,432
400,516	330,565	512,940	112,424
228,550	226,132	232,167	3,617
539,116	515,200	617,033	77,917
1,026,071	696,488	1,005,353	(20,718)
1,144,472	672,200	2,144,452	999,980
1,331,331	1,595,065	1,524,709	193,378
5,875,441	4,958,737	7,371,732	1,496,291
(801,231)	(655,931)	(2,183,125)	1,381,894
2,763,761	50,000	2,811,066	(47,305)
1,962,530	(605,931)	627,941	1,334,589
2,113,270	1,505,417	2,127,651	(14,381)
4,075,800	899,486	2,755,592	1,320,208

City of Bondurant

Notes to Other Information – Budgetary Reporting

June 30, 2013

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the 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, one budget amendment increased budgeted disbursements by \$2,412,995. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public works, community and economic development and capital projects functions before the budget was amended

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, 2013

	Special Revenue		
	Employee Benefits	Library Grant	Park and Recreation
Receipts:			
Property tax	\$ 186,881	-	-
Other city tax	3,550	-	-
Use of money and property	-	106	-
Intergovernmental	-	2,877	-
Miscellaneous	1,811	2,900	12,500
Total receipts	192,242	5,883	12,500
Disbursements:			
Operating:			
Public safety	10,173	-	-
Public works	28,240	-	-
Culture and recreation	41,814	12,562	-
General government	100,187	-	-
Total disbursements	180,414	12,562	-
Excess (deficiency) of receipts over (under) disbursements	11,828	(6,679)	12,500
Other financing uses:			
Operating transfers out	-	-	-
Change in cash balances	11,828	(6,679)	12,500
Cash balances beginning of year, as restated	34,087	51,922	4,528
Cash balances end of year	\$ 45,915	45,243	17,028
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for other purposes	45,915	45,243	17,028
Total cash basis fund balances	\$ 45,915	45,243	17,028

See accompanying independent auditor's report.

					Permanent	
Storm Water Grants	Tree	Drainage District	Bondurant Fire-Rescue Association	Bondurant Community Library Foundation	Cemetery Perpetual Care	Total
-	-	-	-	-	-	186,881
-	-	-	-	-	-	3,550
-	-	-	9	-	32	147
-	-	-	-	-	-	2,877
7,117	1,000	-	8,592	177	880	34,977
7,117	1,000	-	8,601	177	912	228,432
-	-	-	3,154	-	-	13,327
8,032	-	-	-	-	-	36,272
-	-	-	-	-	-	54,376
-	-	-	-	-	-	100,187
8,032	-	-	3,154	-	-	204,162
(915)	1,000	-	5,447	177	912	24,270
-	(1,200)	-	-	-	-	(1,200)
(915)	(200)	-	5,447	177	912	23,070
1,107	1,557	1,233	3,288	19,315	12,530	129,567
192	1,357	1,233	8,735	19,492	13,442	152,637
-	-	-	-	-	13,442	13,442
192	1,357	1,233	8,735	19,492	-	139,195
192	1,357	1,233	8,735	19,492	13,442	152,637

City of Bondurant
Schedule of Indebtedness
Year ended June 30, 2013

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Property acquisition loan agreement	Jun 21, 2006	3.90%	\$ 350,000
Park improvement	Apr 20, 2012	1.60	150,000
Project anticipation note	Dec 4, 2012	1.20	300,000
Total			
General obligation bonds:			
Corporate purpose, Series 2007	Jul 2, 2007	3.75-4.3%	\$ 2,990,000
Corporate purpose, Series 2008	Sep 2, 2008	3.00-4.15	2,300,000
Corporate purpose, Series 2011	Jul 6, 2011	1.00-3.45	1,550,000
Corporate purpose, Series 2013A	Jun 12, 2013	0.30-1.45	2,265,000
Refunding, Series 2013B	Jun 12, 2013	0.50-1.45	1,745,000
Total			
Revenue notes:			
Sewer	Jan 6, 1999	1.75-3.00%	\$ 326,066
Sewer	Jan 6, 1999	1.75-3.00	248,934
Water	Dec 22, 2000	1.75-3.00	972,000
Total			
Revenue loan:			
Sewer	Dec 7, 2006	0.00%	\$ 1,175,000
Agreement:			
Water service agreement	Aug 1, 2005	2.00-3.00%	\$ 1,020,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
55,000	-	55,000	-	2,146
150,000	-	50,000	100,000	2,700
-	300,000	300,000	-	1,900
<u>\$ 205,000</u>	<u>300,000</u>	<u>405,000</u>	<u>100,000</u>	<u>6,746</u>
2,260,000	-	1,855,000	405,000	93,246
1,820,000	-	170,000	1,650,000	72,533
1,520,000	-	35,000	1,485,000	36,858
-	2,265,000	-	2,265,000	-
-	1,745,000	-	1,745,000	-
<u>\$ 5,600,000</u>	<u>4,010,000</u>	<u>2,060,000</u>	<u>7,550,000</u>	<u>202,637</u>
143,000	-	18,000	125,000	4,290
106,000	-	13,000	93,000	3,180
289,000	-	91,000	198,000	8,670
<u>\$ 538,000</u>	<u>-</u>	<u>122,000</u>	<u>416,000</u>	<u>16,140</u>
456,924	168,633	-	625,557	-
805,000	-	51,861	753,139	27,842

City of Bondurant
Bond and Note Maturities
June 30, 2013

Year Ending June 30,	General Obligation Notes		General Obligation Bonds				
	Park						
	Improvement		Series 2007		Series 2008		
	Issued April 20, 2012		Issued Jul 2, 2007		Issued Sep 2, 2008		
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	
2014	1.60%	\$ 50,000	4.00%	\$ 205,000	4.00%	\$ 180,000	
2015	1.60	50,000	4.00	200,000	4.00	185,000	
2016		-		-	4.00	255,000	
2017		-		-	4.00	265,000	
2018		-		-	4.05	275,000	
2019		-		-	4.10	240,000	
2020		-		-	4.15	250,000	
2021		-		-		-	
2022		-		-		-	
2023		-		-		-	
2024		-		-		-	
2025		-		-		-	
2026		-		-		-	
Total		<u>\$ 100,000</u>		<u>\$ 405,000</u>		<u>\$ 1,650,000</u>	

Year Ending June 30,	Revenue Notes						
	Sewer		Sewer		Water		
	Issued Jan 6, 1999		Issued Jan 6, 1999		Issued Dec 22, 2000		
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Amount
2014	1.75%	\$ 19,000	1.75%	\$ 14,000	1.75%	\$ 93,000	126,000
2015	1.75	20,000	1.75	15,000	1.75	99,000	134,000
2016	1.75	20,000	1.75	15,000	1.75	4,000	39,000
2017	1.75	21,000	1.75	16,000	1.75	2,000	39,000
2018	1.75	22,000	1.75	16,000		-	38,000
2019	1.75	23,000	1.75	17,000		-	40,000
Total		<u>\$ 125,000</u>		<u>\$ 93,000</u>		<u>\$ 198,000</u>	<u>416,000</u>

See accompanying independent auditor's report.

Series 2011 Issued Jul 6, 2011		Series 2013A Issued Jun 12, 2013		Series 2013B Issued Jun 12, 2013		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
1.00%	\$ 80,000	0.30%	\$ 115,000		\$ -	580,000
1.30	95,000	0.40	145,000		-	625,000
1.45	100,000	0.50	175,000	0.50%	245,000	775,000
1.70	100,000	0.60	205,000	0.60	240,000	810,000
2.00	105,000	0.75	235,000	0.75	245,000	860,000
2.20	110,000	0.90	265,000	0.90	250,000	865,000
2.40	115,000	1.05	275,000	1.05	250,000	890,000
2.60	115,000	1.25	245,000	1.25	255,000	615,000
2.80	120,000	1.45	145,000	1.45	260,000	525,000
3.00	125,000	1.70	150,000		-	275,000
3.20	135,000	1.90	155,000		-	290,000
3.30	140,000	2.00	155,000		-	295,000
3.45	145,000		-		-	145,000
	<u>\$ 1,485,000</u>		<u>\$ 2,265,000</u>		<u>\$ 1,745,000</u>	<u>7,550,000</u>

City of Bondurant

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

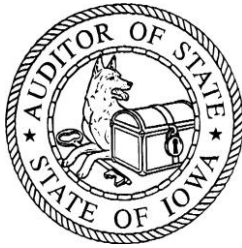
For the Last Ten Years

	2013	2012	2011	2010
Receipts:				
Property tax	\$ 1,540,915	1,434,131	1,309,877	1,246,106
Tax increment financing	383,187	386,986	380,845	389,868
Other city tax	28,005	16,624	17,013	16,629
Licenses and permits	121,876	53,055	46,584	73,698
Use of money and property	29,308	3,626	37,814	57,394
Intergovernmental	554,786	924,805	532,942	650,630
Charges for service	278,415	100,685	74,619	55,183
Special assessments	80,870	41,248	35,378	31,984
Miscellaneous	308,495	136,513	105,721	57,776
Total	<u>\$ 3,325,857</u>	<u>3,097,673</u>	<u>2,540,793</u>	<u>2,579,268</u>
Disbursements:				
Operating:				
Public safety	\$ 632,809	678,647	584,205	458,550
Public works	569,142	512,100	493,850	263,744
Health and social services	6,588	6,705	407	7,572
Culture and recreation	400,516	334,820	327,180	234,388
Community and economic development	228,550	250,404	210,810	130,139
General government	539,116	513,726	450,756	440,640
Debt service	1,026,071	642,169	629,253	634,392
Capital projects	1,144,472	1,608,596	1,239,397	1,025,117
Total	<u>\$ 4,547,264</u>	<u>4,547,167</u>	<u>3,935,858</u>	<u>3,194,542</u>

See accompanying independent auditor's report.

2009	2008	2007	2006	2005	2004
1,041,906	898,933	858,315	775,180	739,283	648,446
319,895	338,504	306,722	290,532	302,471	284,615
44,845	45,515	27,546	27,944	21,888	-
52,618	93,508	79,170	126,604	194,717	127,505
47,658	122,387	21,778	8,509	8,668	7,947
387,082	432,155	249,064	594,283	224,504	336,186
86,401	74,148	125,295	137,027	31,015	56,905
8,360	-	-	-	-	-
113,881	157,666	181,032	29,784	69,243	371,010
2,102,646	2,162,816	1,848,922	1,989,863	1,591,789	1,832,614
513,749	446,249	357,732	452,157	306,838	300,707
249,766	314,543	285,134	417,440	808,986	371,775
4,955	4,786	-	-	2,573	2,284
247,255	237,789	170,671	114,763	101,946	100,964
40,430	72,377	60,245	81,525	25,216	406,455
471,794	435,122	305,978	335,955	234,923	210,746
755,527	545,980	430,040	381,882	369,952	503,729
2,041,390	1,464,655	532,437	514,448	15,774	7,925
4,324,866	3,521,501	2,142,237	2,298,170	1,866,208	1,904,585

City of Bondurant



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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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 17, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bondurant's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bondurant's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bondurant's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (E) and (F) to be significant deficiencies.

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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 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 the Findings


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

Purpose of this Report

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

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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 17, 2013

City of Bondurant

Schedule of Findings

Year ended June 30, 2013

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although multiple individuals are involved in the accounting duties of the City, there is insufficient segregation of duties to prevent one individual from having control over each of the following areas for the City:
- 1) Cash – reconciling bank accounts, initiating cash receipts and handling and recording cash.
 - 2) Long term debt – recording, processing payments and reconciling.
 - 3) Receipts – opening mail, collecting, depositing, posting and reconciling.
 - 4) Disbursements – initiating disbursements, recording and reconciling.
 - 5) Payroll – preparing, recording, processing checks and changing employee and wage rate information.

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

Response – City staff will reassign bank reconciliation duties to the Recreation Coordinator position. Long term debt is authorized and reconciled. The Administrative Assistant is inputting all new employees and rate information. The City has not considered using elected officials for internal control purposes.

Conclusion – Response accepted.

- (B) Financial Reporting – During the audit, we identified a material amount of bond proceeds and subsequent payment to a refunding bond escrow agent which were not posted to the City's ledgers. Adjustments were subsequently made by the City to properly report these amounts in the City's financial statements.

In addition, in prior years, the City did not report the Bondurant Community Library Foundation or the Bondurant Fire-Rescue Association as blended component units. The beginning balances have been restated to properly report these entities as blended component units in the current fiscal year.

Recommendation – The City should implement procedures to ensure all financial transactions are reflected in the City's ledgers. The City should review financial reporting requirements to ensure the proper reporting of component unit activity.

Response – The Finance Director will consult with auditors the next time an extraordinary event occurs and will include the component units in the financial statements.

Conclusion – Response accepted.

City of Bondurant

Schedule of Findings

Year ended June 30, 2013

- (C) Bondurant Community Library Foundation – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same individual. This segregation of duties helps to prevent losses from error or dishonesty and, therefore, maximizes the accuracy of the Foundation's financial statement. Generally, one individual has control over collecting, depositing, posting, disbursing and reconciling for which no compensating controls exist.

In addition, the Foundation does not issue prenumbered receipts for all collections and monthly bank reconciliations are not prepared.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Prenumbered receipts should be issued for all collections.

To improve financial accountability and control, the ledger balances should be reconciled monthly to the bank balances. Any variances should be investigated and resolved in a timely manner. An independent person should review the reconciliations and document the review by signing or initialing and dating the monthly reconciliations.

Response – The Foundation will segregate duties to the extent possible with limited personnel. The Foundation Board will review its policies and procedures to strengthen internal controls.

Conclusion – Response accepted.

- (D) Bondurant Fire-Rescue Association – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Association's financial statement. Generally, one individual has control over collecting, depositing, posting, disbursing and reconciling for which no compensating controls exist.

In addition, the Association does not issue prenumbered receipts for all collections. Monthly bank reconciliations are not prepared and a book balance is not maintained by the Association.

For two of five disbursements tested, the invoice/check request did not include the check number or the date the check was written. Invoices were not properly maintained for the first half of the fiscal year.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed

City of Bondurant

Schedule of Findings

Year ended June 30, 2013

by independent persons to the extent possible and should be evidenced by the signature or initials of the reviewer and the date of the review.

Prenumbered receipts should be issued for all collections.

To improve financial accountability and control, the ledger balances should be tracked and reconciled monthly to the bank balances. Any variances should be investigated and resolved in a timely manner. An independent person should review the reconciliations and document the review by signing or initialing and dating the monthly.

The check number and the date the check was written should be documented on the invoice/check request for all disbursements and all invoices should be properly maintained.

Response – We will segregate duties to the extent possible with limited personnel. The Association will issue pre-numbered receipts for all collections. Ledger balances will be tracked and reconciled to the bank statements on a monthly basis and an independent member of the Association will review and sign off and date the reconciliation as evidence of their review. Invoices will be canceled by writing the check number and date the check was written on the supporting documentation. All invoices will be properly maintained.

Conclusion – Response accepted.

(E) Computer System – The following weaknesses in the City's computer system were noted:

- Users of the financial accounting software have access to all functions and modules of the software.
- Employee passwords are not set to a recommended minimum of eight characters.
- The computer system does not deny access after multiple failed login attempts.
- Access to the server is not limited to necessary personnel.
- One individual has access to all employee passwords.
- A copy of the written disaster recovery plan is not maintained offsite and the plan is not tested annually.

Recommendation – The City should develop written policies and procedures addressing the above items to improve the City's control over its computer system. A written disaster recovery plan should be maintained offsite and the plan should be tested annually.

Response – The Finance Director will consult with the software provider regarding the concern of module access. The City IT person will be consulted in regards to eight character passwords and login attempts. City Hall space is limited in regards to server placement. Access to employee passwords is needed for computer work on the weekends or evenings. A copy of the Disaster Recovery Plan has been placed in the bank lock box and will be tested annually.

Conclusion – Response accepted.

City of Bondurant

Schedule of Findings

Year ended June 30, 2013

- (F) Receipts – The City has a contract with the City of Altoona for the issuance and collection of building permit fees. The City does not have procedures in place to identify what should be collected for building permits each month and to reconcile expected collections to actual collections. This should be done by obtaining reports from the City of Altoona each month and reconciling collections to permits issued for the period.

An independent review of receipt coding is not performed.

Recommendation – The City should establish procedures to ensure the proper amount is collected for the issuance of building permits each month. An independent person should periodically review receipts for proper coding.

Response – The Finance Director will request monthly listings of permits issued by the City of Altoona Building Department. The Administrative Assistant will verify receipt coding.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Bondurant

Schedule of Findings

Year ended June 30, 2013

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public works, community and economic development and capital projects functions before the budget was amended. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Future budget amendments will be timely.

Conclusion – Response accepted.

- (2) Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Altoona Floral	Flower arrangement for funeral	\$ 74

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – An Exception Policy has been passed by Council Resolution No. 13-145.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – No transactions between the City and City officials and employees were noted.
- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

City of Bondurant

Schedule of Findings

Year ended June 30, 2013

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Revenue Notes – No instances of non-compliance with the revenue note resolutions were noted.
- (9) Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. Chapter 403.19 of the Code of Iowa requires the date the City Council initially approved the debt be included on the TIF certification.

During the year ended June 30, 2013, the City transferred \$8,507 from the Special Revenue, Urban Renewal Tax Increment Fund to the Capital Projects Fund to fund improvements to the soccer parking lot. In addition, the City transferred \$26,959 from the Special Revenue, Urban Renewal Tax Increment Fund to the Capital Projects Fund to fund improvements to the Grant Street Frontage Road. The transfers were made from excess balances held in the Special Revenue, Urban Renewal Tax Increment Fund. While the purpose of the transfers may be allowable as the capital projects are within the urban renewal area, excess TIF balances should not exist. As a result, these transfers do not represent repayment of TIF debt and, accordingly, are not allowable uses of tax increment financing receipts in accordance with Chapter 403.19 of the Code of Iowa. The City stated it received verbal approval from its TIF legal counsel.

Recommendation – The City should consult TIF legal counsel to obtain written documentation of this matter.

Response – The City will attempt to obtain the requested confirmation.

Conclusion – Response accepted.

- (10) Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the City understated the amount reported as TIF debt outstanding by \$1,167,834 on the Levy Authority Summary.

Recommendation – The City should ensure the amounts reported on the Levy Authority Summary agree with the City's records.

Response – The Urban Service Area Agreement debt owed to Polk County will be added to the Levy Authority Summary.

Conclusion – Response accepted.

City of Bondurant

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Lesley R. Geary, CPA, Senior Auditor II
Stephen J. Hoffman, Assistant Auditor
Melissa E. Janssen, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State