



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ November 25, 2014

Contact: Andy Nielsen  
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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 \$7,061,434 for the year ended June 30, 2014, a 26% decrease from the prior year. The receipts included \$1,663,078 in property tax, \$506,265 from tax increment financing, \$2,373,804 from charges for service, \$599,850 from operating grants, contributions and restricted interest, \$384,712 from capital grants, contributions and restricted interest, \$2,106 from unrestricted interest on investments, \$1,307,200 from bond, note and loan proceeds and \$224,419 from other general receipts.

Disbursements for the year ended June 30, 2014 totaled \$7,477,160, an increase of 27.2% over the prior year, and included \$1,059,932 for public safety, \$906,123 for debt service and \$758,952 for capital projects. Also, disbursements for business type activities totaled \$2,825,056.

The significant decrease in receipts is due primarily to a decrease in bond, note and loan proceeds in the current fiscal year. The significant increase in disbursements is due to the purchase of water supply rights from the City of Pleasant Hill.

A copy of the audit report is available for review in the City Administrator's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1420-0715-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, 2014**

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# City of Bondurant

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2014)</b>		
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
<b>(After January 2014)</b>		
Keith Ryan	Mayor	Jan 2018
Brian Lohse	Mayor Pro tem	Jan 2016
Eric Johnson	Council Member	(Resigned Aug 2014)
Amy Bogaards	Council Member	(Resigned Oct 2014)
Curt Sullivan	Council Member	Jan 2016
Wes Enos	Council Member	Jan 2018
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, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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, 2014, and the respective changes in its 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 opinions are 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. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 and the two years ended June 30, 2006 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the six years ended June 30, 2012 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

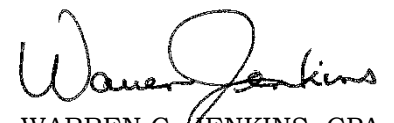
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 31 through 33, 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 November 10, 2014 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

November 10, 2014



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As explained in Note 13 on page 29, the beginning cash and bonds payable balances increased \$1,700,525 and \$1,675,000, respectively, to correctly report the June 2013 crossover advance refunding transaction. The City will continue to report the cash and the series 2007 bonds until the crossover date of June 1, 2015. To enhance comparability, all amounts presented for fiscal year 2013 in this discussion and analysis were restated, where applicable, to reflect these changes as if the changes had been made in the prior year.

### 2014 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 47%, or approximately \$3,613,000, from fiscal year 2013 to fiscal year 2014. Property tax increased approximately \$94,000, tax increment financing increased approximately \$123,000 and general receipts increased approximately \$173,000 while bond, note and loan proceeds decreased approximately \$4,171,000.
- Disbursements of the City's governmental activities increased a nominal 2%, or approximately \$105,000, from fiscal year 2013 to fiscal year 2014. Public safety, public works and culture and recreation disbursements increased approximately \$427,000, \$117,000 and \$51,000, respectively, and debt service and capital projects disbursements decreased approximately \$120,000 and \$386,000, respectively.
- The City's total cash basis net position decreased 7%, or approximately \$416,000, from fiscal year 2013 to fiscal year 2014. Of this amount, the cash basis net position of the governmental activities decreased approximately \$459,000 and the cash basis net position of the business type activities increased approximately \$43,000.

### 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 two 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.

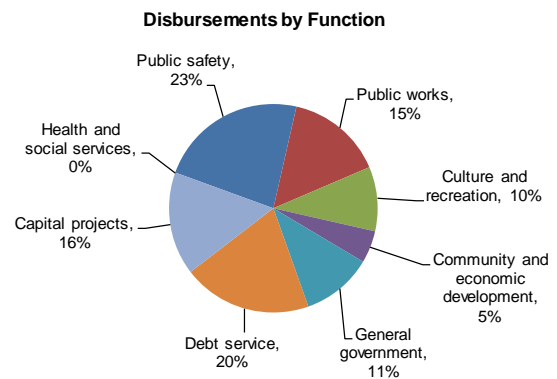
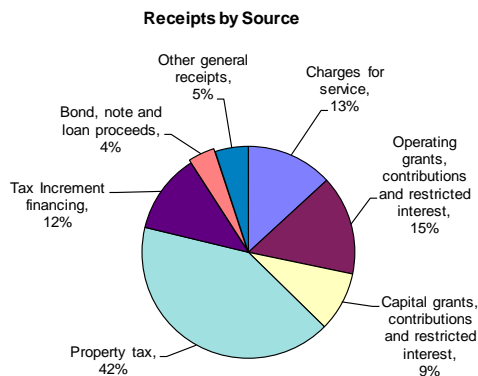
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Storm Water Funds, considered to be major funds of the City.

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

## 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 showed a decrease from a year ago as bond proceeds from fiscal year 2013 were expended, decreasing from approximately \$4.2 million to \$3.7 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,	
		2014	2013
Receipts:			
Program receipts:			
Charges for service	\$	512,010	460,272
Operating grants, contributions and restricted interest		599,680	533,274
Capital grants, contributions and restricted interest		384,712	332,818
General receipts:			
Property tax		1,663,078	1,568,920
Tax Increment financing		506,265	383,187
Unrestricted interest on investments		1,667	2,798
Bond, note and loan proceeds		181,720	4,353,184
Other general receipts		223,419	50,690
Total receipts		4,072,551	7,685,143
Disbursements:			
Public safety		1,059,932	632,809
Public works		686,425	569,142
Health and social services		9,175	6,588
Culture and recreation		451,639	400,516
Community and economic development		247,107	228,550
General government		532,751	539,116
Debt service		906,123	1,026,071
Capital projects		758,952	1,144,472
Total disbursements		4,652,104	4,547,264
Change in cash basis net position before transfers		(579,553)	3,137,879
Transfers, net		120,500	41,000
Change in cash basis net position		(459,053)	3,178,879
Cash basis net position beginning of year, as restated		4,191,472	1,012,593
Cash basis net position end of year	\$	3,732,419	4,191,472



The City's total receipts for governmental activities decreased 47%, or approximately \$3,613,000. The total cost of all programs and services increased approximately \$105,000, or 2%. The significant decrease in receipts was primarily the result of a decrease in bond proceeds and the significant receipt increases were in property tax, tax increment financing and other general receipts.

The City reduced the property tax rate for fiscal year 2014 by five cents per \$1,000 of assessed valuation, but total assessed valuation increased by approximately \$9,329,000. This increased valuation raised the City's property tax receipts approximately \$94,000. Based on increases in the total taxable valuation, property tax receipts are budgeted to increase an additional \$102,000 next year.

The cost of all governmental activities this year was approximately \$4,652,000 compared to approximately \$4,547,000 last year. The most significant increase in disbursements was in public safety function disbursements, which included the purchase of air packs for approximately \$175,000, first responder vehicles for approximately \$180,000 and a used ladder truck. 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 \$3,156,000 because some of the cost was paid by those directly benefited from the programs (approximately \$512,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$984,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal year 2014 from approximately \$1,326,000 to approximately \$1,496,000, principally due to an increase in garbage service receipts due to a rate increase, an increase in road use tax receipts and donations for Fire Department vehicles and parks.

Changes in Cash Basis Net Position of Business Type Activities		
	Year ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 833,595	779,839
Sewer	897,593	858,756
Storm water	130,606	118,123
Operating grants, contributions and restricted interest	170	-
General receipts:		
Unrestricted interest on investments	439	413
Bond proceeds	1,125,480	105,000
Other general receipts	1,000	-
Total receipts	2,988,883	1,862,131
Disbursements:		
Water	2,122,669	558,090
Sewer	596,134	633,194
Storm water	106,253	140,047
Total disbursements	2,825,056	1,331,331
Change in cash basis net position before transfers	163,827	530,800
Transfers, net	(120,500)	(41,000)
Change in cash basis net position	43,327	489,800
Cash basis net position beginning of year	1,613,080	1,123,280
Cash basis net position end of year	\$ 1,656,407	1,613,080

Total business type activities receipts for the fiscal year were \$2,988,883 compared to \$1,862,131 last year. This increase is due primarily to the issuance of general obligation debt to purchase water supply rights. The cash balance increased approximately \$43,000 from the prior year. Total disbursements for the fiscal year increased approximately 112% to a total of \$2,825,056.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$3,732,419, a decrease of \$459,053 from last year's restated total of \$4,191,472. 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 decreased from \$713,059 at June 30, 2013 to \$434,799 at June 30, 2014. The decrease is due, in part, to the spending of bond proceeds from the June 2013 borrowing for updating the City Zoning Code, street patching and fire department air packs and radios and the transfer of bond proceeds to the Debt Service Fund for bond issuance costs.
- The Special Revenue, Road Use Tax Fund cash balance decreased from \$104,965 at June 30, 2013 to \$69,899 at June 30, 2014. A significant portion of the disbursements include the disbursements for the hoop building, a street sweeper and a pickup truck.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance increased from \$4,654 at June 30, 2013 to \$34,586 at June 30, 2014 due to increased collections.
- The Debt Service Fund cash balance increased \$24,575 to \$1,753,993 from the restated June 30, 2013 balance of \$1,729,418. This increase was due to funds transferred in from the General Fund for 2013A bond issuance costs.
- The Capital Projects Fund cash balance decreased \$189,820 to \$1,296,919, which was due to 2013A bond proceeds being spent.

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

- The Enterprise, Water Fund cash balance decreased \$257,037 to \$574,422 at June 30, 2014 due to the purchase of water supply rights. Water charges for service receipts increased approximately \$54,000 due to increased water usage and population.
- The Enterprise, Sewer Fund cash balance increased \$276,011 to \$999,338 at June 30, 2014. Sewer receipts increased \$38,837 due to increased usage. Major disbursements include Wastewater Reclamation Authority fees of \$341,048. The anticipated lagoon cleanout disbursement of \$400,000 was delayed until fiscal year 2015.
- The Enterprise, Storm Water Fund cash balance increased \$24,353 to \$82,647, due mostly to an 8.3% rate increase on July 1, 2013.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget three times. The first amendment, approved on September 3, 2013, resulted in an increase in budgeted operating disbursements for fire department responder vehicles, an ambulance, street construction equipment purchase, park shelter construction and zoning code revisions. The second amendment, approved on January 6, 2014, resulted in an increase in budgeted capital projects receipts and disbursements related to trails, traffic light installation, an addition to the public works building, park improvements and the purchase of water supply rights in the Enterprise, Water Fund. The final budget amendment was approved on May 19, 2014 and resulted in increased budgeted disbursements for storm water grants, park improvements in the capital projects function and lagoon cleanout and water main breaks in the business type activities function. The City had sufficient cash balances or an increase in grants and donations to absorb these additional costs. Disbursements did not exceed any budget prior to the budget amendments.

## DEBT ADMINISTRATION

At June 30, 2014, the City had \$11,359,696 of bonds and other long-term debt compared to a restated balance of \$11,119,686 last year, as follows:

	Outstanding Debt at Year-End	
	June 30,	
	2014	2013
General obligation bonds and notes	\$ 9,965,000	9,325,000
Revenue bonds	185,000	416,000
Water service agreement	709,696	753,129
Sewer loan agreement (Mud Creek Sewer)	-	625,557
Water Capacity Purchase	500,000	-
Total	\$ 11,359,696	11,119,686

Debt increased as a result of the issuance of general obligation bonds for the Enterprise, Water Fund to purchase water supply rights.

The City's general obligation bond rating is A1 by Moody's Investor Services. 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 \$9,405,406, including TIF debt of \$1,128,373 and reduced by \$1,687,967 of cash on deposit with the escrow agent, is below the City's \$10.728 million constitutional 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 2015 budget, tax rates and fees charged for various City activities. The economy in the area has been steady with a small decline in our unemployment rate in the past year. Unemployment in Polk County now stands at 4.3% versus 4.8% a year ago. This compares with the State's unemployment rate of 4.4% and the national rate of 6.1%.

The housing market strengthened in 2013 with a 25% increase in new single-family home permits issued in Bondurant. During calendar year 2013, 518 total building permits were issued, including 80 for single-family homes. These permits resulted in \$18 million in new valuation to the City in calendar year 2013.

These indicators were taken into account when adopting the budget for fiscal year 2015. Based on the tax rate of \$13.98626 per \$1,000 of taxable valuation, the City expects to generate \$1,765,702 of property tax receipts for fiscal year 2015. Total General Fund receipts at this time are anticipated to be approximately \$1,673,000. Receipts from all funds, including Enterprise Funds, are anticipated to be approximately \$5.6 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](mailto: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, 2014

		Program Receipts		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Disbursements	Service		
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 1,059,932	163,275	89,076	-
Public works	686,425	223,754	403,411	-
Health and social services	9,175	-	-	-
Culture and recreation	451,639	96,348	36,463	17,936
Community and economic development	247,107	-	2,219	-
General government	532,751	28,633	33,060	-
Debt service	906,123	-	35,451	-
Capital projects	758,952	-	-	366,776
Total governmental activities	4,652,104	512,010	599,680	384,712
Business type activities:				
Water	2,122,669	833,595	170	-
Sewer	596,134	897,593	-	-
Storm water	106,253	130,606	-	-
Total business type activities	2,825,056	1,861,794	170	-
Total	\$ 7,477,160	2,373,804	599,850	384,712
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Bond, note and loan proceeds				
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				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				
See notes to financial statements.				



Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(807,581)	-	(807,581)
(59,260)	-	(59,260)
(9,175)	-	(9,175)
(300,892)	-	(300,892)
(244,888)	-	(244,888)
(471,058)	-	(471,058)
(870,672)	-	(870,672)
(392,176)	-	(392,176)
(3,155,702)	-	(3,155,702)
-	(1,288,904)	(1,288,904)
-	301,459	301,459
-	24,353	24,353
-	(963,092)	(963,092)
(3,155,702)	(963,092)	(4,118,794)
1,164,718	-	1,164,718
498,360	-	498,360
506,265	-	506,265
1,667	439	2,106
181,720	1,125,480	1,307,200
17,741	-	17,741
205,678	1,000	206,678
120,500	(120,500)	-
2,696,649	1,006,419	3,703,068
(459,053)	43,327	(415,726)
4,191,472	1,613,080	5,804,552
\$ 3,732,419	1,656,407	5,388,826
\$ 14,677	-	14,677
69,899	-	69,899
34,586	-	34,586
1,753,993	7,330	1,761,323
1,296,919	-	1,296,919
150,471	123,533	274,004
411,874	1,525,544	1,937,418
\$ 3,732,419	1,656,407	5,388,826

City of Bondurant

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

As of and for the year ended June 30, 2014

		Special Revenue	
		Road	Urban
		Use	Renewal
	General	Tax	Tax Increment
Receipts:			
Property tax	\$ 974,736	-	-
Tax increment financing	-	-	506,265
Other city tax	17,194	-	-
Licenses and permits	89,816	-	-
Use of money and property	28,542	-	129
Intergovernmental	93,362	385,436	-
Charges for service	328,234	-	-
Special assessments	6,976	-	-
Miscellaneous	118,481	-	-
Total receipts	1,657,341	385,436	506,394
Disbursements:			
Operating:			
Public safety	1,027,639	-	-
Public works	251,150	396,485	-
Health and social services	9,175	-	-
Culture and recreation	373,515	-	-
Community and economic development	74,265	-	172,842
General government	418,677	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	2,154,421	396,485	172,842
Excess (deficiency) of receipts over (under) disbursements	(497,080)	(11,049)	333,552
Other financing sources (uses):			
Note proceeds	170,000	-	-
Loan proceeds	-	-	-
Sale of capital assets	-	-	-
Operating transfers in	98,500	-	-
Operating transfers out	(49,680)	(24,017)	(303,620)
Total other financing sources (uses)	218,820	(24,017)	(303,620)
Change in cash balances	(278,260)	(35,066)	29,932
Cash balances beginning of year, as restated	713,059	104,965	4,654
Cash balances end of year	\$ 434,799	69,899	34,586
<b>Cash Basis Fund Balances</b>			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	69,899	-
Urban renewal purposes	-	-	34,586
Debt service	-	-	-
Other purposes	22,925	-	-
Unassigned	411,874	-	-
Total cash basis fund balances	\$ 434,799	69,899	34,586

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
490,686	-	169,767	1,635,189
-	-	-	506,265
7,674	-	3,021	27,889
-	-	-	89,816
3,278	600	153	32,702
-	68,485	18,136	565,419
-	-	-	328,234
-	120,281	-	127,257
32,173	177,410	44,318	372,382
533,811	366,776	235,395	3,685,153
-	-	32,293	1,059,932
-	-	38,790	686,425
-	-	-	9,175
-	-	78,124	451,639
-	-	-	247,107
-	-	114,074	532,751
906,123	-	-	906,123
-	758,952	-	758,952
906,123	758,952	263,281	4,652,104
(372,312)	(392,176)	(27,886)	(966,951)
-	-	-	170,000
-	11,720	-	11,720
-	205,678	-	205,678
396,887	4,528	22,000	521,915
-	(19,570)	(4,528)	(401,415)
396,887	202,356	17,472	507,898
24,575	(189,820)	(10,414)	(459,053)
1,729,418	1,486,739	152,637	4,191,472
1,753,993	1,296,919	142,223	3,732,419
-	-	14,677	14,677
-	-	-	69,899
-	-	-	34,586
1,753,993	-	-	1,753,993
-	1,296,919	127,546	1,447,390
-	-	-	411,874
1,753,993	1,296,919	142,223	3,732,419

**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, 2014

	Enterprise			
	Water	Sewer	Storm Water	Total
Operating receipts:				
Charges for service	\$ 713,003	897,593	130,606	1,741,202
Miscellaneous	120,762	-	-	120,762
Total operating receipts	833,765	897,593	130,606	1,861,964
Operating disbursements:				
Business type activities	528,194	518,067	98,702	1,144,963
Excess of operating receipts over operating disbursements	305,571	379,526	31,904	717,001
Non-operating receipts (disbursements):				
Bond proceeds (net of fees of \$4,520)	1,125,480	-	-	1,125,480
Sale of capital assets	-	1,000	-	1,000
Interest on investments	387	52	-	439
Purchase of water supply rights	(1,257,000)	-	-	(1,257,000)
Debt service	(269,729)	(36,924)	-	(306,653)
Capital projects	(67,746)	(41,143)	(7,551)	(116,440)
Net non-operating receipts (disbursements)	(468,608)	(77,015)	(7,551)	(553,174)
Excess (deficiency) of receipts over (under) disbursements	(163,037)	302,511	24,353	163,827
Transfers out	(94,000)	(26,500)	-	(120,500)
Change in cash balances	(257,037)	276,011	24,353	43,327
Cash balances beginning of year	831,459	723,327	58,294	1,613,080
Cash balances end of year	\$ 574,422	999,338	82,647	1,656,407
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Debt service	\$ -	7,330	-	7,330
Deposits	123,533	-	-	123,533
Unrestricted	450,889	992,008	82,647	1,525,544
Total cash basis fund balances	\$ 574,422	999,338	82,647	1,656,407

See notes to financial statements.

City of Bondurant

Notes to Financial Statements

June 30, 2014

**(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 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. Enabling legislation did not result in any restricted net position

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.

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, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

Proprietary funds distinguish operating receipts and disbursements from 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.

**(2) Cash and Pooled Investments**

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

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,575,393 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. Also, at June 30, 2014, an escrow agent held U.S. Treasury notes for the city with a carrying amount and fair value of \$1,687,967 which mature in June 2015.



### (3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes, revenue notes and the water supply rights loan agreement are as follows:

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Notes		Loan Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 760,000	249,631	35,000	3,237	45,700	11,778	840,700	264,646
2016	1,070,000	224,319	35,000	2,625	46,600	9,086	1,151,600	236,030
2017	1,110,000	201,201	37,000	2,013	47,500	8,154	1,194,500	211,368
2018	1,170,000	176,253	38,000	1,365	48,500	7,204	1,256,500	184,822
2019	1,155,000	148,973	40,000	700	49,400	6,234	1,244,400	155,907
2020-2024	3,660,000	369,513	-	-	262,300	15,948	3,922,300	385,461
2025-2029	1,040,000	75,080	-	-	-	-	1,040,000	75,080
Total	\$ 9,965,000	1,444,970	185,000	9,940	500,000	58,404	10,650,000	1,513,314

#### Revenue Notes

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 10% of net receipts. The total principal and interest remaining to be paid on the notes is \$194,940. For the current year, principal and interest paid and total customer net receipts were \$36,815 and \$379,526, respectively.

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

- 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.
- Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- All funds remaining in the sewer account after making the required transfers shall be placed in a sewer revenue surplus account. As long as the sinking account has the full amount to be deposited, the balance in the surplus account may be made available to the City as the City Council may direct.

#### General Obligation Notes

In September 2013, the City issued \$170,000 of general obligation vehicle acquisition notes for the purchase of a vehicle replacement for the Fire Department. The notes bear interest at 1.75% per annum and mature in annual amounts of \$35,000 with the final maturity due in the year ended June 30, 2018.

#### General Obligation Bonds

In March 2014, the City issued \$1,130,000 of general obligation bonds, Series 2014A, to purchase water supply rights from the City of Pleasant Hill. The bonds bear interest at rates ranging from .50% to 3.40% per annum and mature in varying annual amounts, ranging from \$50,000 to \$125,000, with the final maturity due in the year ending June 30, 2029. The bond proceeds and existing cash balances bringing the total to \$1,257,000 were paid to the City of Pleasant Hill to purchase water capacity during the year ended June 30, 2014.

#### Water Supply Rights Loan Agreement

In March 2014, the City entered into a \$500,000 loan agreement payable to the City of Pleasant Hill under which the City received \$500,000 as credit against the purchase of the water supply rights being acquired. The agreement bears interest at 2.00% per annum and matures in varying annual amounts ranging from \$45,700 to \$54,600, with the final maturity due in the year ending June 30, 2024.

#### 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. During the year ended June 30, 2014, the Wastewater Reclamation Authority paid off the loan from the Iowa Finance Authority and issued new debt which includes the amount of the loan from the Iowa Finance Authority.

#### 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.

#### General Obligation Refunding Bonds

On June 12, 2013, the City issued \$1,745,000 of general obligation refunding bonds for the crossover advance refunding of \$1,675,000 of general obligation bonds dated July 2, 2007. The City will continue to report the cash held by the escrow agent and the series 2007 debt until the bonds are 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 interest on the debt and the principal on the refunded general obligation bonds on the call date. 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.

#### **(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, 2014, the Series 2013B bonds had a balance of \$55,880,000 and the City's estimated future allocation based on the WRA flows is currently \$565,832, or 1.01%. As of June 30, 2014, the Series 2006 bonds had a balance of \$33,275,000 and the City's estimated future allocation based on the WRA flows is currently \$354,037, or 1.06%. 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, 2014, the State Revolving Loans had a balance of \$249,324,590 and the City's estimated future allocation based on the WRA flows is currently \$2,424,140, or .97%. The pre-2004 State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2014, the WRA had \$3,506,000 of outstanding pre-2004 State Revolving Loans, of which no 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, 2014, the City paid the WRA \$341,048 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](http://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 5.95% of their annual covered salary and the City is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$53,218, \$50,813 and \$42,718, respectively, equal to the required contributions for each year.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, sick leave 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, sick leave and compensatory time hours payable to employees at June 30, 2014, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 49,000
Sick leave	29,000
Compensatory time	<u>4,000</u>
Total	<u>\$ 82,000</u>

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

**(7) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Enterprise:	
	Water	\$ 84,000
	Sewer	14,500
		<u>98,500</u>
Special Revenue		
Employee Benefits	Enterprise:	
	Water	10,000
	Sewer	12,000
		<u>22,000</u>
Debt Service	General	49,680
	Special Revenue:	
	Road Use Tax	24,017
	Urban Renewal Tax Increment	303,620
	Capital Projects	19,570
		<u>396,887</u>
Capital Projects	Special Revenue:	
	Park and Recreation	4,528
Total		<u>\$ 521,915</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 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty 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 estimated for the fiscal 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 basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2014 were \$43,945.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000. 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, 2014, the City made payments of \$100,000 to the developer. The balance remaining under the agreement at June 30, 2014 is \$500,000.

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. The developer did not provide street lighting as originally agreed to, so the agreement was reduced by \$19,681 to \$350,319. Semiannual payments will be made through June 1, 2023 provided the developer is in compliance with the terms of the agreement. As of June 30, 2014, the City has made payments of \$11,651 to the developer. The balance remaining under the revised agreement at June 30, 2014 is \$338,668.

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, 2014, 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 amend 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, 2014, the City paid \$61,191 to the County. The balance remaining under the agreement at June 30, 2014 is \$992,073.

**(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 \$7,940,000 is outstanding at June 30, 2014. The bonds and related interest are payable solely out of the revenues derived from the loan agreement and are not an obligation of the City.

**(11) Construction Commitments**

The City has entered into construction contracts totaling approximately \$1,990,000 for various street, trail and public works improvements. As of June 30, 2014, approximately \$295,000 has been paid on the contracts. The remaining \$1,695,000 will be paid as work on the projects progress.

**(12) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

**(13) Restatement**

The beginning of year cash balances for the Debt Service Fund and governmental activities were increased \$1,700,525 to correctly report the June 2013 refunding transaction as a crossover refunding. The City will continue to report the cash and the 2007 debt until the crossover date of June 1, 2015. The effect of this restatement is as follows:

	Debt Service Fund	Governmental Activities
Balances June 30, 2013, as previously reported	\$ 28,893	2,490,947
Cash held by escrow agent for crossover refunding	1,700,525	1,700,525
Balances July 1, 2013, as restated	<u>\$ 1,729,418</u>	<u>4,191,472</u>

The beginning of year balance reported for the Series 2007 corporate purpose general obligation bonds in Schedule 2 was also restated from \$405,000 to \$2,080,000.

**City of Bondurant**



### **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, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,635,189	-	-
Tax increment financing	506,265	-	-
Other city tax	27,889	-	-
Licenses and permits	89,816	-	-
Use of money and property	32,702	439	13
Intergovernmental	565,419	-	-
Charges for service	328,234	1,741,202	-
Special assessments	127,257	-	-
Miscellaneous	372,382	120,762	19,437
Total receipts	3,685,153	1,862,403	19,450
Disbursements:			
Public safety	1,059,932	-	20,941
Public works	686,425	-	-
Health and social services	9,175	-	-
Culture and recreation	451,639	-	3,813
Community and economic development	247,107	-	-
General government	532,751	-	-
Debt service	906,123	-	-
Capital projects	758,952	-	-
Business type activities	-	2,825,056	-
Total disbursements	4,652,104	2,825,056	24,754
Excess (deficiency) of receipts over (under) disbursements	(966,951)	(962,653)	(5,304)
Other financing sources, net	507,898	1,005,980	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(459,053)	43,327	(5,304)
Balances beginning of year, as restated	4,191,472	1,613,080	28,227
Balances end of year	\$ 3,732,419	1,656,407	22,923

See accompanying independent auditor's report.

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Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,635,189	1,628,818	1,628,818	6,371
506,265	518,914	518,914	(12,649)
27,889	45,162	28,162	(273)
89,816	49,815	94,070	(4,254)
33,128	28,775	29,669	3,459
565,419	1,362,030	1,786,893	(1,221,474)
2,069,436	1,917,220	2,142,803	(73,367)
127,257	111,050	51,927	75,330
473,707	77,300	375,991	97,716
5,528,106	5,739,084	6,657,247	(1,129,141)
1,038,991	781,881	1,042,693	3,702
686,425	592,842	731,868	45,443
9,175	10,045	10,045	870
447,826	436,063	533,921	86,095
247,107	240,852	272,052	24,945
532,751	558,665	563,496	30,745
906,123	1,155,623	910,162	4,039
758,952	857,800	3,459,778	2,700,826
2,825,056	1,496,433	3,111,098	286,042
7,452,406	6,130,204	10,635,113	3,182,707
(1,924,300)	(391,120)	(3,977,866)	2,053,566
1,513,878	982,400	1,514,280	(402)
(410,422)	591,280	(2,463,586)	2,053,164
5,776,325	1,558,847	4,075,801	1,700,524
5,365,903	2,150,127	1,612,215	3,753,688

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City of Bondurant

Notes to Other Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects 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, three budget amendments increased budgeted disbursements by \$4,504,909. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements did not exceed budgeted amounts.

## **Supplementary Information**

City of Bondurant

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

As of and for the year ended June 30, 2014

	Special Revenue			
	Employee Benefits	Library Grant	EMS Grant	Park and Recreation
Receipts:				
Property tax	\$ 169,767	-	-	-
Other city tax	3,021	-	-	-
Use of money and property	-	105	-	-
Intergovernmental	-	3,136	-	15,000
Miscellaneous	540	6,205	4,000	2,936
Total receipts	173,328	9,446	4,000	17,936
Disbursements:				
Operating:				
Public safety	11,352	-	-	-
Public works	29,541	-	-	-
Culture and recreation	45,767	23,420	-	3,924
General government	114,074	-	-	-
Total disbursements	200,734	23,420	-	3,924
Excess (deficiency) of receipts over (under) disbursements	(27,406)	(13,974)	4,000	14,012
Other financing sources (uses):				
Operating transfers in	22,000	-	-	-
Operating transfers out	-	-	-	(4,528)
Total other financing sources (uses)	22,000	-	-	(4,528)
Change in cash balances	(5,406)	(13,974)	4,000	9,484
Cash balances beginning of year	45,915	45,243	-	17,028
Cash balances end of year	\$ 40,509	31,269	4,000	26,512
<b>Cash Basis Fund Balances</b>				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted for other purposes	40,509	31,269	4,000	26,512
Total cash basis fund balances	\$ 40,509	31,269	4,000	26,512

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	
-	-	-	-	-	-	169,767	
-	-	-	-	-	-	3,021	
-	-	-	13	-	35	153	
-	-	-	-	-	-	18,136	
10,000	-	-	19,437	-	1,200	44,318	
10,000	-	-	19,450	-	1,235	235,395	
-	-	-	20,941	-	-	32,293	
9,249	-	-	-	-	-	38,790	
-	1,200	-	-	3,813	-	78,124	
-	-	-	-	-	-	114,074	
9,249	1,200	-	20,941	3,813	-	263,281	
751	(1,200)	-	(1,491)	(3,813)	1,235	(27,886)	
-	-	-	-	-	-	22,000	
-	-	-	-	-	-	(4,528)	
-	-	-	-	-	-	17,472	
751	(1,200)	-	(1,491)	(3,813)	1,235	(10,414)	
192	1,357	1,233	8,735	19,492	13,442	152,637	
943	157	1,233	7,244	15,679	14,677	142,223	
-	-	-	-	-	14,677	14,677	
943	157	1,233	7,244	15,679	-	127,546	
943	157	1,233	7,244	15,679	14,677	142,223	

City of Bondurant  
Schedule of Indebtedness  
Year ended June 30, 2014

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Park improvement	Apr 20, 2012	1.60%	\$ 150,000
Vehicle acquisition	Sep 9, 2013	1.75	170,000
Total			
General obligation bonds:			
Corporate purpose, Series 2007	Jul 2, 2007	3.75-4.30%	\$ 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	0.30-2.00	2,265,000
Refunding, Series 2013B	Jun 12, 2013	0.50-1.45	1,745,000
Water, Series 2014A	Mar 5, 2014	0.50-3.40	1,130,000
Total			
Revenue notes:			
Sewer	Jan 6, 1999	1.75%	\$ 326,066
Sewer	Jan 6, 1999	1.75	248,934
Water	Dec 22, 2000	1.75	972,000
Total			
Loan agreement:			
Water supply rights	Mar 27, 2014	2.00%	\$ 500,000
Revenue loan:			
Sewer	Dec 7, 2006	0.00%	\$ 1,175,000
Water service agreement	Aug 1, 2005	2.00-3.00%	\$ 1,020,000

See accompanying independent auditor's report.



Balance Beginning of Year, as restated	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
100,000	-	50,000	50,000	1,600
-	170,000	30,000	140,000	2,174
<u>\$ 100,000</u>	<u>170,000</u>	<u>80,000</u>	<u>190,000</u>	<u>3,774</u>
2,080,000	-	205,000	1,875,000	86,137
1,650,000	-	180,000	1,470,000	66,752
1,485,000	-	80,000	1,405,000	36,507
2,265,000	-	115,000	2,150,000	23,097
1,745,000	-	-	1,745,000	15,836
-	1,130,000	-	1,130,000	-
<u>\$ 9,225,000</u>	<u>1,130,000</u>	<u>580,000</u>	<u>9,775,000</u>	<u>228,329</u>
125,000	-	19,000	106,000	2,187
93,000	-	14,000	79,000	1,628
198,000	-	198,000	-	3,465
<u>\$ 416,000</u>	<u>-</u>	<u>231,000</u>	<u>185,000</u>	<u>7,280</u>
-	500,000	-	500,000	-
625,557	11,720	637,277	-	-
753,139	-	43,443	709,696	24,722

City of Bondurant  
Bond and Note Maturities  
June 30, 2014

Year Ending June 30,	General Obligation Notes					General			
	Park		Vehicle		Total	Series 2007		Series 2008	
	Improvement		Acquisition						
	Issued Apr 20, 2012		Issued Sep 9, 2013			Issued Jul 2, 2007		Issued Sep 2, 2008	
	Interest		Interest			Interest		Interest	
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount		
2015	1.60%	\$ 50,000	1.75%	\$ 35,000	85,000	4.000%	\$ 200,000	4.00%	\$ 185,000
2016		-	1.75	35,000	35,000	4.050	210,000	4.00	255,000
2017		-	1.75	35,000	35,000	4.100	215,000	4.00	265,000
2018		-	1.75	35,000	35,000	4.125	225,000	4.05	275,000
2019		-		-	-	4.150	240,000	4.10	240,000
2020		-		-	-	4.200	250,000	4.15	250,000
2021		-		-	-	4.250	260,000		-
2022		-		-	-	4.300	275,000		-
2023		-		-	-		-		-
2024		-		-	-		-		-
2025		-		-	-		-		-
2026		-		-	-		-		-
2027		-		-	-		-		-
2028		-		-	-		-		-
2029		-		-	-		-		-
Total		<u>\$ 50,000</u>		<u>\$ 140,000</u>	<u>190,000</u>		<u>\$ 1,875,000</u>		<u>\$ 1,470,000</u>

Revenue Notes						Loan Agreement	
Year Ending June 30,	Sewer		Sewer		Total	Water Supply Rights	
	Issued Jan 6, 1999		Issued Jan 6, 1999			Issued Mar 27, 2014	
	Interest		Interest			Interest	
	Rates	Amount	Rates	Amount		Rates	Amount
2015	1.75%	\$ 20,000	1.75%	\$ 15,000	35,000	2.00%	\$ 45,700
2016	1.75	20,000	1.75	15,000	35,000	2.00	46,600
2017	1.75	21,000	1.75	16,000	37,000	2.00	47,500
2018	1.75	22,000	1.75	16,000	38,000	2.00	48,500
2019	1.75	23,000	1.75	17,000	40,000	2.00	49,400
2020		-		-	-	2.00	50,400
2021		-		-	-	2.00	51,400
2022		-		-	-	2.00	52,400
2023		-		-	-	2.00	53,500
2024		-		-	-	2.00	54,600
Total		\$ 106,000		\$ 79,000	185,000		\$ 500,000

See accompanying independent auditor's report.

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Obligation Bonds

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Series 2011		Series 2013A		Series 2013B		Series 2014A		Total
Issued Jul 6, 2011		Issued Jun 12, 2013		Issued Jun 12, 2013		Issued Mar 5, 2014		
Interest		Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	
1.30%	\$ 95,000	0.40%	\$ 145,000		\$ -	0.50%	\$ 50,000	675,000
1.45	100,000	0.50	175,000	0.50%	245,000	0.50	50,000	1,035,000
1.70	100,000	0.60	205,000	0.60	240,000	1.10	50,000	1,075,000
2.00	105,000	0.75	235,000	0.75	245,000	1.10	50,000	1,135,000
2.20	110,000	0.90	265,000	0.90	250,000	1.70	50,000	1,155,000
2.40	115,000	1.05	275,000	1.05	250,000	1.70	50,000	1,190,000
2.60	115,000	1.25	245,000	1.25	255,000	2.20	55,000	930,000
2.80	120,000	1.45	145,000	1.45	260,000	2.20	55,000	855,000
3.00	125,000	1.70	150,000		-	2.50	60,000	335,000
3.20	135,000	1.90	155,000		-	2.50	60,000	350,000
3.30	140,000	2.00	155,000		-	2.70	115,000	410,000
3.45	145,000		-		-	2.85	120,000	265,000
	-		-		-	3.00	120,000	120,000
	-		-		-	3.20	120,000	120,000
	-		-		-	3.40	125,000	125,000
	\$ 1,405,000		\$ 2,150,000		\$ 1,745,000		\$ 1,130,000	9,775,000

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City of Bondurant

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

For the Last Ten Years

	2014	2013	2012	2011
Receipts:				
Property tax	\$ 1,635,189	1,540,915	1,434,131	1,309,877
Tax increment financing	506,265	383,187	386,986	380,845
Other city tax	27,889	28,005	16,624	17,013
Licenses and permits	89,816	121,876	53,055	46,584
Use of money and property	32,702	29,308	3,626	37,814
Intergovernmental	565,419	554,786	924,805	532,942
Charges for service	328,234	278,415	100,685	74,619
Special assessments	127,257	80,870	41,248	35,378
Miscellaneous	372,382	308,495	136,513	105,721
Total	<u>\$ 3,685,153</u>	<u>3,325,857</u>	<u>3,097,673</u>	<u>2,540,793</u>
Disbursements:				
Operating:				
Public safety	\$ 1,059,932	632,809	678,647	584,205
Public works	686,425	569,142	512,100	493,850
Health and social services	9,175	6,588	6,705	407
Culture and recreation	451,639	400,516	334,820	327,180
Community and economic development	247,107	228,550	250,404	210,810
General government	532,751	539,116	513,726	450,756
Debt service	906,123	1,026,071	642,169	629,253
Capital projects	758,952	1,144,472	1,608,596	1,239,397
Total	<u>\$ 4,652,104</u>	<u>4,547,264</u>	<u>4,547,167</u>	<u>3,935,858</u>

See accompanying independent auditor's report.

2010	2009	2008	2007	2006	2005
1,246,106	1,041,906	898,933	858,315	775,180	739,283
389,868	319,895	338,504	306,722	290,532	302,471
16,629	44,845	45,515	27,546	27,944	21,888
73,698	52,618	93,508	79,170	126,604	194,717
57,394	47,658	122,387	21,778	8,509	8,668
650,630	387,082	432,155	249,064	594,283	224,504
55,183	86,401	74,148	125,295	137,027	31,015
31,984	8,360	-	-	-	-
57,776	113,881	157,666	181,032	29,784	69,243
2,579,268	2,102,646	2,162,816	1,848,922	1,989,863	1,591,789
458,550	513,749	446,249	357,732	452,157	306,838
263,744	249,766	314,543	285,134	417,440	808,986
7,572	4,955	4,786	-	-	2,573
234,388	247,255	237,789	170,671	114,763	101,946
130,139	40,430	72,377	60,245	81,525	25,216
440,640	471,794	435,122	305,978	335,955	234,923
634,392	755,527	545,980	430,040	381,882	369,952
1,025,117	2,041,390	1,464,655	532,437	514,448	15,774
3,194,542	4,324,866	3,521,501	2,142,237	2,298,170	1,866,208

**City of Bondurant**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 10, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than 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) through (H) 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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


## The City of Bondurant's Responses to the Findings

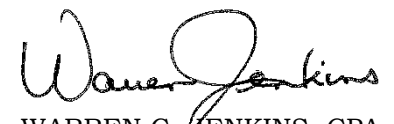
The City of Bondurant's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Bondurant's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on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

November 10, 2014



City of Bondurant

Schedule of Findings

Year ended June 30, 2014

**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) Long term debt – recording and processing payments.
- 2) Receipts – opening mail, collecting, depositing and posting.
- 3) Payroll – preparing, recording, processing checks and custody of undistributed warrants.

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 – The City will continue to look for ways to improve internal control.

Conclusion – Response accepted.

- (B) Financial Reporting – During the audit, it was determined the refunding general obligation bonds sold in June 2013 should have been reported as a crossover advance refunding rather than an advance refunding and the escrow balance should have been included in the cash balance at June 30, 2013. The beginning balances have been restated to properly report the crossover advance refunding.

Recommendation – In the future, the City should work with its financial advisor to ensure the debt activity is properly reported.

Response – In the future the City will make every effort to inquire about specific details of refunding debt activity with our financing agent.

Conclusion – Response accepted.

- (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 documented by the signature or initials of the reviewer and the date of the review.

City of Bondurant

Schedule of Findings

Year ended June 30, 2014

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 has reviewed its policies and procedures strengthening internal controls and will review periodically for additional opportunities 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 individual. This segregation of duties helps to prevent losses from 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.

For one of five disbursements tested, the supporting documentation for the disbursement could not be located.

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 documented 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 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.

Supporting documentation for all disbursements should be retained.

Response – Over the last year the Bondurant Fire/Rescue Association has attempted to refine our internal control process. We have required multiple signatures on check requests. At this time we have not changed our quarterly review process. This is due to our bank not being willing to provide more than quarterly statements, our limited amount of transactions processed in a year, and our limited ability to get our non paid volunteer members together. We have not provided pre numbered receipts as over 90% of our receipts are cash donations received in a donation bucket at our annual BBQ fundraiser. We realize that we need to continually review our processes and work to improve them to strengthen our organization.

Conclusion – Response accepted.

City of Bondurant

Schedule of Findings

Year ended June 30, 2014

- (E) Delinquent Utility Listings – A listing of delinquent accounts is not printed and retained each month after the due date has passed for payment of utility bills and penalties have been assessed.

Recommendation – The City should implement procedures to ensure listings of delinquent utility accounts are printed monthly and retained. Delinquent account listings should be reviewed and approved by the City Council.

Response – Our software provider will be contacted for proper delinquent report listing and the listing will be reviewed by the City Council.

Conclusion – Response accepted.

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

- Access to the server is not limited to necessary personnel.
- One individual has access to all employee passwords.

Recommendation – The City should develop written policies and procedures addressing the above items to improve the City's control over its computer system.

Response – City Hall space is limited in regards to server placement. Access to employee passwords is needed for computer work on the weekends or evenings.

Conclusion – Response accepted.

- (G) Receipts – The City has established procedures for purchases reimbursed through change funds used at the concession stand at the Bondurant Recreational Sports Complex (BRSC). From the change fund receipts reviewed, the following were noted:

- A BRSC Board Member was reimbursed from the change fund for equipment the Board Member sold to the City.
- Several instances were noted where vendor invoices were reimbursed from the change fund rather than being submitted to the City for payment.
- City policy requires two concession stand workers to sign or initial receipts which are reimbursed out of the change fund. Several receipts did not contain the required signatures or initials.

In addition, an independent review of receipt coding is not performed for City receipts.

Recommendation – The City should ensure procedures established for reimbursements for purchases made from BRSC change funds follow City policy and are proper. In addition, an independent person should periodically review City receipts for proper coding.

Response – The City is reviewing its involvement with the BRSC concession stand. In addition, independent review of receipt coding for City receipts will be performed.

Conclusion – Response accepted.

City of Bondurant

Schedule of Findings

Year ended June 30, 2014

- (H) Equipment Purchase – A Board Member of the Bondurant Recreational Sports Complex purchased equipment to be used at the Complex from Craigslist and requested reimbursement from the City for the purchase. The City made repeated attempts to obtain documentation of the purchase price from the Board Member. The Board Member eventually wrote up a bill of sale for \$1,200 to be reimbursed. The City reimbursed the purchase based on the bill of sale. However, documentation of the actual purchase price was not obtained.

Recommendation – The City should obtain corroborating documentation for the actual cost of the purchase.

Response – This Board Member has resigned and future transactions will be handled in the same manner as all departments.

Conclusion – Response acknowledged. The City should determine whether the amount paid for the equipment was reasonable and prepare documentation for the City files.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Bondurant

Schedule of Findings

Year ended June 30, 2014

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Todd Wilson, Bondurant Recreational Sports Complex Board Member, sold a water tank and trailer previously owned by him to the City for \$425.

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the Bondurant Recreational Sports Complex Board Member does not appear to represent a conflict of interest since the transaction was less than \$1,500 during the fiscal year.

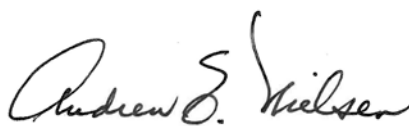
- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (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) Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

City of Bondurant

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Lesley R. Geary, CPA, Senior Auditor II  
David A. Cook, Assistant Auditor  
Luke H. Holman, 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