

CITY OF BONDURANT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2017

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	A 14
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 15
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 16
Notes to Financial Statements	17-28
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	30
Notes to Other Information - Budgetary Reporting	31
Schedule of the City's Proportionate Share of the Net Pension Liability	32
Schedule of City Contributions	33
Notes to Other Information – Pension Liability	34
Supplementary Information:	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 36
Schedule of Indebtedness	2 37
Bond and Note Maturities	3 38
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	4 39
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 <u>Government Auditing Standards</u>	40-41
Schedule of Findings	42-48

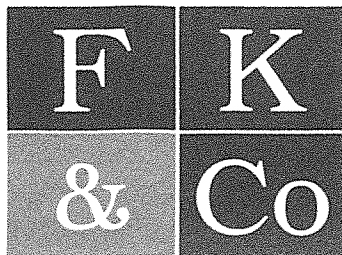
City of Bondurant

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Curt Sullivan	Mayor	Jan 2018
Brian Lohse	Mayor Pro Tem	Jan 2020
Doug Elrod	Council Member	Jan 2020
Jennifer Keeler	Council Member	Jan 2020
Robert Pepper	Council Member	Jan 2018
Wes Enos	Council Member	Jan 2018
Mark Arentsen *	City Administrator	Indefinite
Marketa Oliver**	City Administrator	Indefinite
Shelby Hagan	City Clerk	Indefinite
Lori Dunham	Finance Director	Indefinite
David Brick	Attorney	Indefinite

\* - Retired on June 30, 2017.

\*\* - Began on June 1, 2017.



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

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, (City) as of and for the year ended June 30, 2017, 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 as of June 30, 2017, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## Basis of Accounting

As discussed 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*

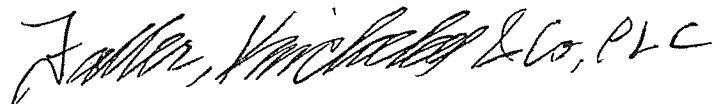
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2016 (which is not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2015 (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 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, the City's Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 6 through 12 and 30 through 34 has not been subjected to the auditing procedures applied in the audit of the basic 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 21, 2017 on our consideration of the City'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 solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.



FALLER, KINCHELOE & CO., PLC

Des Moines, Iowa  
November 21, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Bondurant provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2017 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 14.8%, or approximately \$747,000 from fiscal year 2016 to fiscal year 2017. Proceeds of general obligation bonds decreased approximately \$175,000, while charges for service, operating grants, capital grants and property taxes increased approximately \$181,000, \$171,000, \$398,000 and \$167,000, respectively.
- Disbursements of the City's governmental activities decreased 1.0% or approximately \$55,000 from fiscal year 2016 to fiscal year 2017. Payment to bond refunding agent decreased \$1,030,000, and public safety, public works, general government and capital projects disbursements increased approximately \$267,000, \$186,000, \$65,000 and \$481,000, respectively.
- The City's total cash basis net position increased 15.6% or approximately \$526,000 from fiscal year 2016 to fiscal year 2017. Of this amount, the cash basis net position of the governmental activities increased approximately \$358,000 and the cash basis net position of the business type activities increased approximately \$168,000.

### **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 and the City's proportionate share of the net pension liability and related contributions.

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 an increase from a year ago due to bond issuance proceeds for a capital project fund for park land purchase and improvements and an increase in general funds and road use tax funds, increasing from approximately \$1.123 million to \$1.481 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 (Expressed in Thousands)		
	Year Ended June 30,	
	2017	2016
Receipts:		
Program receipts:		
Charges for service	\$ 799	618
Operating grants, contributions and restricted interest	913	742
Capital grants, contributions and restricted interest	474	76
General receipts:		
Property tax	2,167	2,000
Tax increment financing	467	480
Other city tax	27	11
Commercial/industrial tax replacement	44	46
Unrestricted interest on investments	4	3
Proceeds of general obligation bonds	887	1,062
Other general receipts	19	16
Total receipts	<u>5,801</u>	<u>5,054</u>
Disbursements:		
Public safety	1,120	853
Public works	867	681
Health and social services	10	7
Culture and recreation	516	561
Community and economic development	217	194
General government	716	651
Debt service	1,037	1,042
Capital projects	1,221	740
Payment to bond refunding agent	-	1,030
Total disbursements	<u>5,704</u>	<u>5,759</u>
Change in cash basis net position before transfers	97	(705)
Transfers, net	<u>261</u>	<u>316</u>
Change in cash basis net position	358	(389)
Cash basis net position beginning of year	<u>1,123</u>	<u>1,512</u>
Cash basis net position end of year	<u>\$ 1,481</u>	<u>1,123</u>

The City's total receipts for governmental activities increased 14.8%, or approximately \$747,000, from the prior year. The total cost of all programs and services decreased approximately \$55,000, or 1%, with no new programs added this year. Receipts increased for charges for service, operating grants, contributions and restricted interest and capital grants, contributions and restricted interest, and property tax. Proceeds of general obligation bonds decreased.



The City reduced the property tax rate for fiscal year 2017 by five cents per \$1,000 of assessed valuation but total assessed valuation increased by approximately \$13,673,000. This increased valuation raised the City's property tax receipts approximately \$167,000. Based on increases in the total taxable valuation, property tax receipts are budgeted to increase an additional \$249,000 next year.

The cost of all governmental activities this year was approximately \$5,704,000 compared to approximately \$5,759,000 last year. The most significant increases in disbursements were primarily increases in public safety for the hiring of a full-time paramedic, increases in the law enforcement contract with Polk County and public safety building maintenance, in public works for a new plow truck and street repairs, and in capital projects for trail construction. The significant decrease results from the expense to refund 2008 GO TIF debt in fiscal year 2016. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 14, the amount taxpayers ultimately financed for these activities was approximately \$3,518,000 because some of the cost was paid by those directly benefited from the programs (approximately \$799,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$1,387,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in 2017 from approximately \$1,436,000 to \$2,186,000 principally due to an increase in charges for service, namely building permits, and capital grants, contributions and restricted interest related to trail construction grants.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2017	2016
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,146	971
Sewer	1,052	984
Storm water	157	145
General receipts:		
Unrestricted interest on investments	3	-
Total receipts	<u>2,358</u>	<u>2,100</u>
Disbursements:		
Water	911	635
Sewer	897	810
Storm water	121	93
Total disbursements	<u>1,929</u>	<u>1,538</u>
Change in cash basis net position before transfers	429	562
Transfers, net	<u>(261)</u>	<u>(316)</u>
Change in cash basis net position	168	246
Cash basis net position beginning of year	<u>2,238</u>	<u>1,992</u>
Cash basis net position end of year	<u>\$ 2,406</u>	<u>2,238</u>

Total business type activities receipts for the fiscal year were \$2,358,704 compared to \$2,099,710 last year. This increase is due to an increase in population and water usage. The cash balance increased approximately \$168,000 from the prior year. Total disbursements for the fiscal year increased by approximately 25% to a total of \$1,929,000 due to an increase in wholesale water cost and new water main infrastructure bored under Hwy 65 in the water fund and an increase in fees due to the Wastewater Reclamation Authority in the sewer fund. The Enterprise, Stormwater Fund cash balance increased \$37,597 as funds are being retained for upcoming District 30 tile work and Grant Street ditch work and the Enterprise, Water Fund cash balance increased \$107,976 as valve work is needed in fiscal year 2018 along with a new meter reading system.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$1,481,034, an increase of approximately \$358,000 from last year's total of \$1,123,041. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased from a positive balance of \$562,943 in 2016 to a positive balance of \$644,546 in 2017. The increase is largely due to the receipt of building permit revenue over original budgeted projections and budgeted park expenses not yet spent for grading and seeding new green space areas.
- The Special Revenue, Road Use Tax Fund cash balance increased from a balance of \$355,255 in 2016 to a balance of \$464,036 in 2017. The City will be using these funds for a new plow truck ordered for fall 2017 and planned rural road resurfacing.
- The Debt Service Fund cash balance increased \$35,418 to \$67,481. This increase was due to the receipt of bond proceeds for the payment of issuance costs, where professional service invoices have not yet been received, from the 2017 TIF GO debt issued for parkland and improvements.
- The Capital Projects Fund cash balance increased by \$140,404 to a positive balance of \$110,952, which was due to 2017 bond proceeds received for parkland purchase and improvements.

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

- The Enterprise, Water Fund cash balance increased approximately \$108,000 in fiscal year 2017 to \$847,379. Water revenues increased by approximately \$176,000 due to a change in sales tax revenue recognition, increased water usage and population. The major expense of wholesale water cost from Des Moines Water Works exceeded \$342,000 and annual debt payments exceeded \$208,000. Upcoming expenses related to valve work and a new meter reading system is anticipated.
- The Enterprise, Sewer Fund cash balance increased slightly from \$1,277,377 to \$1,299,851 at June 30, 2017. Sewer revenues increased by approximately \$71,000 due to increased water usage. Disbursements include Wastewater Reclamation Authority fees of \$495,663 and \$150,000 sewer extension in the southern part of the City. The anticipated creek re-alignment expense of \$400,000 was delayed to fiscal year 2018. Other anticipated cash requirements include \$250,000 for a sewer lining project in Paine Heights subdivision.
- The Enterprise, Storm Water Fund cash balance increased \$37,597 to a balance of \$259,089. A significant part of the accumulated fund balance will be used for upcoming District 30 tile repairs and Grant Street ditch improvements.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget three times. The first amendment approved on September 6, 2016, resulted in an increase in operating disbursements for projects not completed in fiscal year 2016 related to parks, trails, and traffic lights. Other increased expenses were related to public safety building maintenance, building inspections, City Administrator retirement payout, rural road resurfacing, and sewer infrastructure. The second budget amendment was approved on April 3, 2017 and was needed to increase building inspection fees again, increase in garbage collection fees, allow for the purchase of park land and related issuance costs due to bond issuance. The final budget amendment was approved on May 15, 2017, and resulted in increased budgeted disbursements in Public Safety due a personnel shift from part-time to full-time, increased building maintenance expenses, and the purchase of turnout gear. The City had sufficient cash balances or committed grant funds to absorb the additional costs of each budget amendment.

Total disbursements were \$1,479,378 less than the final budget of \$9,099,889. Actual disbursements for the business type activities was \$894,091 less than budgeted due to the Paine Heights sewer lining project and creek relocation budgeted, \$250,000 and \$400,000, respectively, but not completed during the fiscal year 2017, and the sewer extension project bid results were less than budgeted, \$150,000 versus \$250,000.

## DEBT ADMINISTRATION

At June 30, 2017, the City had \$8,378,063 in bonds and other long-term debt compared to \$8,582,375 last year as follows:

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30, 2017	2016
General obligation bonds and notes	\$ 6,675	6,705
Water supply rights	360	408
Water service agreement	550	608
Urban service area agreement	793	862
Total	\$ 8,378	8,583

Debt decreased slightly as a result of principal payments made and one new debt issuance of \$895,000.

The City's general obligation bond rating carries an A1 rating by Moody's Investor Services. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$7,021,341, including TIF debt of \$346,341, is below the City's Constitutional debt limit of \$14.2 million.

More detailed information about the City's long-term liabilities is presented in Schedule 3 on page 38 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 2018 budget, tax rates and fees charged for various City activities. The economy in the area has been steady with a slight decrease in our unemployment rate in the past year. Unemployment in Polk County now stands at 3.2% versus 4.0% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.4%.

The housing market showed strong growth for Bondurant in 2016 with a slight increase in new single-family home permits issued from 118 to 123. During calendar year 2016, 378 total building permits were issued, resulting in almost \$35 million in new valuation to the City.

These indicators were taken into account when adopting the budget for fiscal year 2018. Based on the tax rate of \$13.83440 per \$1,000 of taxable valuation, the City expects to generate \$2,414,843 in property tax revenue for FY2018. Total General Fund revenues at this time are anticipated to be approximately \$2,157,060. Revenues from all funds, including Enterprise Funds, are anticipated to be \$7.1 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 Marketa Oliver, City Administrator, 200 Second Street, Northeast, P.O. Box 37, Bondurant, Iowa, 50035, 515-967-2418, e-mail [moliver@cityofbondurant.com](mailto:moliver@cityofbondurant.com).

## Basic Financial Statements

## City of Bondurant

Exhibit A

## Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2017

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions / Programs:</b>							
<b>Governmental activities:</b>							
Public safety	\$ 1,120,385	434,956	132,432	-	(552,997)	-	(552,997)
Public works	866,452	269,919	681,921	-	85,388	-	85,388
Health and social services	10,281	-	-	-	(10,281)	-	(10,281)
Culture and recreation	515,439	24,939	51,726	-	(438,774)	-	(438,774)
Community and economic development	216,737	-	3,955	-	(212,782)	-	(212,782)
General government	716,084	55,919	6,482	-	(653,683)	-	(653,683)
Debt service	1,037,266	-	36,225	-	(1,001,041)	-	(1,001,041)
Capital projects	1,221,061	13,743	-	473,671	(733,647)	-	(733,647)
Total governmental activities	5,703,705	799,476	912,741	473,671	(3,517,817)	-	(3,517,817)
<b>Business type activities:</b>							
Water	911,923	1,145,794	-	-	-	233,871	233,871
Sewer	896,803	1,052,691	-	-	-	155,888	155,888
Storm water	120,589	156,953	-	-	-	36,364	36,364
Total business type activities	1,929,315	2,355,438	-	-	-	426,123	426,123
<b>Total</b>	<b>\$ 7,633,020</b>	<b>3,154,914</b>	<b>912,741</b>	<b>473,671</b>	<b>(3,517,817)</b>	<b>426,123</b>	<b>(3,091,694)</b>
<b>General Receipts and Transfers:</b>							
Property tax and other city tax levied for:							
General purposes					1,622,912	-	1,622,912
Debt service					543,869	-	543,869
Tax increment financing					467,205	-	467,205
Other city tax					26,494	-	26,494
Commercial/industrial tax replacement					43,689	-	43,689
Unrestricted interest on investments					4,115	3,266	7,381
Proceeds of general obligation bonds					887,392	-	887,392
Miscellaneous					18,792	-	18,792
Transfers					261,342	(261,342)	-
Total general receipts and transfers					3,875,810	(258,076)	3,617,734
Change in cash basis net position					357,993	168,047	526,040
Cash basis net position beginning of year					1,123,041	2,238,272	3,361,313
Cash basis net position end of year					<u>\$ 1,481,034</u>	<u>2,406,319</u>	<u>3,887,353</u>
<b>Cash Basis Net Position</b>							
<b>Restricted:</b>							
<b>Nonexpendable:</b>							
Cemetery perpetual care					\$ 17,601	-	17,601
<b>Expendable:</b>							
Streets					464,036	-	464,036
Urban renewal purposes					31,366	-	31,366
Debt service					67,481	-	67,481
Other purposes					256,004	247,075	503,079
Unrestricted					644,546	2,159,244	2,803,790
<b>Total cash basis net position</b>					<u>\$ 1,481,034</u>	<u>2,406,319</u>	<u>3,887,353</u>

See notes to financial statements.

## City of Bondurant

Exhibit B

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

As of and for the year ended June 30, 2017

	General	Special Revenue Road Use Tax	Debt Service	Capital Projects	Nonmajor	Total
<b>Receipts:</b>						
Property tax	\$1,313,566	-	543,869	-	309,345	2,166,780
Tax increment financing	-	-	-	-	467,205	467,205
Other city tax	16,362	-	6,252	-	3,879	26,493
Licenses and permits	347,335	-	-	-	-	347,335
Use of money and property	22,119	-	-	2	306	22,427
Intergovernmental	169,764	681,921	10,310	390,391	9,886	1,262,272
Charges for service	420,957	-	-	-	-	420,957
Special assessments	1,698	-	-	13,743	-	15,441
Miscellaneous	29,375	-	36,225	83,833	34,621	184,054
Total receipts	2,321,176	681,921	596,656	487,969	825,242	4,912,964
<b>Disbursements:</b>						
Operating:						
Public safety	1,061,459	-	-	-	58,926	1,120,385
Public works	304,411	519,494	-	-	42,547	866,452
Health and social services	10,281	-	-	-	-	10,281
Culture and recreation	418,539	-	-	-	96,900	515,439
Community and economic development	78,078	-	-	-	138,659	216,737
General government	550,664	-	-	-	165,420	716,084
Debt service	-	-	1,037,266	-	-	1,037,266
Capital projects	-	-	-	1,221,061	-	1,221,061
Total disbursements	2,423,432	519,494	1,037,266	1,221,061	502,452	5,703,705
Excess (deficiency) of receipts over (under) disbursements	(102,256)	162,427	(440,610)	(733,092)	322,790	(790,741)
<b>Other financing sources (uses):</b>						
Proceeds of general obligation bonds, net of \$7,608 discount	-	-	47,542	839,850	-	887,392
Transfers in	183,859	-	428,486	53,646	1,681	667,672
Transfers out	-	(53,646)	-	(20,000)	(332,684)	(406,330)
Total other financing sources (uses)	183,859	(53,646)	476,028	873,496	(331,003)	1,148,734
Change in cash balances	81,603	108,781	35,418	140,404	(8,213)	357,993
Cash balances beginning of year	562,943	355,255	32,063	(29,452)	202,232	1,123,041
Cash balances end of year	\$ 644,546	464,036	67,481	110,952	194,019	1,481,034
<b>Cash Basis Fund Balances</b>						
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	17,601	17,601
Restricted for:						
Streets	-	464,036	-	-	-	464,036
Urban renewal purposes	-	-	-	-	31,366	31,366
Debt service	-	-	67,481	-	-	67,481
Other purposes	-	-	-	110,952	145,052	256,004
Unassigned	644,546	-	-	-	-	644,546
Total cash basis fund balances	\$ 644,546	464,036	67,481	110,952	194,019	1,481,034

See notes to financial statements.

## City of Bondurant

Exhibit C

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

As of and for the year ended June 30, 2017

	Enterprise			
	Water	Sewer	Storm Water	Total
Operating receipts:				
Use of money and property	\$ 1,140	2,126	-	3,266
Charges for service	1,028,199	1,048,183	153,744	2,230,126
Miscellaneous	117,595	4,508	3,209	125,312
Total operating receipts	1,146,934	1,054,817	156,953	2,358,704
Operating disbursements:				
Business type activities	585,729	665,218	120,589	1,371,536
Total operating disbursements	585,729	665,218	120,589	1,371,536
Excess of operating receipts over operating disbursements	561,205	389,599	36,364	987,168
Non-operating receipts (disbursements):				
Debt service	(131,090)	(69,002)	-	(200,092)
Capital projects	(195,104)	(162,583)	-	(357,687)
Net non-operating receipts (disbursements)	(326,194)	(231,585)	-	(557,779)
Excess of receipts over disbursements	235,011	158,014	36,364	429,389
Other financing sources (uses):				
Transfers in	-	-	1,233	1,233
Transfers out	(127,035)	(135,540)	-	(262,575)
Total other financing sources (uses)	(127,035)	(135,540)	1,233	(261,342)
Change in cash balances	107,976	22,474	37,597	168,047
Cash balances beginning of year	739,403	1,277,377	221,492	2,238,272
Cash balances end of year	\$ 847,379	1,299,851	259,089	2,406,319
<b>Cash Basis Fund Balances</b>				
Restricted for deposits	\$ 247,075	-	-	247,075
Unrestricted	600,304	1,299,851	259,089	2,159,244
Total cash basis fund balances	\$ 847,379	1,299,851	259,089	2,406,319

See notes to financial statements.



City of Bondurant  
Notes to Financial Statements  
June 30, 2017

**(1) Summary of Significant Accounting Policies**

The City of Bondurant (City) 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 governmental services. The City also provides water, sewer and storm water utilities for its citizens.

**A. Reporting Entity**

For reporting purposes, the City 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 6.

## 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 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 and proprietary 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 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 that are not paid from other funds.

The Special Revenue, 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 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 used to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

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

The Enterprise, 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 is 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 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 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, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. However, at times during the fiscal year ending June 30, 2017, the City's deposits in banks were not 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 the 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 (IPAIT) which are valued at an amortized cost of \$1,704,443 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds		Loan Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 955,000	116,570	48,500	7,204	1,003,500	123,774
2019	915,000	107,428	49,400	6,234	964,400	113,662
2020	1,035,000	97,243	50,400	5,246	1,085,400	102,489
2021	770,000	84,025	51,400	4,238	821,400	88,263
2022	715,000	72,025	52,400	3,210	767,400	75,235
2023-2027	2,040,000	180,913	108,100	3,254	2,148,100	184,167
2028-2029	245,000	12,340	-	-	245,000	12,340
	<u>\$6,675,000</u>	<u>670,544</u>	<u>360,200</u>	<u>29,386</u>	<u>7,035,200</u>	<u>699,930</u>

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.

Water Service Agreement

The City entered into an agreement with the Board of Water Works Trustees of the City of Des Moines (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. As of June 30, 2017, a total of \$549,986 is owed in relation to this agreement.

Urban Service Area Agreement

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. As of June 30, 2017, a total of \$792,877 is owed in relation to this agreement. The amount owed in relation to this agreement is paid from the Enterprise, Sewer Fund.

**(4) Operating Lease Agreement**

The City entered into a lease on February, 2015 to lease copier equipment at \$3,429 per year. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires in June, 2020.

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2017:

Year Ended June 30,	Amount
2018	\$ 3,429
2019	3,429
2020	3,429
	<u>\$ 10,287</u>

During the fiscal year, total disbursements incurred in relation to this lease agreement were \$3,429.

(5) **Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2017 were \$81,037.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$636,955 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's proportion was 0.0101211%, which was an increase of 0.000137% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$80,990, \$201,788 and \$95,350, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28 %	1.90 %
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 1,065,520	636,955	275,285

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

#### (6) 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 20013B and 2015E include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2017, the Series 2013B bonds had a balance of \$50,590,000 and the City's estimated future allocation based on the WRA flows is currently \$692,984, or 1.37%. As of June 30, 2017, the Series 2015E bonds had a balance of \$30,790,000 and the City's estimated future allocation based on the WRA flows is currently \$439,914, or 1.43%. 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, 2017, the State Revolving Loans had a balance of \$259,257,700 and the City's estimated future allocation based on the WRA flows is currently \$3,406,499, or 1.31%. 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, 2017, the WRA had \$11,611,779 of outstanding pre-2004 State Revolving Loans, and the City's estimated future allocation based on the WRA flows is currently \$22,734, or 0.20%.

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, 2017, the City paid the WRA \$495,663 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.

**(7) 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 payable to employees at June 30, 2017, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 39,888
Sick leave	63,053
Compensatory time	<u>6,950</u>
Total	<u>\$ 109,891</u>

This liability has been computed based on rates of pay in effect at June 30, 2017.



**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise:	
	Water	\$ 49,160
	Sewer	134,699
		<u>183,859</u>
Special Revenue:	Enterprise:	
Employee Benefits	Water	840
	Sewer	841
		<u>1,681</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	331,451
	Capital Projects	20,000
	Enterprise:	
	Water	77,035
		<u>428,486</u>
Capital Projects	Special Revenue:	
	Road Use Tax	53,646
		<u>53,646</u>
Enterprise:	Special Revenue:	
Storm Water	Drainage District	1,233
		<u>1,233</u>
Total		<u>\$ 668,905</u>

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

**(9) 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 753 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.

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 Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2017 were \$47,208.

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 \$500,000 per claim. Claims exceeding \$500,000 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 \$250,000 each occurrence, each location. Property risks exceeding \$250,000 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 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

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.

#### **(10) 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 up to \$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, 2017, the City made payments of \$100,000 to the developer. The balance remaining under the agreement at June 30, 2017 is \$200,000.

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 revised agreement. During the year ended June 30, 2017, the City made payments of \$38,659 to the developer. The balance remaining under the revised agreement at June 30, 2017 is \$146,341.

#### **(11) Related Party Transactions**

The City has business transactions between the City and City officials totaling \$1,270 during the year ended June 30, 2017.

**(12) Private Facility Revenue Bonds**

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 \$7,235,000 is outstanding at June 30, 2017. 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.

The City has issued a total of \$7,200,000 of Healthcare Facilities Revenue Bonds (Valley View Village Assisted Living Project), Series 2014A and 2014b under the provisions of Chapter 419 of the Code of Iowa, of which \$6,711,609 is outstanding at June 30, 2017. 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.

The City has issued a total of \$8,115,000 of Senior Housing Refunding and Revenue Bonds (Luther Park Apartments, Inc. Project), Series 2015 under the provisions of Chapter 419 of the Code of Iowa, of which \$7,830,000 is outstanding at June 30, 2017. 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.

The City has issued a total of \$4,940,000 of Senior Housing Refunding and Revenue Bonds (Luther Park Health Center, Inc. Project), Series 2016A under the provisions of Chapter 419 of the Code of Iowa, of which \$4,870,000 is outstanding at June 30, 2017. 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.

The City has issued a total of \$7,965,000 of Senior Housing Refunding and Revenue Bonds (Luther Park Health Center, Inc. Project), Series 2016B under the provisions of Chapter 419 of the Code of Iowa, of which \$7,885,000 is outstanding at June 30, 2017. 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.

**(13) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated \$138,659 of property tax under the urban renewal and economic development projects.

**(14) Contingency**

The City participates in a number of Federal and State grant/loan programs. These programs are subject to program compliance audits by the grantors or their representatives. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant and loan agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability to the City. The City's management believes such revisions or disallowances, if any, will not be material to the City.

**(15) Commitments**

The City has entered into various agreements for infrastructure improvements. As of June 30, 2017, approximately \$65,000 remains to be paid on these projects. These costs will be paid for as work progresses. It is anticipated that these projects will be completed in fiscal year 2018. The City intends to pay for these costs from existing cash reserves.

**(16) Subsequent Events**

The City has evaluated all subsequent events through November 21, 2017, the date the financial statements were available to be issued.

**(17) New Accounting Pronouncement**

The City adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the City.

**(18) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information.

## 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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total	Budgeted Amounts		Final to Total Variance
					Original	Final	
Receipts:							
Property tax	\$ 2,166,780	-	-	2,166,780	2,166,105	2,166,105	675
Tax increment financing	467,205	-	-	467,205	470,465	470,465	(3,260)
Other city tax	26,493	-	-	26,493	27,251	27,251	(758)
Licenses and permits	347,335	-	-	347,335	143,315	310,275	37,060
Use of money and property	22,427	3,266	6	25,687	16,675	21,512	4,175
Intergovernmental	1,262,272	-	-	1,262,272	767,453	1,357,147	(94,875)
Charges for service	420,957	2,230,126	-	2,651,083	2,319,900	2,579,750	71,333
Special assessments	15,441	-	-	15,441	13,900	14,400	1,041
Miscellaneous	184,054	125,312	14,061	295,305	75,750	242,750	52,555
Total receipts	4,912,964	2,358,704	14,067	7,257,601	6,000,814	7,189,655	67,946
Disbursements:							
Public safety	1,120,385	-	9,253	1,111,132	921,017	1,152,826	41,694
Public works	866,452	-	-	866,452	817,718	937,108	70,656
Health and social services	10,281	-	-	10,281	10,020	11,420	1,139
Culture and recreation	515,439	-	3,256	512,183	537,597	569,159	56,976
Community and economic development	216,737	-	-	216,737	224,259	234,259	17,522
General government	716,084	-	-	716,084	711,330	784,701	68,617
Debt service	1,037,266	-	-	1,037,266	1,036,871	1,064,690	27,424
Capital projects	1,221,061	-	-	1,221,061	365,000	1,522,320	301,259
Business type activities	-	1,929,315	-	1,929,315	2,491,906	2,823,406	894,091
Total disbursements	5,703,705	1,929,315	12,509	7,620,511	7,115,718	9,099,889	1,479,378
Excess (deficiency) of receipts over (under) disbursements	(790,741)	429,389	1,558	(362,910)	(1,114,904)	(1,910,234)	1,547,324
Other financing sources, net	1,148,734	(261,342)	-	887,392	-	900,000	(12,608)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	357,993	168,047	1,558	524,482	(1,114,904)	(1,010,234)	1,534,716
Balances beginning of year	1,123,041	2,238,272	18,786	3,342,527	2,460,915	3,342,528	(1)
Balances end of year	\$ 1,481,034	2,406,319	20,344	3,867,009	1,346,011	2,332,294	1,534,715

See accompanying independent auditor's report.

City of Bondurant

Notes to Other Information - Budgetary Reporting

June 30, 2017

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments increased budgeted disbursements by \$1,984,171. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted.

City of Bondurant

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Three Years\*  
(In Thousands)

Other Information

	2017	2016	2015
City's proportion of the net pension liability	0.010121%	0.009984%	0.009019%
City's proportionate share of the net pension liability	\$ 637	493	358
City's covered-employee payroll	\$ 792	687	595
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	80.43%	71.76%	60.17%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year

See accompanying independent auditor's report.



City of Bondurant

Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Other Information

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 81	71	61	53	51	43	36	32	29	25
Contributions in relation to the statutorily required contribution	(81)	(71)	(61)	(53)	(51)	(43)	(36)	(32)	(29)	(25)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 898	792	687	595	586	529	523	487	455	406
Contributions as a percentage of covered-employee payroll	9.02%	8.96%	8.93%	8.67%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

See accompanying independent auditor's report.

City of Bondurant

Notes to Other Information – Pension Liability

Year ended June 30, 2017

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## Supplementary Information

City of Bondurant

Schedule 1

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

As of and for the year ended June 30, 2017

	Special Revenue										Permanent	
	Employee Benefits	Urban Renewal Tax Increment	Library Grant	EMS Grant	Park and Recreation	Storm Water Grants	Tree	Drainage District	Bondurant Fire-Rescue Association	Bondurant Community Library Foundation	Cemetery Perpetual Care	Total
<b>Receipts:</b>												
Property tax	\$ 309,345	-	-	-	-	-	-	-	-	-	-	309,345
Tax increment financing	-	467,205	-	-	-	-	-	-	-	-	-	467,205
Other city tax	3,879	-	-	-	-	-	-	-	-	-	-	3,879
Use of money and property	-	190	67	-	-	-	-	-	6	-	43	306
Intergovernmental	6,397	-	3,489	-	-	-	-	-	-	-	-	9,886
Miscellaneous	2,525	-	8,289	9,506	-	-	-	-	10,847	3,214	240	34,621
Total receipts	322,146	467,395	11,845	9,506	-	-	-	-	10,853	3,214	283	825,242
<b>Disbursements:</b>												
<b>Operating:</b>												
Public safety	44,010	-	-	5,663	-	-	-	-	9,253	-	-	58,926
Public works	42,547	-	-	-	-	-	-	-	-	-	-	42,547
Culture and recreation	81,801	-	11,132	-	711	-	-	-	-	3,256	-	96,900
Community and economic development	-	138,659	-	-	-	-	-	-	-	-	-	138,659
General government	165,420	-	-	-	-	-	-	-	-	-	-	165,420
Total disbursements	333,778	138,659	11,132	5,663	711	-	-	-	9,253	3,256	-	502,452
Excess (deficiency) of receipts over (under) disbursements	(11,632)	328,736	713	3,843	(711)	-	-	-	1,600	(42)	283	322,790
Other financing sources (uses):												
Transfers in	1,681	-	-	-	-	-	-	-	-	-	-	1,681
Transfers out	-	(331,451)	-	-	-	-	-	(1,233)	-	-	-	(332,684)
Total other financing sources (uses)	1,681	(331,451)	-	-	-	-	-	(1,233)	-	-	-	(331,003)
Change in cash balances	(9,951)	(2,715)	713	3,843	(711)	-	-	(1,233)	1,600	(42)	283	(8,213)
Cash balances beginning of year	98,928	34,081	28,427	1,000	809	493	1,157	1,233	6,683	12,103	17,318	202,232
Cash balances end of year	\$ 88,977	31,366	29,140	4,843	98	493	1,157	-	8,283	12,061	17,601	194,019
<b>Cash Basis Fund Balances</b>												
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	-	-	-	-	-	-	17,601	17,601
Restricted for:												
Urban renewal purposes	-	31,366	-	-	-	-	-	-	-	-	-	31,366
Other purposes	88,977	-	29,140	4,843	98	493	1,157	-	8,283	12,061	-	145,052
Total cash basis fund balances	\$ 88,977	31,366	29,140	4,843	98	493	1,157	-	8,283	12,061	17,601	194,019

See notes to financial statements.

## City of Bondurant

## Schedule 2

## Schedule of Indebtedness

Year Ended June 30, 2017

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
<b>General Obligation Bonds:</b>									
Corporate purpose, Series 2011	July 6, 2011	1.00-3.45%	\$ 1,550,000	1,210,000	-	100,000	1,110,000	33,023	-
Corporate purpose, Series 2013A	June 12, 2013	0.30-2.00%	2,265,000	1,830,000	-	205,000	1,625,000	22,025	-
Refunding, Series 2013B	June 12, 2013	0.50-1.45%	1,745,000	1,500,000	-	240,000	1,260,000	15,110	-
Water, Series 2014A	March 5, 2014	0.50-3.40%	1,130,000	1,030,000	-	50,000	980,000	26,435	-
Urban renewal refunding, Series 2016A	March 3, 2016	0.70-1.10%	1,065,000	1,065,000	-	295,000	770,000	11,598	-
Urban renewal bonds, Series 2017	May 31, 2017	1.40-2.35%	895,000	-	895,000	-	895,000	-	-
<b>Total</b>				<b>\$ 6,635,000</b>	<b>895,000</b>	<b>890,000</b>	<b>6,640,000</b>	<b>108,191</b>	<b>-</b>
<b>General Obligation Notes:</b>									
Vehicle acquisition	September 9, 2013	1.75%	\$ 170,000	70,000	-	35,000	35,000	1,225	-
<b>Revenue Note:</b>									
Loan Agreement:									
Water supply rights	March 27, 2014	2.00%	\$ 500,000	407,700	-	47,500	360,200	8,154	-
Water Service Agreement	October 30, 2012	2.00-3.00%	\$ 778,074	607,796	-	57,810	549,986	17,625	-
Urban Service Area Agreement	February 10, 2009	-	\$ 1,221,213	861,879	-	69,002	792,877	-	-

See accompanying independent auditor's report.

City of Bondurant

Schedule 3

Bond and Note Maturities

June 30, 2017

Year Ending June 30,	General Obligation Bonds									
	Series 2011		Series 2013A		Series 2013B		Series 2014A		Series 2016A	
	Issued July 6, 2011		Issued June 12, 2013		Issued June 12, 2013		Issued March 5, 2014		Issued March 3, 2016	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2018	2.00%	\$ 105,000	0.75%	\$ 235,000	0.75%	\$ 245,000	1.10%	\$ 50,000	0.80%	\$ 285,000
2019	2.20%	110,000	0.90%	265,000	0.90%	250,000	1.70%	50,000	0.95%	240,000
2020	2.40%	115,000	1.05%	275,000	1.05%	250,000	1.70%	50,000	1.10%	245,000
2021	2.60%	115,000	1.25%	245,000	1.25%	255,000	2.20%	55,000	-	-
2022	2.80%	120,000	1.45%	145,000	1.45%	260,000	2.20%	55,000	-	-
2023	3.00%	125,000	1.70%	150,000	-	-	2.50%	60,000	-	-
2024	3.20%	135,000	1.90%	155,000	-	-	2.50%	60,000	-	-
2025	3.30%	140,000	2.00%	155,000	-	-	2.70%	115,000	-	-
2026	3.45%	145,000	-	-	-	-	2.85%	120,000	-	-
2027	-	-	-	-	-	-	3.00%	120,000	-	-
2028	-	-	-	-	-	-	3.20%	120,000	-	-
2029	-	-	-	-	-	-	3.40%	125,000	-	-
		<u>\$ 1,110,000</u>		<u>\$ 1,625,000</u>		<u>\$ 1,260,000</u>		<u>\$ 980,000</u>		<u>\$ 770,000</u>
										<u>\$ 895,000</u>
										<u>\$ 6,640,000</u>

Year Ending June 30,	General Obligation Notes		Loan Agreement	
	Vehicle Acquisition		Water Supply Rights	
	Issued September 9, 2013		Issued March 27, 2014	
	Interest Rates	Amount	Interest Rates	Amount
2018	1.75%	\$ 35,000	2.00%	\$ 48,500
2019	-	-	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
		<u>\$ 35,000</u>		<u>\$ 360,200</u>

See accompanying independent auditor's report.

## City of Bondurant

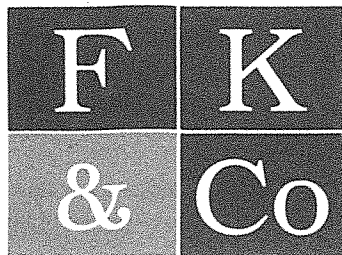
Schedule 4

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

For the Last Ten Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Receipts:</b>										
Property tax	\$2,166,780	1,982,540	1,757,715	1,635,189	1,540,915	1,434,131	1,309,877	1,246,106	1,041,906	898,933
Tax increment financing	467,205	480,316	488,924	506,265	383,187	386,986	380,845	389,868	319,895	338,504
Other city tax	26,493	27,569	35,586	27,889	28,005	16,624	17,013	16,629	44,845	45,515
Licenses and permits	347,335	194,112	183,622	89,816	121,876	53,055	46,584	73,698	52,618	93,508
Use of money and property	22,427	18,395	33,228	32,702	29,308	3,626	37,814	57,394	47,658	122,387
Intergovernmental	1,262,272	702,907	1,831,115	565,419	554,786	924,805	532,942	650,630	387,082	432,155
Charges for service	420,957	391,052	382,624	328,234	278,415	100,685	74,619	55,183	86,401	74,148
Special assessments	15,441	16,362	28,833	127,257	80,870	41,248	35,378	31,984	8,360	-
Miscellaneous	184,054	179,055	199,617	372,382	308,495	136,513	105,721	57,776	113,881	157,666
<b>Total</b>	<b>\$4,912,964</b>	<b>3,992,308</b>	<b>4,941,264</b>	<b>3,685,153</b>	<b>3,325,857</b>	<b>3,097,673</b>	<b>2,540,793</b>	<b>2,579,268</b>	<b>2,102,646</b>	<b>2,162,816</b>
<b>Disbursements:</b>										
<b>Operating:</b>										
Public safety	\$1,120,385	853,312	758,329	1,059,932	632,809	678,647	584,205	458,550	513,749	446,249
Public works	866,452	680,439	563,694	686,425	569,142	512,100	493,850	263,744	249,766	314,543
Health and social services	10,281	6,996	768	9,175	6,588	6,705	407	7,572	4,955	4,786
Culture and recreation	515,439	561,245	458,332	451,639	400,516	334,820	327,180	234,388	247,255	237,789
Community and economic development	216,737	194,051	265,458	247,107	228,550	250,404	210,810	130,139	40,430	72,377
General government	716,084	650,613	675,270	532,751	539,116	513,726	450,756	440,640	471,794	435,122
Debt service	1,037,266	1,042,441	2,687,731	906,123	1,026,071	642,169	629,253	634,392	755,527	545,980
Capital projects	1,221,061	739,970	2,022,760	758,952	1,144,472	1,608,596	1,239,397	1,025,117	2,041,390	1,464,655
<b>Total</b>	<b>\$5,703,705</b>	<b>4,729,067</b>	<b>7,432,342</b>	<b>4,652,104</b>	<b>4,547,264</b>	<b>4,547,167</b>	<b>3,935,858</b>	<b>3,194,542</b>	<b>4,324,866</b>	<b>3,521,501</b>

See accompanying independent auditor's report.



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

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 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 (City) as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2017. 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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify deficiencies in internal control, described in the accompanying Schedule of Findings as items (A), (B), (C), (D) and (E) we consider to be material weaknesses.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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, 2017 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.

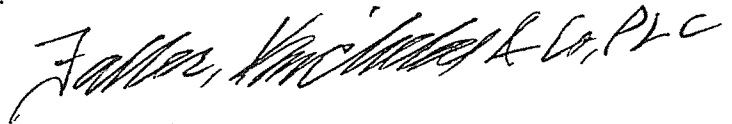
### City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City'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 result 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 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.



FALLER, KINCHELOE & CO., PLC

Des Moines, Iowa  
November 21, 2017

City of Bondurant  
Schedule of Findings  
Year ended June 30, 2017

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**(A) Segregation of Duties**

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – Generally, one or two individuals have control over each of the following areas for which minimal or no compensating controls exist:

For the City:

- (1) Long term debt – recording and processing payments.
- (2) Receipts – opening mail, collecting, depositing and recording.

For the Bondurant Community Library Foundation (Library Foundation) and the Bondurant Fire-Rescue Association (Fire-Rescue Association):

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, recording and reconciling.

Cause – The City, Library Foundation and Fire-Rescue Association have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The City, Library Foundation and the Fire-Rescue Association should review their control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

Response – The City and Fire-Rescue Association will review their control procedures to obtain the maximum internal control possible with the limited staff it has.

The Library Foundation has no staff, only board members. The Library Foundation has established control activities to obtain maximum internal control and additional oversight of transactions and processes as much as possible under these circumstances, while updating established control procedures designed to segregate duties and provide compensating controls whenever possible.

Conclusion – Response acknowledged.

City of Bondurant  
Schedule of Findings  
Year ended June 30, 2017

(B) Reconciliation of Utility Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to reconciling utility billings, collections and delinquent accounts to ensure proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent accounts.

Condition – Although the City's utility software generates a monthly reconciliation of utility billings, collections and delinquent accounts, the amounts in the reconciliation are not compared to supporting records. In addition, the monthly reconciliations are not reviewed by an independent person.

Cause – Policies have not been established and procedures have not been implemented to ensure all amounts in the utility reconciliation are compared to and supported by the City's financial and utility billing records. Also, policies have not been established to require independent review of the reconciliations.

Effect – Inadequate reconciliations can result in unrecorded or misstated utility receipts and improper or unauthorized adjustments and write-offs.

Recommendation – The City should ensure all amounts on the reconciliations of utility billings, collections and delinquent accounts are properly supported. The City Council or other independent person designated by the City Council should review the reconciliations, document the review by signing or initialing and dating the reconciliation and monitor delinquent accounts.

Response – The City will ensure utility reconciliations are properly supported and reviewed. The reviewer will initial and date to document the review.

Conclusion – Response acknowledged.

(C) Preparation of Financial Statements

Criteria - A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition - As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause - We recognize that with a limited number of office employees, preparation of the financial statements and accompanying notes to the financial statements is difficult.

Effect - The effect of this condition is that the year-end financial reporting is prepared by a party outside of the City. The outside party does not have the constant contact with ongoing financial transactions.

Recommendation - We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements and accompanying notes to the financial statements internally.

City of Bondurant

Schedule of Findings

Year ended June 30, 2017

Response – These are very technical issues that the average citizen would not understand. This issue relates to auditor independence issues, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with an other comprehensive basis of accounting.

Conclusion – Response acknowledged.

(D) Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition – Sales tax receipts and sales tax paid to the State of Iowa were not recorded as a cash receipt or disbursement in the general ledger. Instead, sales tax receipts and disbursements were recorded as a liability on the City's financial statements.

Cause – City policies do not require and procedures have not been established to provide for an independent review of receipts and disbursements to ensure the City's financial statements are accurate.

Effect – Lack of City policies and procedures resulted in City employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the City's financial statements were necessary.

Recommendation – The City should establish procedures to ensure all receipts and disbursements are properly recorded and reported in the City's financial statements.

Response – The Finance Director will correct the City's software to ensure receipts and disbursements for sales tax are recorded as revenue and expenditures for proper reporting in the financial statements.

Conclusion – Response acknowledged.

(E) Receipts

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition – Material amounts or receipts are not deposited timely or on an intact basis by the City.

Cause – City policies do not require and procedures have not been established to ensure all receipts are deposited timely and on an intact basis.

Effect – This condition could result in unrecorded or unaccounted for receipts.

City of Bondurant  
Schedule of Findings  
Year ended June 30, 2017

Recommendation – The City should establish procedures to ensure all receipts are deposited timely and on an intact basis.

Response – Staff will evaluate possibilities to address this issue.

Conclusion – Response acknowledged.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Bondurant  
Schedule of Findings  
Year ended June 30, 2017

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

- (1) Certified Budget – The cash balances on the budget amendment did not agree to the cash balances as recorded on the original budget.

Recommendation – The cash balances on the budget amendment should agree to the cash balances as recorded on the original budget.

Response – Staff followed the directions included in the budget amendment file. Directions will be update, by the Iowa Department of Management, in the State budget amendment document to clarify this procedure and staff will follow those new procedures.

Conclusion – Response acknowledged.

- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 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 – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Boyce Bailey, City Employee, Spouse of Michele Bailey, independent contractor	Community Beautification	\$ 500
Brian Lohse, Mayor Pro Tem, owner of Brick Street Market	Supplies	770

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the above employees do not appear to represent a conflict of interest since total transactions with each individual were 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 that the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – The City’s deposit in banks at times during the year exceeded the amount insured by federal depository insurance or by the State Sinking Fund.

Other than the above, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

Recommendation – The City should implement procedures to ensure that all monies in the bank are insured by federal depository insurance or by the State Sinking Fund as required by Chapter 12C of the Code of Iowa.

City of Bondurant  
Schedule of Findings  
Year ended June 30, 2017

Response – The above issue was an oversight on our part. We did implement this recommendation during fiscal year 2018.

Conclusion – Response acknowledged.

- (8) Revenue Bonds – No instances of non-compliance with the revenue note resolutions were noted.
- (9) Senior Discount – Section 388.6 of the Code of Iowa states, “A city utility or a combined utility system may not provide use or service at a discriminatory rate, except to the city or its agencies, as provided in section 384.91.” Senior discounts were provided by the City Council for water and garbage services.

Recommendation – The City Council should implement procedures which ensure nondiscriminatory utility rates are used for all customers.

Response – The City Council has eliminated the senior discount effective January 1, 2017.

Conclusion – Response acknowledged.

- (10) Tax Increment Financing (TIF) Disbursements – The City has two TIF development agreements. Our review of these disbursements noted that it appears the City has overpaid one of the TIF development agreement amounts by approximately \$796 during the last three fiscal years.

Recommendation – The City should review this situation and take appropriate action as necessary.

Response – We have reviewed this and have taken appropriate action to ensure this issue does not happen again. In addition, in fiscal year 2018 we will recoup the overpayment amount from the developer in question.

Conclusion – Response acknowledged.

- (11) Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. Chapter 403.19 of the Code of Iowa requires the date the City Council initially approved the debt be included on the TIF certification.

We noted the following regarding the City’s TIF certifications to the County Auditor:

- We noted the City’s TIF debt certifications to the County Auditor was approximately \$17,000 more than the related debt.
- Bank interest amounts credited to the Special Revenue, Urban Renewal Tax Increment Fund were not decertified to the County Auditor for the amounts recorded in the fund, as required by the Code of Iowa.

Recommendation – The City should consult TIF legal counsel to determine the disposition of this issue. The City should ensure the TIF debt certification complies with Chapter 403 of the Code of Iowa. In addition, the City should decertify interest credited to the Special Revenue, Urban Renewal Tax Increment Fund as required.

City of Bondurant

Schedule of Findings

Year ended June 30, 2017

Response – The City’s total debt certification has not been over certified; however due to the way property tax payments are made, the annual appropriations from Polk County were greater than the City’s request, which means total payment of certified debt would be expedited if annual overpayments continued. The City will decertify the 2013-2017 interest amount of \$724 on the Fiscal Year 2019 TIF certification due December 1, 2017. Annual de-certifications were delayed due to the minor amount of annual interest earned due to low interest rates.

Conclusion – Response acknowledged.

- (12) Annual Urban Renewal Report – The Annual Urban Renewal Report (AURR) was properly approved and certified to the Iowa Department of Management on or before December 1, except that the debt balance as reported on the AURR was overstated by approximately \$123,000 as of June 30, 2016.

Recommendation – The City should ensure the TIF obligations as reported on the Levy Authority Summary agree with the City’s records.

Response – The debt balance for the 2008 GO Bond was reduced in March 2016 by a refinancing bond issue. The debt balance will be adjusted in the 2017 Annual Urban Renewal Report.

Conclusion – Response acknowledged.