

Annual Finance Report

Fiscal Year 2020



Bondurant

Life Connecting

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INTRODUCTORY SECTION

Letter of Transmittal

March 26, 2021

Honorable Mayor, Members of the City Council,
and the Citizens of the City of Bondurant, Iowa:

This report contains management's overview concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all the information, based upon an operational system of internal controls established for this purpose. The cost of internal controls should not out-weight anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Faller, Kincheloe & Co, PLC, Certified Public Accountants, Des Moines, Iowa released an audit report with an unmodified opinion of that the financial statements are presented fairly by the City of Bondurant, Iowa. The report can be found following the introductory section of this report, page 10.

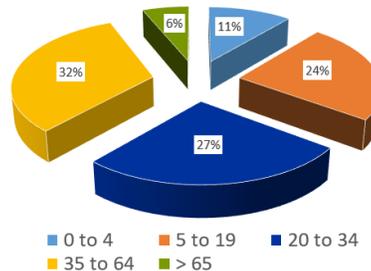
The financial section of this report begins with Management's discussion and analysis of the basic financial statements (MD&A). This letter of transmittal provides information intended to compliment the MD&A and be read in conjunction with it.

Profile of the City

The City of Bondurant was founded in 1884. In 1892, the [Chicago Great Western Railway](#) built the Bondurant railway station. Bondurant incorporated as a city on December 23, 1897. Alexander C. Bondurant, who was the area's first settler in 1857, is also the namesake of the City.

Bondurant is a part of the capital city's metropolitan area, centrally located in Iowa just northeast of Des Moines along the interstate 80 and U.S. Highway 65 corridors. The incorporated city limit spans 8.4 square miles of Polk County. The population was 5,493 in the special 2015 special census, an increase of 195.959% from the 1,846 population in 2000. The 2019 population estimates are 6,958, approximating a four-year increase of 26.67%.

Bondurant Demographics



Nearly a quarter of the population is school age, with more in pre-school. 58.7%

A governing council has legislative and policy-making authority for the City. That body consists of a mayor and five council members; all elected at large and non-partisan. Council terms are staggered, with some council members and the mayor elected to four-year terms in one year and other council members elected to their four-year terms, two years later. All regular Mayor/Council elections are



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Website:
cityofbondurant.com

Mayor: Curt Sullivan

Council Members:

Tara Cox
Doug Elrod
Wes Enos
Angela McKenzie
Bob Peffer

City Administrator:
Marketa Oliver

City Clerk: Shelby Hagan

Public Works Director: John
Horton

Finance Director: Jené Jess

Fire Chief: Aaron Kreuder

Planning Director: Maggie
McMurray

Library Director: Jill Sanders

City Attorney: David Brick

City Engineer: Bob Veenstra,
Jr.

held in off years, alternating the national election cycle. The Council makes policy decisions for the City through adopting operating and capital budgets, appointing boards and committees, and hiring a city manager and management staff consisting of city clerk, finance director, fire chief, planning and community development director, and public works director. The City Council also appoints the community's Library Board of Trustees, and they hire the library director to oversee management. The library and its staff are considered a city department for the purposes of budgeting.

Public elementary and secondary education is provided by the Bondurant-Farrar Community School District. The school district currently has two elementary building, middle school, and high school, with the building of a junior high underway. The Bondurant-Farrar Community School District is one of the top rated 2-A districts in the State of Iowa. Only the school district has the ability to issue separate debt, which is not an obligation of the City; therefore, the financial statement of that entity is not a part of this report.

Public water services are provided by the municipal utility, within the public works department of the City and is supplied by the Des Moines Water Works.

Local Economy

The median household income estimated for 2019 is \$97,786 annually averaged from 2015 to 2019. The per capita income for 2019 is estimated at \$33,604 annually averaged from 2015 to 2019.

There are approximately 3180 City residents in the workforce. Unemployment numbers are estimates as of 07/01/2020 and may be impacted by the COVID-19 pandemic at 8%. With the establishment of seven new commercial/industrial property sites, the jobs within the City increase by approximately 1,400 from 2019 to 2021.

Amazon has completed its distribution center and their sortation center is currently under construction and projected to open by fall 2021. The City entered into a development agreement with Amazon's distribution center that had a two-tiered minimum assessment approach. Effective January 1, 2020, the minimum assessment was to be \$5,000,000 and effective January 1, 2021, the minimum is \$75,000,000. The original valuation of the approximate 160 acre site prior to the Amazon acquisition was \$208,680 in ag land value, for which a total of approximately \$351.86 in city taxes were paid a year. The actual partial assessment for the Amazon distribution center as of January 1, 2020 was a total of \$44,600,000, of which \$14,600,000 for the land and \$30,000,000 for the building that was under construction at the time of assessment. Under the City's normal tax rate, this represents a City tax revenue of \$487,919 or a TIF revenue of approximately \$1,318,789.

The new housing market has expanded every direction of the City's borders, with the most development to the northwest. Currently, 261 existing residential lots are undeveloped and ready for a building permit submittal. These lots are located in the following areas: Wisteria Heights Plat 5, Wisteria Heights Plat 6, Hazel Marie Townhomes, Arbor Ridge Villas, Wolf Creek, Pleasant Grove, Stoll Subdivision, Quail Run Plat 1, Quail Run Plat 2, Park Side Plat 2, and Prairie Point View Plat 1. Additionally, 848 residential lots that don't yet exist on a recorded subdivision, but that are included as part of an approved preliminary plat. Approved preliminary plats include the following: Sankey Summit Phase 2, Quail Run Phase 2, Harvest Meadows, and Prairie Point View (excluding the existing Plat 1 area). Building permits generated in Fiscal year 2019 \$190,905 in revenue and in Fiscal Year 2020 \$784,039.50.

Relevant Financial Policies

The City adopted new financial policies in FY21, but had substantively been in compliance with them under FY20 management. Examples of the new policies include a minimum 25% General Fund operating reserve. In FY20 the City's General Fund Reserve was approximately 38% of operating expenditures. The City has established three benchmarks in regards to the issuance of debt. First, the

City would like to limit the amount of general obligation debt issued to 80% of the constitutionally allowed limit. Secondly, the City would like bonded debt per capita not to exceed \$3,800 for general obligation debt. Thirdly, the City will not borrow past the useful life of the improvement or equipment purchase, but will borrow for the entire useful life of the improvement in an effort to ensure equity for end users and taxpayers. The City will be transparent in its borrowing, avoid balloon payment or variable rate debt, and continually monitor market conditions to take advantage of refinancing opportunities when possible.

The general obligation debt limit is set by the State of Iowa and it stipulates that a City cannot exceed 5% of the value of taxable property in the city not incorporating the “roll-back”.

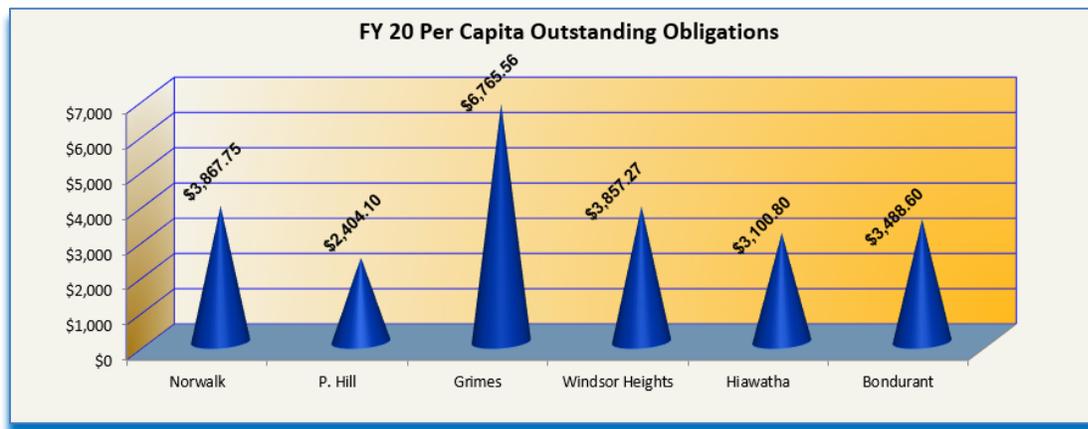
DEBT LIMITATION FOR GENERAL OBLIGATIONS as of June 30, 2020

Actual valuation-- January 1, 2018	Amount \$409,974,881 X 5% = \$20,498,744
---------------------------------------	---

Per the City’s policy, the City had the capacity to have 80% of \$20,498,744 in general obligation debt, in the amount of \$16,398,995.

As the general obligation debt is at \$15,245,000 as of June 30, 2020 and general obligation debt limit is at \$20,498,744, the City was at 74% the legal debt limit.

The City of Bondurant issued several bonds during calendar year 2020 to undertake capital projects. Below is a graph that shows how Bondurant benchmarks with similarly situated communities in per capita outstanding obligations. The average per capita outstanding obligations at FY20 year-end was \$3,914, slightly higher than Bondurant. It should be noted, however, that the comparison next year will look different because of the major projects in progress.



The concept of this policy’s third part is based in the ideas of interperiod and generational equity. The Governmental Accounting Standards Board describes it as the state at which current-year taxpayers have provided the adequate resources to pay for the cost of current-year services and for their portion of the City’s assets they consume in relationship to the assets useful life. It is the equilibrium in which the City neither passes on the costs of services and assets to the taxpayers of previous periods by deferral nor subsequent periods by accumulated assets. Generational equity is the concept that users of a capital project or equipment will change over its useful life and cost of those assets should be spread out to those that will use the capital investment over time. An example of passing costs to previous taxpayers is if the City saved cash reserves from tax receipts to the general fund over time to purchase playground equipment. In that scenario, it is likely not all the taxpayers that contributed to

the cash reserves will benefit by the positive change in net position to the City's assets, as often taxpayers move out of the City's jurisdictions. Meaning those taxpayer that move away before the end of the assets useful life will have contributed to the whole cost but didn't get to use it to its maximum benefit. An example of passing costs to subsequent taxpayers using the previous example of purchasing playground equipment is to acquire the equipment the City financed the purchase through general obligation bonds with a maturity term longer than the playground equipment's useful life. In that scenario, the debt service payments would continue past the time for replacement of the equipment, resulting in taxpayers in subsequent years bearing the cost of debt service payment on equipment that no longer exist. One tool to achieve interperiod and generational equity for major capital expenditures is through strategic debt issuance. Selecting a financing option with even distributions of debt service payments and interest over the term of the bond by avoiding balloon payments and variable interest rates. While selecting a term that adequately aligns with the useful life of the capital investment.

According to the Yellow Book produced by the U.S Government Accountability Office, the concept of accountability for use of public resources and government authority is key to our city's governing processes. Management and Elected Officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, and ethically within the context of the statutory confines of the specific government program. The Government Finance Officers Association recommends that, "...every government should consider the feasibility of establishing a formal internal audit function to help management maintain a comprehensive framework of internal controls." Additionally, GOA declares that, "effective use of an enterprise architecture (EA) is a hallmark of successful organizations and an essential means to achieving a desired end: having operations and technology environments that maximize institutional mission performance and outcomes. Among other things, this includes realizing cost savings through consolidation and reuse of shared services and elimination of antiquated and redundant mission operations, enhancing information sharing through data standardization and system integration, and optimizing service delivery through streamlining and normalization of business processes and mission operations. Not using an EA can result in organizational operations and supporting technology infrastructures and systems that are duplicative, poorly integrated, unnecessarily costly to maintain and interface, and unable to respond quickly to shifting environmental factors."

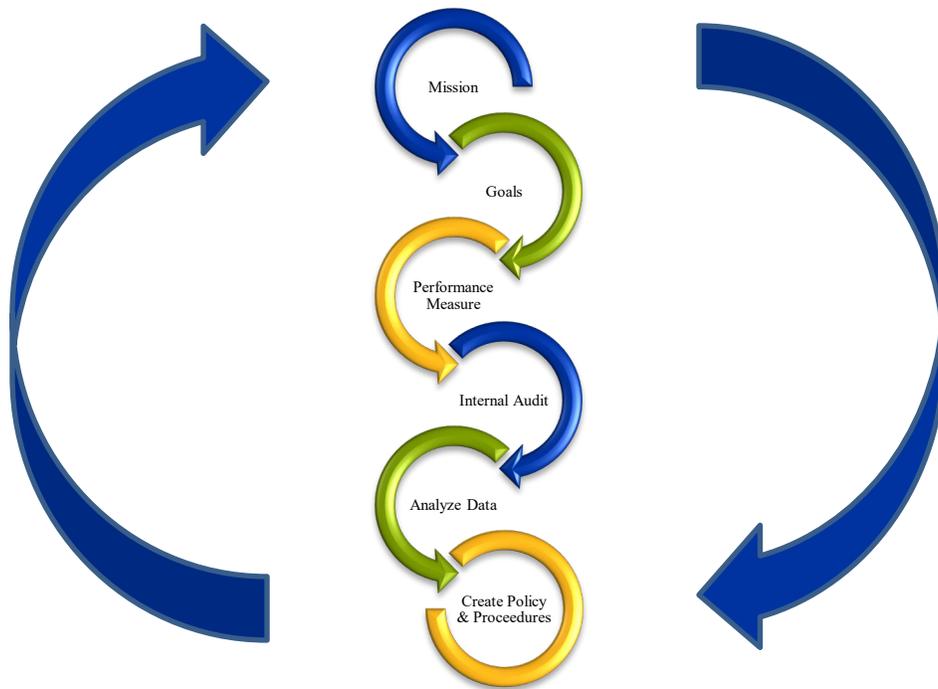
The Internal Audit Function for the City of Bondurant is the use of enterprise architecture as the framework and model for systematic evaluation, analysis, and communication of operation execution, resource allocation, and policy and procedure compliance. It is a perpetual cycle; that at regular intervals focuses on a different facet of the organization and a mechanism used during daily tasks and procedures. The Federated Model is the approach the city will use/uses to achieve the framework for the Internal Audit Function. The model looks at the City as an organization of coherent but distinct member architectures that conform to an overarching corporate or parent architecture. The City of Bondurant implements this model in the way that the central administration of government is the parent architecture and the various departments are the member architectures. This structure recognizes that each federation member (department) has unique goals, needs and services provided in addition to common roles and responsibilities with fellow members. While relatively autonomous from each other, the departments also inherit certain rules, polices, procedures, and services from the parent architecture (central administration of government). A federated architecture allows each department the autonomy needed to fulfill its mission while ensuring enterprise wide connectivity and alignment where appropriate.

The City Administrator is the director of the City. As such, the Administrator is the designee responsible for maintaining the internal audit function for the each City Department as a whole. The City Administrator will prepare and present performance reports to the Elected Officials with recommendations as necessary. The individual Director of each Department are responsible for the process in their respective departments. The Department Directors will prepare and present

performance reports to the City Administrator and Elected Officials. The internal audit function of central administration government falls under the purview of the Finance Director.

The process to perform the continuous cycle of organizational review that leads to strategic evaluation and strong internal controls through internal auditing is as follows:

1. Identify the mission statement of the City and each of the departments. Examine and review each to ensure they are aligned with the City's mission statement.
2. Identify the goals of the City and each of the departments. Examine and review each to ensure they are aligned with the City's goals.
3. Develop performance measures to evaluate if the City and departments within it are achieving the goals.
4. Audit the roles, resources, and responsibilities of each person as well as policies, processes, and procedures within the departments to evaluate if they are able to achieve the goals.
5. Analyze the data from the audit
6. Produce recommendation for improvement and efficiencies.



To achieve the process to perform the continuous cycle of organizational review that leads to strategic evaluation and strong internal controls through internal auditing following is required:

1. Investment in technology and software to create dashboards for department heads, generate automation to reduce errors, and create capacity in the workflow.
2. Cross-training members to create a more cooperative environment, allow for audit delegation, and depth in the personnel roster.

For a complete list of the City of Bondurant's Financial Policies, follow the link below.

<https://www.cityofbondurant.com/finance-department/pages/financial-policies>.

Awards and Acknowledgements

The City of Bondurant as an organization and staff have been recognized locally, at the State, and International levels by municipal associations and Chamber of Commerce. The following is a list of awards since 2018.

- 2018, Iowa League of Cities, All-Star Community Award for the art installation Porch Swings and Fireflies
- 2019, Iowa City/County Municipal Association, Program of the Year Award for the Emergency Services Ultra High Pressure Program
- 2020, International City/County Municipal Association, Program Excellence Award – Community Health and Safety Award for the Emergency Services Ultra High Pressure Program
- 2020, American Planning Association – Iowa Chapter, Economic Development Planning for the City's Regional Master Plan
- 2020, American Planning Association – Iowa Chapter, Distinguished Leadership Award for a Professional Planner to Maggie Murray
- 2020, American Water Works Association – Iowa Chapter, Operator of the Year to Pat Collison
- 2021, Bondurant Chamber of Commerce, Organization of the Year to The Bondurant Community Library

Years 2020 and 2021 have been record-breaking for the City of Bondurant, in everything from infrastructure improvements to taxable valuations. While the staff faced many challenges such as relocating during building construction on both City Hall and the Library and pivoted to working from home as needed due to the COVID-19 pandemic, as a team staff prevented disruption in services and transition successfully to a vibrant and robust online presence. Every team member adapted to and collaborated in creating and implementing the policies, procedures, and technological infrastructure that contributed to all of the milestones achieved. City Management and the Finance Department would like to especially thank the Mayor and Council for continuing to participate in meetings via Zoom and coordinator in person attendance so that the City's official business could continue to move forward. We also thank the Public Works and Emergency Services staff for finding ways to keep the City operating and safe without comprising the health and safety of the community. Additionally, we commend the Bondurant Community Library for providing hotspot to anyone who needed them so that children were able to continue their education virtually and people were able to work from home. Creating digital content to keep patrons engaged, and delivering materials as a way to maintain service, while observing social distancing guidelines was extremely effective and well received by the community. City Hall staff is appreciated for creating a new website, building an electronic record retention system, and creating the platform through technology and policy to enable the City to continue to hold meetings and offering services without inconveniencing residents. It is due to all of these efforts – by Council, staff, and community volunteers – that the foundation has been built to achieve the future promise of the City of Bondurant's potential.

Respectfully Submitted,



Administrator

, ICMA-CM, SPHR

Jené Nichelle Jess, SHRM-CP City
Finance Director

Mayor & Council



Curt Sullivan, Mayor

csullivan@cityofbondurant.com

Term Expires January 2022

Tara Cox, Council

tcox@cityofbondurant.com

Term Expires January 2024



Doug Elrod, Council

delrod@cityofbondurant.com

Term Expires January 2024



Wes Enos, Council

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Term Expires January 2022



Angela McKenzie, Council

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Term Expires January 2024



Bob Pepper, Council

bpepper@cityofbondurant.com

Term Expires January 2022



City Administrator

Marketa Oliver, City
Administrator
moliver@cityofbondurant.com



Department Heads

Shelby Hagan, City
Clerk

shagan@cityofbondurant.com



John Horton, Public
Works Director

jhorton@cityofbondurant.com

Jené Jess, Finance
Director

injess@cityofbondurant.com



Aaron Kreuder, Fire
Chief

akreuder@cityofbondurant.com

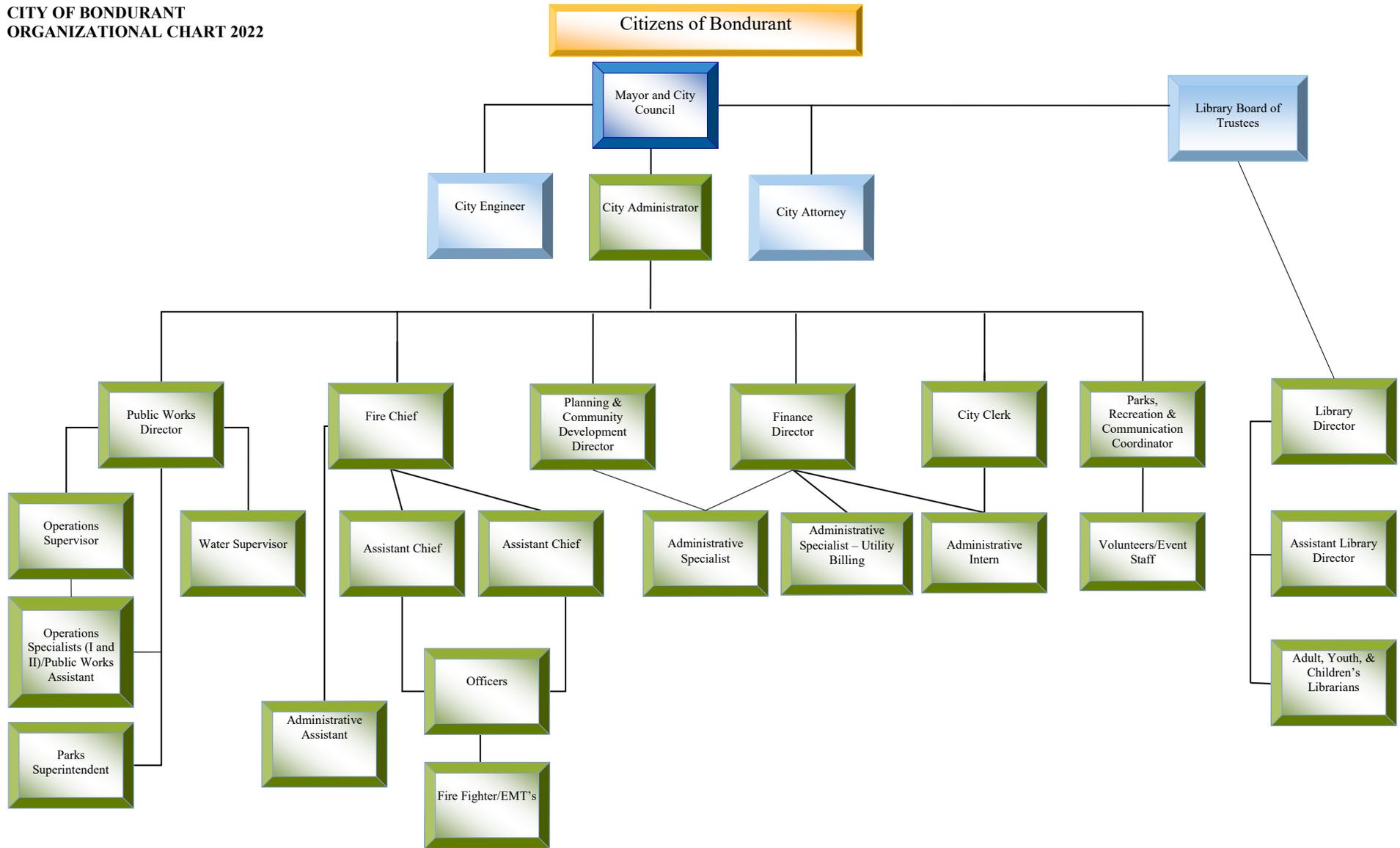
Maggie Murray,
Planning & Community
Development Director

planning@cityofbondurant.com



Jill Sanders, Library
Director

jsanders@cityofbondurant.com



Bondurant

Mission, Vision, Values, & Goals

Vision Statement

The City of Bondurant shall be a model of excellence, a safe, well-planned community with equal opportunity for all. Bondurant will continue its legacy as a friendly community embracing its natural beauty while providing a safe, peaceful, and progressive environment to live, work, and play, and where businesses thrive. A vibrant, strong, and active multi-generational population will enjoy its spirit of community, connection, and charm.

Mission Statement

In partnership with our community, the mission of the City of Bondurant is to protect and enhance the quality of life by providing a high level of dependable service with honesty and integrity in an efficient and responsive manner for all the citizens. The City will continue to address changing citizen and community needs with fiscally responsible and professional behaviors and maintain a safe, livable environment through teamwork, innovation, and regional collaboration.

Values

- We believe in honest, open, democratic government. We are dedicated to the highest ideals of honor and integrity in order to merit the respect, trust and confidence of the citizens of Bondurant.
- We believe our primary responsibility is to those who live, work, visit or otherwise come in contact with our City. We are committed to enhancing the quality of life by providing exemplary services.
- We believe that service to the public is our reason for being and strive to deliver quality services in a highly professional and cost effective manner and that prudent stewardship of public funds is essential for citizen confidence in government.
- We believe that continuous improvement is the mark of professionalism and are committed to applying this principle to the services we offer and the development of our employees.
- We believe that the employees of the City are its most important resource, and through them our mission and vision will be accomplished. We will support them with dignity, respect and fairness.
- We believe that planning, training, and teamwork will fulfill our mission and vision for the future of the City of Bondurant.
- We believe that the public is best served when departments and employees work cooperatively as a team in a positive working environment.
- We believe that the City is most effective when elected officials, volunteers, and employees are creative and innovative and embrace technological advances to enhance efficiency and decrease costs.
- We believe in honoring diversity and protecting individual rights. Open communication, respect for others, compassion, and a sense of humor are essential tools in our organization. We value the cultural and social diversity that is reflected in our community, and we welcome the changes and new perspectives that this diversity brings to us.

Goals

- Provide expedient, courteous service to new and prospective residents and businesses
- Establish cost effective administration practices
- Implement policies and projects which improve the City's image
- Expand public safety services
- Continually upgrade the City's infrastructure
- Reduce the City tax rate
- Improve recreation facilities & activities
- Support planned, organized growth
- Promote economically feasible commercial development

FINANCIAL SECTION



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, 2020, 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, 2020, 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 four years ended June 30, 2019 (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 five 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, 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 18 through 28 and 57 through 68 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 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 03/26/2021

Management's Discussion and Analysis

Management of the City of Bondurant, Iowa (the "City"), provides this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2020. It is encouraged for readers to consider this information in conjunction with the letter of transmittal, which is located in the Introductory Section at the front of this report and the City's financial statements, which follow.

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.
- Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

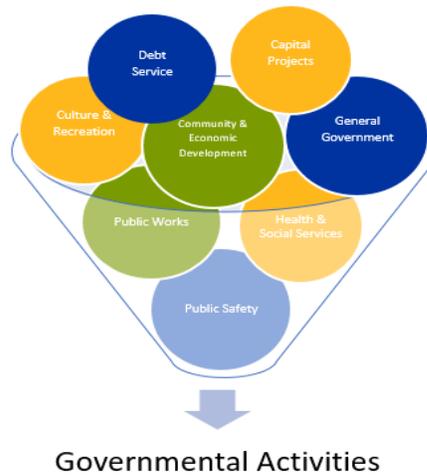
One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

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.

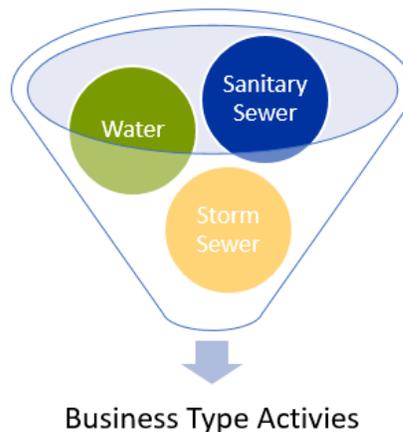
The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- 1) 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 grants both State and Federal finance most of these activities. 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 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.



- 2) Business Type Activities include the waterworks, the sanitary sewer system and the storm water system. These activities are financed primarily by user charges. Business Type Activities are accounted for in the City's Enterprise Funds. 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.



Fund financial statements.

A fund is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bondurant, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, which are described in further detail as follows:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements, and is typically the basis used in developing the next annual budget.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

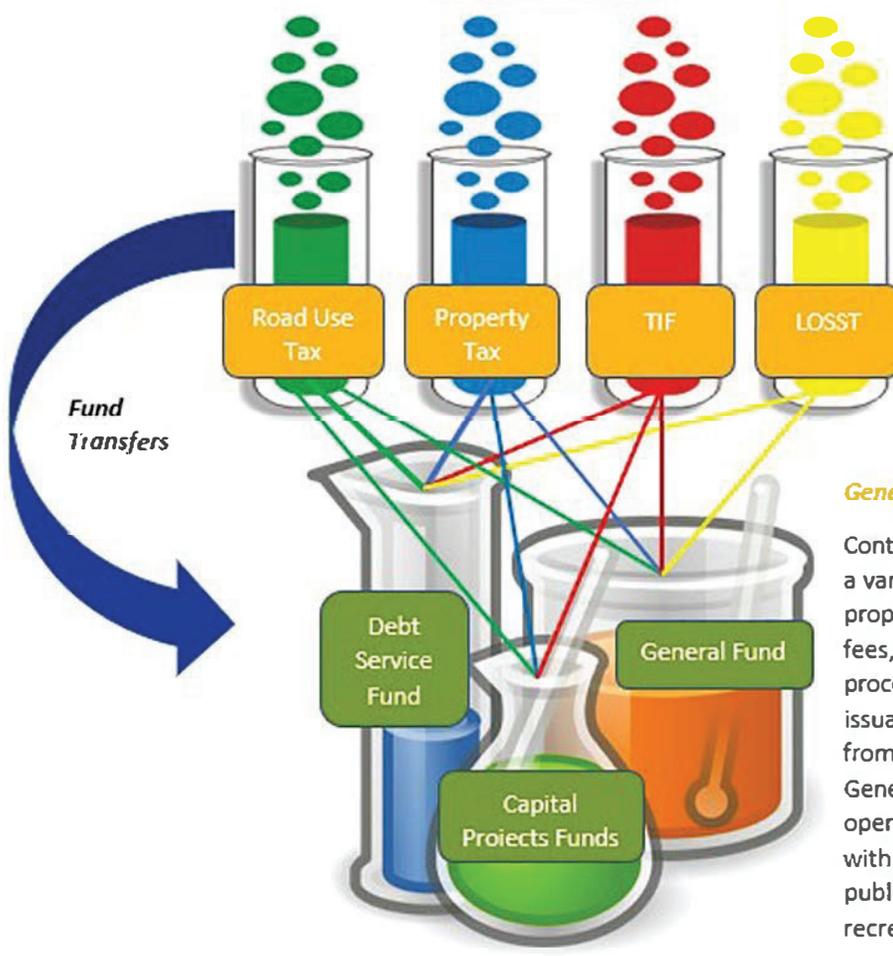
The City maintains several individual governmental funds, when capital project funds aggregate. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the General Fund, Road Use, Tax Increment Financing Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds combine into a single, aggregated presentation under the column heading Non-major Governmental Funds. Individual fund data for each of these Non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the activity of all funds. Formal and legal budgetary control as required by state statute is based upon nine major classes of expenditures known as functions, not by fund or fund type.

Enterprise funds consist of two different types of funds, enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has three individual enterprise funds. The city has an internal service funds to account for the staff's FSA plan. That fund is not characteristic of the internal service funds discussed in this section, as it is accounted for with the governmental funds.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the major water, storm water, and the sanitary sewer (solid waste) operations funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Governmental Funds



Special Revenue Funds

Proceeds from a specific source and are required by law or regulation to be accounted for separately and used for a specific purpose. Examples include Tax Increment Finance, Road Use Tax, and the property taxes dedicated to employee benefits. The City has 5 of these funds.

General Fund

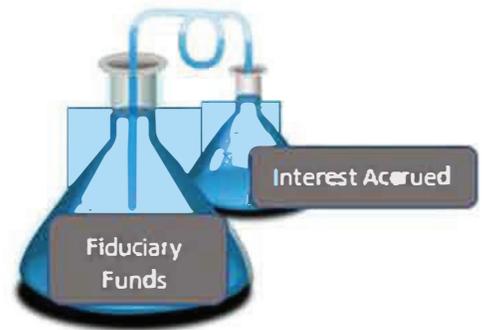
Contains the proceeds from a variety of sources, property taxes, service fees, permits, grants, proceeds from debt issuances, and transfers from other funds. The General Fund supports operations most identified with the City: public safety, public works, parks and recreation.

Debt Service Fund

Dedicated for principal and interest payments on the City's long-term debt.

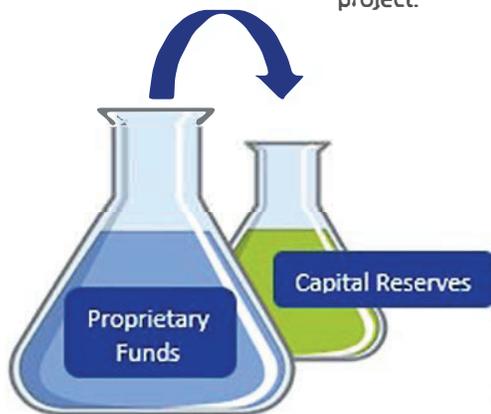
Capital Projects Funds

Used by the City to account for the resources used in the acquisition and construction of large capital projects. The City has 1 fund for each capital project.



Fiduciary Funds

Used to account for resources that are legally restricted so that only the interest earnings may support specific operations. The City has 1 fund of this kind, it is for the Cemetery.



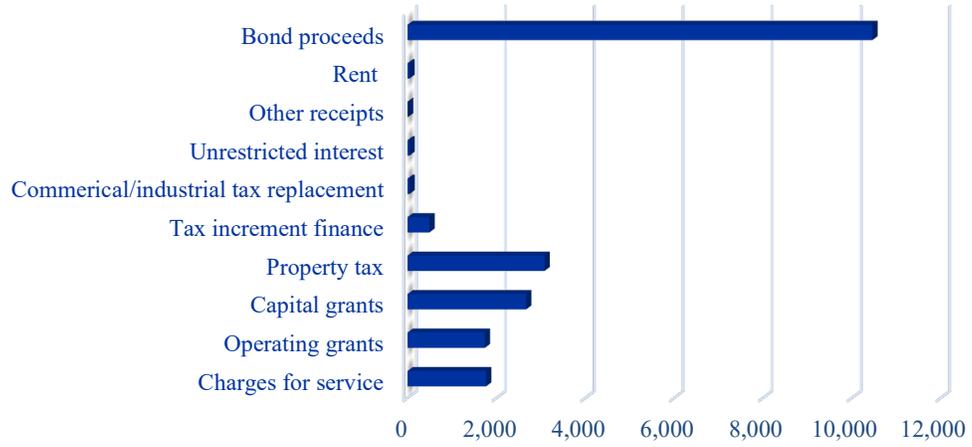
Proprietary Funds

Operate in a manner similar to a business, used for the City's utility funds. Due to the expense associated with infrastructure investments, enterprise funds often have large amounts of cash that are being held in reserve for future improvements. The City has 3 of these funds.

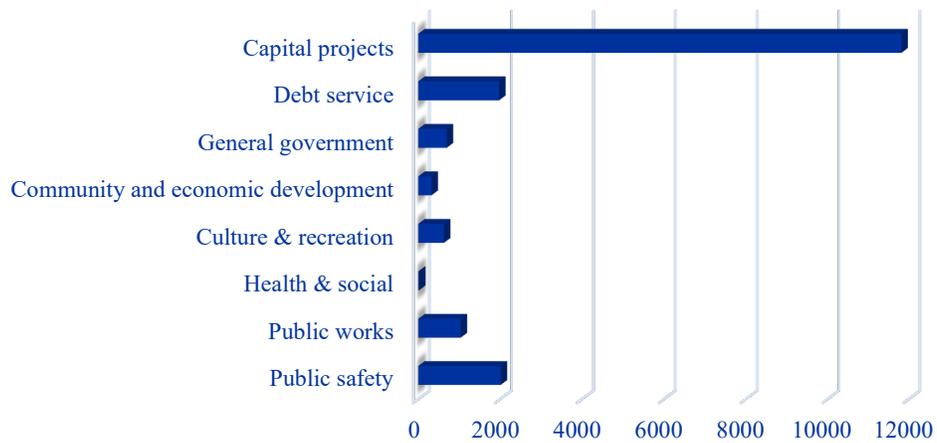
Condensed Comparative Financial Data

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 1,768	756
Operating grants, contributions and restricted interest	1,739	948
Capital grants, contributions and restricted interest	2,668	20
General receipts:		
Property tax	3,084	2,764
Tax increment financing	578	484
Other City Taxes	304	25
Commercial/industrial tax replacement	45	92
Unrestricted interest on investments	44	49
Rent	42	22
Bond, note and loan proceeds	10,097	0
Premium on other financing sources	366	0
Other general receipts	10	16
Total receipts	<u>20,745</u>	<u>5,176</u>
Disbursements:		
Public safety	2,012	1,830
Public works	1,034	1,133
Health and social services	16	13
Culture and recreation	626	565
Community and economic development	323	387
General government	693	684
Debt service	1,973	1,189
Capital projects	11,818	616
Total disbursements	<u>18,495</u>	<u>6,417</u>
Change in cash basis net position before transfers	2,250	(1,241)
Transfers, net	293	185
Change in cash basis net position	2,543	(1,056)
Cash basis net position beginning of year	2,885	3,941
Cash basis net position end of year	<u>\$ 5,428</u>	<u>2,885</u>

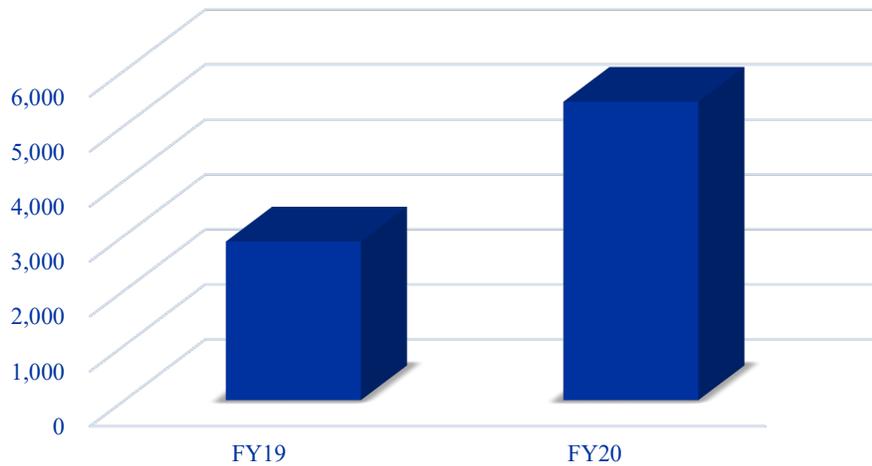
Receipts by Source



Disbursement by Function

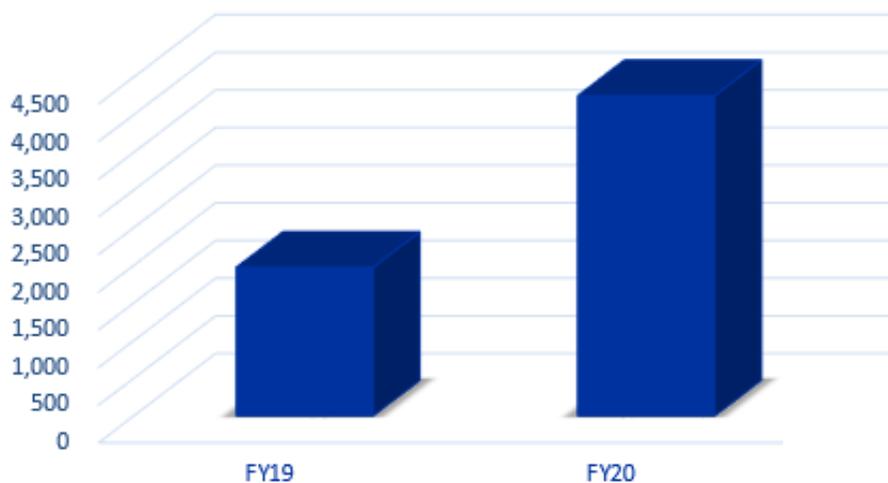


Net Position Comparison



Changes in Cash Basis Net Position of Business Type Activities			
		Year ended June 30,	
		2020	2019
Receipts:			
Program receipts:			
Charges for service			
Water	\$	1,286	1,036
Sewer		1,368	1,266
Storm water		242	164
Operating grants, contributions and restricted interest		152	251
General receipts:			
Bond, note and loan proceeds		2,665	
Unrestricted interest on investments		12	32
Total receipts		5,725	2,749
Disbursements:			
Water		1,190	1,384
Sewer		1,768	1,654
Storm water		191	189
Total disbursements		3,149	3,227
Change in cash basis net position before transfers		2,576	(478)
Transfers, net		(295)	(185)
Change in cash basis net position		2,281	(663)
Cash basis net position beginning of year		1,969	2,632
Cash basis net position end of year	\$	4,250	1,969

Net Position Comparison



Analysis of Net Position and Result of Operation

Governmental Activities

Net Position is the difference between all of the City's inflow of resources and outflow of resources, plus the ending net position of the previous year. It permits users to assess whether the City's financial situation is improving or deteriorating for its governmental and business-type activities.

As of June 30, 2020, receipts of the City's governmental activities were \$20,744,994, an increase of 300.792%, or approximately \$15,567,000 from fiscal year 2019. The city engaged in a large economic development project starting in Summer of FY20 that will continue into FY22. A piece of that project had a major impact to the City's receipts of intergovernmental funds. The City secured grant funding through the Revitalize Iowa's Sound Economy (RISE) Program as a reimbursable grant for the project. Grant accounts for 21.24% of the receipts for FY20. The remaining increase is attributable to the electing to participate Local Option Sales and Service Taxes (LOSST), bond proceeds and growth in all areas of revenue, as the population and commercial/industrial continues to flourish.

In 2017, balancing the ratio between commercial/industrial (CI) valuation and residential valuation became a long-term priority of City Management. In doing so, it makes revenues less susceptible to market fluctuation and lessens the tax obligation for citizens. To address the issue as an operational function City Management developed the Bondurant Economic Launch Program. When the City's Economic Launch Program began, single-family residential valuation comprised 88.51% of the City's value and CI represented only 10.17%. Since the implementation of the program, the City has secured additional economic development projects. Those project further balance the ratio of single-family residential and CI, with the value coming on line January 1, 2021. The composition of valuation between, with single-family residential of 67.4% and CI 31.81% in the post Economic Launch Program implementation timeframe indicate a stable and reliable revenue flow.

Following is information on Commercial building permits in the region for calendar years 2019 and 2020.

City	2020	Commercial Permits		Value
		Value	2019	
Altoona	99	\$19,707,242	84	\$219,561,749
Ankeny	124	\$116,557,691	134	\$152,428,309
Bondurant	8	\$34,653,021	12	\$306,397,935
Clive	11	\$28,378,595	18	\$39,164,575
Des Moines	443	\$277,353,322	621	\$338,724,992
Grimes	51	\$78,418,524	40	\$40,420,049
Indianola	7	\$2,998,950	7	\$13,349,690
Johnston	4	\$14,259,000	5	\$6,811,920
Norwalk	4	\$611,790	15	\$18,303,869
Pleasant Hill	6	\$7,376,177	10	\$14,322,926
Urbandale	121	\$46,663,842	86	\$42,539,123
Waukee	19	\$29,347,062	23	\$64,891,028
West Des Moines	171	\$506,801,708	208	\$329,587,063

Source: The Business Record

Upon review of the above graph with only 20 commercial building permits, Bondurant grew in value \$341,050,956 between 2019 and 2020. The large commercial building permits also have an impact on receipts to the City, as charges for them relate to project size.

Disbursements of the City's governmental activities were \$18,494,794, an increase of 188.219% or approximately \$12,078,000 from fiscal year 2019. The majority of the increase is attributable to

executing projects in the City's Comprehensive Capital Plan, engage in economic transformation through infrastructure development agreements, and fulfill the requirements of grants received. Operating cost stain total of the governmental activities stayed constant, increases to one department negating with decreases in another department. Fiscal Year 2020 had capital improvements, including the economic infrastructure development investments of \$11,818,003, an increase of \$11,202,335. Disbursements for public works decreased by \$98,328. Two factors contributed to the drop in public works spending; Polk County did road maintenance previously budgeted by the City and so many road improvements capital project underway decreasing the demand for budgeted annual maintenance. Public Safety showed the biggest increase of all the departments of the City. Increase is attributable to the purchase of a tower fire truck funded by bond proceeds. Debt service payments of interest for the newly issued bonds make up the remained in expenditure increase.

The City's total cash basis net position increased 88.1456% or approximately \$2,543,000 from fiscal year 2019 to fiscal year 2020. Of the \$5,429,134, \$2,266,913 is unrestricted.

Business-type Activities

Total business-type activities receipts for the fiscal year were approximately \$5,725,000 compared to \$2,749,000 last year. This increase is due to growth in consumption associated with city expansion and connection fees for large-scale commercial/industrial projects. Total disbursements for the fiscal year decreased by approximately 2.417% by a total of \$78,000. The decrease in the Enterprise Funds expenditures are alike the reasoning for the decrease in the Public Works Department of the Governmental Activities. With several large-scale infrastructure projects underway, the demand for utility structure maintenance decreased. While operationally the cost are consistent, the cost of sales a projected to rise significantly of the next few years. This is due wholesale rate increases by Des Moines Water Works and debt allocation from the joint venture with Water Reclamation Authority. Revenues projections remain sufficient to meet costs. The City staff underwent a recanvassing of the commercial/industrial impervious surfaces at the in FY21. The results of the changes will contribute the Stormwater Fund an approximate \$29,000 increase in revenues annually.

Budgetary Highlights

The City adopts an annual appropriated budget for its funds. The City adopted two budget amendments. Differences between the original budget and the final amended budget for the funds summarizes as follows:

- The total original revenue budget of \$8,849,246 increased to \$14,809,481, an increase of \$5,960,235. Amended revenues included increases in other city taxes (LOSST adoption elected after the original budget was adopted), building permits, and intergovernmental.

- The total original expenditure budget of \$15,975,829 increased to \$25,233,283, an increase of \$9,257,454. Amended expenditures included increases for additional medical supplies, technology infrastructure related to COVID-19, debris removal and overtime cost in conjunction with the Derecho, and the development agreement for the economic development project.

Differences between the final amended budget and the actual results for the funds summarizes as follows:

- The actual revenue results of \$13,309,588 were less than the final amended budget by \$1,499,893. The most significant variances being time lag a in reimbursement grant, COVID-19 related delinquent property taxes, and drops in Road Use tax and LOSST.

- The actual expenditure results of \$21,642,154 were less than the final amended budget by \$3,591,129. The most significant variances were due to timing of capital project disbursements, the

differed maintenance of streets and utilities structures, and the recreation programming cancelled due to the COVID-19 global pandemic.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$19,083,463.78 in bonds and other long-term debt compared to \$8,637,463 last year.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2020	2019
General obligation bonds and notes	\$15,245	7,220
Water capacity purchase	212	312
Water service agreement	359	461
Urban service area agreement	644	644
Revenue bonds	2,665	
	<u>\$16,460</u>	<u>8,637</u>

Debt increased because of the issuance of three bonds series 2020A GO CORP PURP BD, 2020B GO CORP PURP BD TIF, and 2020C SEWER REVENUE BONDS. The revenue bond does not count towards to City's legal debt limit.

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 with the City's corporate limits. The City's outstanding general obligation debt of \$15,245,000, including TIF debt of \$8,700,000, is below the City's Constitutional debt limit of \$20,498,744.

More detailed information about the City's long-term liabilities is presented in Schedule 3 on page 40 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The housing market showed an increase in building permits with in new single-family home permits issued from 77 to 80 due to expanded lot inventory. Currently the lot inventory is approximately 969 available lots. The economy in the area has been steady with a slight increase in our unemployment rate in the past year. Unemployment in Polk County now stands at 3% versus 2.5% a year ago.

Click the link to see the detailed economic dashboard.

<http://www.civildashboards.com/city/bondurant-ia-16000US1907390/>

These indicators were taken into account when adopting the budget for fiscal year 2021. Based on the tax rate of \$11.78549 from \$13.73549 per \$1,000 of taxable valuation in fiscal year 2020, the City expects to generate \$3,039,004 in property tax revenue for FY21. The Budget for FY22 anticipates a rate of \$11.73282 generating \$3,603,536 in property tax revenue.

The continued decrease in the levy rate is attributable to improvement towards a balanced and reliable ratio of single-family residential and commercial/industrial properties, growth in population and properties, and the commitment of City management and staff to containing operating cost.

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 or Jené Jess, Finance Director by e-mail jjess@cityofbondurant.com or at 200 Second Street, Northeast, P.O. Box 37, Bondurant, Iowa, 50035, 515-967-2418.

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, 2020

	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
Functions / Programs:							
Governmental activities:							
Public safety	\$ 2,011,969	932,318	270,509	-	(809,142)	-	(809,142)
Public works	1,034,299	356,514	723,667	-	45,882	-	45,882
Health and social services	15,950	-	-	-	(15,950)	-	(15,950)
Culture and recreation	626,073	37,354	91,792	-	(496,927)	-	(496,927)
Community and economic developm	322,634	-	59,531	-	(263,103)	-	(263,103)
General government	693,018	25,906	27,478	-	(639,634)	-	(639,634)
Debt service	1,972,848	-	-	1,372	(1,971,476)	-	(1,971,476)
Capital projects	11,818,003	415,977	565,933	2,666,419	(8,169,674)	-	(8,169,674)
Total governmental activities	18,494,794	1,768,069	1,738,910	2,667,791	(12,320,024)	-	(12,320,024)
Business type activities:							
Water	1,190,385	1,285,786	141,596	-	-	236,997	236,997
Sewer	1,768,168	1,367,658	197	-	-	(400,313)	(400,313)
Storm water	190,551	242,384	10,223	-	-	62,056	62,056
Total business type activities	3,149,104	2,895,828	152,016	-	-	(101,260)	(101,260)
Total	\$ 21,643,898	4,663,897	1,890,926	2,667,791	(12,320,024)	(101,260)	(12,421,284)
General Receipts and Transfers:							
Property tax and other city tax levied for:							
General purposes					2,386,209	-	2,386,209
Debt service					698,068	-	698,068
Tax increment financing					578,145	-	578,145
Other city tax					23,851	-	23,851
Hotel motel tax					1,020	-	1,020
Local option sales tax					279,184	-	279,184
Commercial/industrial tax replacement					44,950	-	44,950
Unrestricted interest on investments					43,780	12,588	56,368
Bond proceeds, net of \$682,882 premium					10,462,882	-	10,462,882
Proceeds of revenue bond					-	2,665,000	2,665,000
Rent					42,135	-	42,135
Sale of capital assets					10,000	-	10,000
Transfers					293,129	(295,422)	(2,293)
Total general receipts and transfers					14,863,353	2,382,166	17,245,519
Change in cash basis net position					2,543,329	2,280,906	4,824,235
Cash basis net position beginning of year					2,885,805	1,968,775	4,854,580
Cash basis net position end of year					\$ 5,429,134	4,249,681	9,678,815
Cash Basis Net Position							
Restricted:							
Nonexpendable:							
Cemetery perpetual care					\$ 23,357	-	23,357
Expendable:							
Streets					487,750	-	487,750
Capital projects					1,655,260	2,665,000	4,320,260
Debt service					485,235	-	485,235
Other purposes					510,619	327,109	837,728
Unrestricted					2,266,913	1,257,572	3,524,485
Total cash basis net position					\$ 5,429,134	4,249,681	9,678,815

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, 2020

	General	Special Revenue Road Use Tax	Debt Service	Capital Projects	Nonmajor	Total
Receipts:						
Property tax	\$ 1,881,525	-	698,068	-	504,685	3,084,278
Tax increment financing	-	-	-	-	578,145	578,145
Other city tax	294,848	-	5,158	-	4,049	304,055
Licenses and permits	823,638	-	-	-	-	823,638
Use of money and property	54,695	1,366	1,372	26,843	561	84,837
Intergovernmental	331,128	707,732	5,460	2,502,653	12,130	3,559,103
Charges for service	474,215	-	-	408,958	-	883,173
Special assessments	-	-	-	7,019	-	7,019
Miscellaneous	183,159	-	-	731,700	33,005	947,864
Total receipts	4,043,208	709,098	710,058	3,677,173	1,132,575	10,272,112
Disbursements:						
Operating:						
Public safety	1,865,795	-	-	-	146,174	2,011,969
Public works	412,470	573,503	-	-	48,326	1,034,299
Health and social services	15,950	-	-	-	-	15,950
Culture and recreation	524,830	-	-	-	101,243	626,073
Community and economic developme	265,430	-	-	-	57,204	322,634
General government	529,256	-	-	-	163,703	692,959
Debt service	-	-	1,972,848	-	-	1,972,848
Capital projects	-	-	-	11,818,003	-	11,818,003
Total disbursements	3,613,731	573,503	1,972,848	11,818,003	516,650	18,494,735
Excess (deficiency) of receipts over (under) disbursements	429,477	135,595	(1,262,790)	(8,140,830)	615,925	(8,222,623)
Other financing sources (uses):						
Bond proceeds, net of \$682,882 prem	2,348,684	-	323,360	7,790,838	-	10,462,882
Sale of capital assets	10,000	-	-	-	-	10,000
Transfers in	641,234	-	1,394,998	1,545,758	19,000	3,600,990
Transfers out	(1,798,853)	(89,833)	-	(851,015)	(568,160)	(3,307,861)
Total other financing sources (uses)	1,201,065	(89,833)	1,718,358	8,485,581	(549,160)	10,766,011
Change in cash balances	1,630,542	45,762	455,568	344,751	66,765	2,543,388
Cash balances beginning of year	910,563	441,988	29,667	1,310,509	193,019	2,885,746
Cash balances end of year	\$ 2,541,105	487,750	485,235	1,655,260	259,784	5,429,134
Cash Basis Fund Balances						
Nonspendable - Cemetery perpetual ca \$	-	-	-	-	23,357	23,357
Restricted for:						
Streets	-	487,750	-	-	-	487,750
Capital projects	-	-	-	1,655,260	-	1,655,260
Debt service	-	-	485,235	-	-	485,235
Other purposes	249,249	-	-	-	261,370	510,619
Assigned for garbage fund	71,373	-	-	-	-	71,373
Unassigned	2,220,483	-	-	-	(24,943)	2,195,540
Total cash basis fund balances	\$ 2,541,105	487,750	485,235	1,655,260	259,784	5,429,134

See notes to financial statements.

City of Bondurant
Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Cash Basis Statement of Activities and Net Position -
Governmental Funds

Exhibit C

As of and for the year ended June 30, 2020

Change in cash balances (page 16)	\$ 2,543,388
--	--------------

***Amounts reported for governmental activities
in the Cash Basis Statement
of Activities and Net Position are
different because:***

The Internal Service Funds are used by management to charge the costs of the flexible spending benefit plan. The change in cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

(59)

Change in cash basis net position of governmental activities (page 15)	<u><u>\$ 2,543,329</u></u>
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See notes to financial statements.

Left blank for statement of cash receipts, disbursements and changes in cash balances

**PROPIETARY FUNDS FINACIAL
STATEMENT**

City of Bondurant

Exhibit D

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

As of and for the year ended June 30, 2020

	Enterprise				Internal Service
	Water	Sewer	Nonmajor - Storm Water	Total	Flex Spending
Operating receipts:					
Charges for service	\$ 1,285,786	1,367,658	242,384	2,895,828	34,144
Miscellaneous	141,596	197	10,223	152,016	-
Total operating receipts	1,427,382	1,367,855	252,607	3,047,844	34,144
Operating disbursements:					
Governmental activities:					
General government	-	-	-	-	36,500
Business type activities	940,107	1,250,717	116,037	2,306,861	-
Total operating disbursements	940,107	1,250,717	116,037	2,306,861	36,500
Excess (deficiency) of operating receipts over (under) operating disbursements	487,275	117,138	136,570	740,983	(2,356)
Non-operating receipts (disbursements):					
Interest on investments	2,269	10,293	26	12,588	4
Debt service	(183,548)	-	-	(183,548)	-
Capital projects	(66,730)	(517,451)	(74,514)	(658,695)	-
Net non-operating receipts (disbursements)	(248,009)	(507,158)	(74,488)	(829,655)	4
Excess (deficiency) of receipts over (under) disbursements	239,266	(390,020)	62,082	(88,672)	(2,352)
Other financing sources (uses):					
Proceeds of revenue bond	-	2,665,000	-	2,665,000	-
Transfers in	-	215,000	-	215,000	2,293
Transfers out	(199,922)	(299,500)	(11,000)	(510,422)	-
Total other financing sources (uses)	(199,922)	2,580,500	(11,000)	2,369,578	2,293
Change in cash balances	39,344	2,190,480	51,082	2,280,906	(59)
Cash balances beginning of year	779,651	1,164,879	24,245	1,968,775	59
Cash balances end of year	\$ 818,995	3,355,359	75,327	4,249,681	-
Cash Basis Fund Balances					
Restricted for capital projects	\$ -	2,665,000	-	2,665,000	-
Restricted for deposits	327,109	-	-	327,109	-
Unrestricted	491,886	690,359	75,327	1,257,572	-
Total cash basis fund balances	\$ 818,995	3,355,359	75,327	4,249,681	-

See notes to financial statements.

NOTES TO THE FINACIAL STATEMENT

City of Bondurant

Notes to Financial Statements

June 30, 2020

(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 unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

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 7.

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.

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.

Additionally, the City reports a nonmajor proprietary fund. The Internal Service, Flex Spending Fund is utilized to account for employee flexible benefits.

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. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½ % per month penalty for

delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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.

Assigned – Amounts the City Council intends to use for specific purposes.

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, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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 which are valued at an amortized cost of \$4,156,164. 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) Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020.

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$7,220,000	9,180,000	1,155,000	15,245,000	960,000
Direct Placements:					
General Obligation Anticipation Project Note	-	600,000	600,000	-	-
Governmental activities total	<u>\$7,220,000</u>	<u>9,780,000</u>	<u>1,755,000</u>	<u>15,245,000</u>	<u>960,000</u>
Business type activities:					
Direct Borrowings:					
Sewer Revenue Bond	\$ -	2,665,000	-	2,665,000	145,000
Water Supply Rights	311,700	-	99,800	211,900	51,400
Water Service Agreement	431,506	-	72,195	359,311	63,796
Urban Service Area Agreement	644,457	-	-	644,457	162,742
Business-type activities total	<u>\$1,387,663</u>	<u>2,665,000</u>	<u>171,995</u>	<u>3,880,668</u>	<u>422,938</u>

General Obligation Bonds

A summary of the City's June 30, 2020 general obligation bonds payable is as follows:

Year Ending June 30,	Corporate Purpose Series 2011			Corporate Purpose Series 2013A		
	Issued July 6, 2011			Issued June 12, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	2.60%	\$ 115,000	24,043	1.25%	\$ 245,000	13,760
2022	2.80%	120,000	21,053	1.45%	145,000	10,697
2023	3.00%	125,000	17,693	1.70%	150,000	8,595
2024	3.20%	135,000	13,943	1.90%	155,000	6,045
2025	3.30%	140,000	9,623	2.00%	155,000	3,100
2026-2030	3.45%	145,000	5,003	-	-	-
2031-2034		-	-	-	-	-
		<u>\$ 780,000</u>	<u>91,358</u>		<u>\$ 850,000</u>	<u>42,197</u>

Year Ending June 30,	Refunding Series 2013B Issued June 12, 2013			Water Series 2014A Issued March 5, 2014		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2021	1.25%	\$ 255,000	6,957	2.20%	\$ 55,000	23,635
2022	1.45%	260,000	3,770	2.20%	55,000	22,425
2023		-	-	2.50%	60,000	21,215
2024		-	-	2.50%	60,000	19,715
2025		-	-	2.70%	115,000	18,215
2026-2030		-	-	2.85-3.40%	485,000	39,140
2031-2034		-	-		-	-
		<u>\$ 515,000</u>	<u>10,727</u>		<u>\$ 830,000</u>	<u>144,345</u>
Year Ending June 30,	Urban Renewal Bonds Series 2017 Issued May 31, 2017			Corporate Purpose Series 20198 Issued June 28, 2018		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2021	1.55%	\$ 100,000	15,630	4.00%	\$ 190,000	83,590
2022	1.70%	135,000	14,080	4.00%	235,000	75,990
2023	1.85%	135,000	11,785	4.00%	245,000	66,590
2024	2.00%	140,000	9,287	4.00%	255,000	56,790
2025	2.20%	140,000	6,487	4.00%	255,000	46,590
2026-2030	2.35%	145,000	3,407	3.00-3.10%	1,115,000	88,710
2031-2034		-	-		-	-
		<u>\$ 795,000</u>	<u>60,676</u>		<u>\$2,295,000</u>	<u>418,260</u>
Year Ending June 30,	Corporate Purpose Series 2020A Issued February 5, 2020			Urban Renewal Series 2020B Issued February 5, 2020		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2021		\$ -	93,000		\$ -	276,400
2022	3.00%	100,000	69,750	4.00%	100,000	207,300
2023	3.00%	165,000	66,750	4.00%	510,000	203,300
2024	3.00%	190,000	61,800	4.00%	520,000	182,900
2025	4.00%	195,000	56,100	4.00%	530,000	162,100
2026-2030	3.00-4.00%	1,030,000	162,800	2.00-4.00%	2,835,000	494,700
2031-2034	2.00-3.00%	455,000	15,950	2.00%	2,550,000	129,300
		<u>\$2,135,000</u>	<u>526,150</u>		<u>\$7,045,000</u>	<u>1,656,000</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 960,000	537,015	1,497,015
2022	1,150,000	425,065	1,575,065
2023	1,390,000	395,928	1,785,928
2024	1,455,000	350,480	1,805,480
2025	1,530,000	302,215	1,832,215
2026-2030	5,755,000	793,760	6,548,760
2031-2034	3,005,000	145,250	3,150,250
	<u>\$15,245,000</u>	<u>2,949,713</u>	<u>18,194,713</u>

On July 6, 2011, the City issued \$1,550,000 of general obligation corporate purpose bonds with interest rates ranging from 1.00% to 3.45% per annum. The bonds were issued to construct street, storm sewer and sanitary sewer improvements; acquiring an ambulance and public works vehicle; constructing parking and paving improvements at or near the municipal public works shop; construction of recreation trail improvements; providing funding assistance to the City's storm water utility fund; acquiring and improving a facility to serve as the municipal public works garage and updating the comprehensive plan. During the year ended June 30, 2020, the City paid \$115,000 of principal and \$26,803 of interest on the bonds.

On June 12, 2013, the City issued \$2,265,000 of general obligation corporate purpose bonds with interest rates ranging from 0.30% to 2.00% per annum. The bonds were issued to pay costs of constructing improvements to the municipal sanitary sewer system; planning, designing and constructing improvements to the municipal storm sewer system; acquiring equipment for the fire department; constructing street improvements; constructing improvements to the City parks; constructing recreation trails, trailhead, depot, parking and shelter improvements and facilities; reviewing and updating the City's zoning ordinance; acquiring land for planning, designing, and constructing a new community center; acquiring and improving land located in the City's floodplain; constructing and equipping new municipal parks; and to pay the costs of issuance of the bonds. During the year ended June 30, 2020, the City paid \$275,000 of principal and \$16,648 of interest on the bonds.

On June 12, 2013, the City issued \$1,745,000 of general obligation refunding bonds with interest rates ranging from 0.50% to 1.45% per annum. The bonds were issued to advance refund on June 1, 2015, \$1,675,000 of the outstanding General Obligation Corporate Purpose Bonds, Series 2007, dated July 2, 2007, maturing 2016 through 2022. During the year ended June 30, 2020, the City paid \$250,000 of principal and \$9,582 of interest on the bonds.

On March 5, 2014, the City issued \$1,130,000 of general obligation water bonds with interest rates ranging from 0.50% to 3.40% per annum. The bonds were issued to pay the costs of acquiring water supply rights for the Municipal Waterworks Utility System. During the year ended June 30, 2020, the City paid \$50,000 of principal and \$24,485 of interest on the bonds.

On March 3, 2016, the City issued \$1,065,000 of general obligation urban renewal refunding bonds with interest rates ranging from 0.70% to 1.10% per annum. The bonds were issued to current refund, on June 1, 2016, \$1,030,000 of the outstanding General Obligation Urban Renewal Corporate Purpose Bonds, Series 2008, dated September 2, 2008, maturing 2017 through 2020. During the year ended June 30, 2020, the City paid \$245,000 of principal and \$2,695 of interest on the bonds.

On May 31, 2017, the City issued \$895,000 of general obligation urban renewal bonds with interest rates ranging from 1.40% to 2.35% per annum. The bonds were issued to pay the costs of acquiring land and constructing park and recreation improvements and facilities. During the year ended June 30, 2020, the City paid \$100,000 of principal and \$17,030 of interest on the bonds.

On June 28, 2018, the City issued \$2,455,000 of general obligation corporate purpose bonds with interest rates ranging from 3.00% to 4.00% per annum. The bonds were issued to pay the costs of constructing street, culvert, water system, sidewalk, sanitary sewer system and storm water drainage improvements; acquiring and equipping an ambulance; improving and equipping existing municipal parks; developing downtown parking facilities; establishing, improving, and equipping a new municipal park; constructing a natural gas main; underground electric utility lines and planning for future community land use; infrastructure and transportation needs. During the year ended June 30, 2020, the City paid \$120,000 of principal and \$88,390 of interest on the bonds.

On February 5, 2020, the City issued \$2,135,000 of general obligation corporate purpose bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were issued to pay the costs of constructing street, water system, sanitary sewer system, sidewalk and storm water drainage improvements; acquiring and installing street lighting, signage and signalization; acquiring a fire truck; acquiring vehicles and equipment for the municipal public works department; acquiring and installing furniture and A.V. equipment for City Hall; constructing improvements at City Hall and developing municipal parks. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds.

On February 5, 2020, the City issued \$7,045,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were issued to pay the costs of constructing improvements to City Hall; constructing street, culvert, water system, sidewalk, sanitary sewer system and storm water drainage improvements; and acquiring and installing street lighting, signage and signalization improvements. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds.

Direct Placements - General Obligation Anticipation Project Note

On December 3, 2019, the City issued \$900,000 of general obligation anticipation project note with an interest rate of 2.10% per annum. The bonds were issued to pay the costs of constructing improvements to City Hall; constructing street, culvert, water system, sidewalk, sanitary sewer system and storm water drainage improvements; and acquiring and installing street lighting, signage and signalization improvements. During the year ended June 30, 2020, the City paid \$600,000 of principal and \$1,015 of interest on the note. This note matures on June 1, 2021.

Direct Borrowings - Sewer Revenue Bond

A summary of the City's June 30, 2020 direct borrowings sewer revenue bonds payable is as follows:

Sewer Refunding Bond Series 2020C						
Year Ending June 30,	Issued June 30, 2020			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2021	2.65%	\$ 145,000	64,933	145,000	64,933	209,933
2022	2.65%	150,000	66,780	150,000	66,780	216,780
2023	2.65%	155,000	62,805	155,000	62,805	217,805
2024	2.65%	160,000	58,698	160,000	58,698	218,698
2025	2.65%	165,000	54,458	165,000	54,458	219,458
2026-2030	2.65%	885,000	204,448	885,000	204,448	1,089,448
2030-2035	2.65%	1,005,000	81,488	1,005,000	81,488	1,086,488
		<u>\$ 2,665,000</u>	<u>593,610</u>	<u>2,665,000</u>	<u>593,610</u>	<u>3,258,610</u>

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,665,000 in sewer revenue bonds issued in June 2020. Proceeds from the bonds provided financing for the construction of improvements to the sanitary sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2035. The total principal and interest remaining to be paid on the bonds issued in June 2020 is \$3,258,610. For the current year, principal and interest paid and total customer net receipts were \$0 and \$0, respectively.

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

- (a) The bonds will only be redeemed from the future earnings of the Utility and the bond holder holds a lien on the future earnings of the funds.
- (b) The City shall establish a rate to be charged to customers in order to produce gross revenues at least sufficient to pay expenses of the operation and maintenance of the Utility, and to leave a balance of net revenues equal to at least 100% of the principal and interest of all outstanding bonds and notes due in the fiscal year.
- (c) Monthly transfers of 1/6 of the installment of interest next due and 1/12 of the installment of principal next due shall be made to a sewer revenue bond and interest sinking account. Monies in this fund are to be used solely for the purpose of paying principal and interest on the bonds.
- (d) A reserve account of \$110,349 is required to be maintained in the Enterprise, Sewer Fund.
- (e) All users of the system, including the City, are required to be charged for service.
- (f) All funds remaining after payment of all maintenance and operating expenses and the transfers to the restricted accounts noted above can be used to pay for extraordinary repairs or replacements to the system, may be used to pay or redeem any bonds, and then can be used for any lawful purpose.

Direct Borrowings – Water Supply Rights Loan Agreement

A summary of the City's June 30, 2020 direct borrowings water supply rights loan agreement payable is as follows:

Year Ending June 30,	Water Supply Rights			Total		
	Issued March 27, 2014					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2021	2.00%	\$ 51,400	4,238	51,400	4,238	55,638
2022	2.00%	52,400	3,210	52,400	3,210	55,610
2023	2.00%	53,500	2,162	53,500	2,162	55,662
2024	2.00%	54,600	1,092	54,600	1,092	55,692
		\$ 211,900	10,702	211,900	10,702	222,602

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. During the year ended June 30, 2020, the City paid \$99,800 of principal and \$8,363 of interest on the loan. These amounts represent the sum of the fiscal year 2019 and the fiscal year 2020 payment.

Direct Borrowings – Water Service Agreement

A summary of the City's June 30, 2020 direct borrowings water service agreement is as follows:

Year Ending June 30,	Water Service Agreement			Total		
	Issued October 30, 2012					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2021	3.00%	\$ 63,796	10,779	63,796	10,779	74,575
2022	3.00%	68,689	8,865	68,689	8,865	77,554
2023	3.00%	68,107	6,805	68,107	6,805	74,912
2024	3.00%	73,054	4,762	73,054	4,762	77,816
2025	3.00%	77,878	2,570	77,878	2,570	80,448
2026	3.00%	7,787	234	7,787	234	8,021
		\$ 359,311	34,015	359,311	34,015	393,326

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 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, 2020, a total of \$393,626 in principal and interest is owed in relation to this agreement.

During the year ended June 30, 2020, the City paid \$72,195 of principal and \$3,190 of interest on the agreement.

Direct Borrowings – Urban Service Area Agreement

A summary of the City's June 30, 2020 direct borrowings urban service area agreement is as follows:

Year Ending June 30,	Urban Service Area Agreement			Total		
	Issued February 10, 2009					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2021	4.50%	\$ 162,742	54,336	162,742	54,336	217,078
2022	4.50%	87,229	21,641	87,229	21,641	108,870
2023	4.50%	91,135	17,723	91,135	17,723	108,858
2024	4.50%	95,041	13,626	95,041	13,626	108,667
2025	4.50%	101,551	9,355	101,551	9,355	110,906
2026	4.50%	106,759	4,794	106,759	4,794	111,553
		<u>\$ 644,457</u>	<u>121,475</u>	<u>644,457</u>	<u>121,475</u>	<u>765,932</u>

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, 2020, a total of \$765,932 of principal and interest is owed in relation to this agreement. The amount owed in relation to this agreement is paid from the Enterprise, Sewer Fund. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the agreement. At June 30, 2020, the City is delinquent on this agreement, amounting to \$108,370.

(4) Operating Lease Agreement

The City entered into a lease in March 2020 to lease copier equipment at \$452 per month. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires in March 2025.

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, 2020:

Year Ended June 30,	Amount
2021	\$ 5,428
2022	5,428
2023	5,428
2024	5,428
2025	4,523
	<u>\$ 26,235</u>

During the fiscal year, total expenditures incurred in relation to this lease agreement were \$4,334.

(5) 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 \$5,825,000 is outstanding at June 30, 2020. 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 \$5,936,428 is outstanding at June 30, 2020. 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 \$7,020,000 is outstanding at June 30, 2020. 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 \$4,225,000 is outstanding at June 30, 2020. 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 \$7,220,000 is outstanding at June 30, 2020. 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.

(6) 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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at 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% 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% 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 were \$131,532.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$636,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.0109894%, which was an increase of 0.000923% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$150,820, \$133,071 and \$166,433, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,305,885	636,361	74,990

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.

(7) 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 with the second amended and restate agreement becoming effective on June 11, 2014. 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.

In May of 2013, the WRA issued Sewer Revenue Bonds Series 2013B for the purpose of refunding Series 2004B. The WRA Agreement requires the debt service of 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, 2020, the Series 2013B bonds had a balance of \$44,540,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$754,871.

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. The WRA Agreement requires the debt service of 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, 2020, the Series 2015E bonds had a balance of \$27,235,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$479,430.

The WRA Agreement requires the debt service on all State Revolving Loans issued after July 1, 2004 to be allocated to the participating communities based on the WRA flow of the core communities and expansion communities of each calendar year. As of June 30, 2020, the outstanding balance of State Revolving Loan issues totaled \$344,358,384 and the City of Bondurant's estimated future allocation is currently \$4,858,011.

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. The City retains a reversionary interest percentage in the net position of the WRA redeemable only in the event the WRA is dissolved. Since there is no specific and measurable equity interest in the WRA agreement, no investment in the joint venture has been reported by the City. During the year ended June 30, 2020, the City paid the WRA \$780,488 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.

(8) Interfund Transfers

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Urban Renewal Tax Increment	\$ 69,234
	Capital Projects	250,000
	Enterprise:	
	Water	50,000
	Sewer	265,000
	Storm Water	7,000
		<u>641,234</u>
Special Revenue:	Enterprise:	
Employee Benefits	Water	4,500
	Sewer	4,500
	Storm Water	4,000
		<u>13,000</u>
Special Revenue:	Special Revenue:	
Tree	Rod Use Tax	<u>6,000</u>
Debt Service	General	137,825
	Special Revenue:	
	Road Use Tax	83,833
	Urban Renewal Tax Increment	496,633
	Capital Projects	601,015
	Enterprise:	
	Water	75,692
		<u>1,394,998</u>
Capital Projects	General	1,446,028
	Enterprise:	
	Water	69,730
	Sewer	30,000
		<u>1,545,758</u>
Enterprise:	General	
Sewer		<u>215,000</u>
Internal Service:	Special Revenue:	
Flex Spending	Employee Benefits	<u>2,293</u>
	Total	<u>\$ 3,818,283</u>

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

(9) 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, 2020, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 101,033
Sick leave	70,903
Compensatory time	<u>8,273</u>
Total	<u>\$ 180,209</u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

(10) Related Party Transactions

The City has business transactions between the City and City officials totaling \$500 during the year ended June 30, 2020.

(11) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Development Agreements

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, 2020, the City made payments of \$40,119 to the developer. The balance remaining under the revised agreement at June 30, 2020 is \$35,761 and the amount appropriated for payment in the next fiscal year is \$35,761.

(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 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, 2020, \$12,741 of property tax was diverted from the City under the urban renewal and economic development agreements.

(14) Commitments

The City has entered into various agreements for infrastructure improvements. As of June 30, 2020, approximately \$9,100,000 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 2021. The City intends to pay for these costs from proceeds of debt received in fiscal year 2020 and from existing cash reserves.

In fiscal year 2020, the City has entered into agreements for the purchase of street equipment for a total cost of approximately \$224,000. This equipment will be paid for when it is received in fiscal year 2021. The City intends to pay for this cost from existing cash reserves.

(15) 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.

(16) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the City, remains uncertain. To date, the outbreak has not created a material disruption to the operations of the City. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonable estimate the potential impact to the City's operations and finances.

(17) Subsequent Events

The City has evaluated all subsequent events through March 26, 2021 the date the financial statements were available to be issued.

(18) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

**OTHER SUPPLEMENTARY
INFORMATION**

City of Bondurant

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2020

	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	\$ 3,084,278	-	-	3,084,278	3,156,749	3,156,749	(72,471)
Tax increment financing	578,145	-	-	578,145	602,808	602,808	(24,663)
Other city tax	304,055	-	-	304,055	24,398	379,928	(75,873)
Licenses and permits	823,638	-	-	823,638	329,500	664,350	159,288
Use of money and property	84,837	12,592	4	97,425	18,093	64,099	33,326
Intergovernmental	3,559,103	-	-	3,559,103	1,259,298	6,177,036	(2,617,933)
Charges for service	883,173	2,929,972	34,144	3,779,001	2,882,000	3,335,699	443,302
Special assessments	7,019	-	-	7,019	9,400	16,359	(9,340)
Miscellaneous	947,864	152,016	22,956	1,076,924	567,000	412,453	664,471
Total receipts	10,272,112	3,094,580	57,104	13,309,588	8,849,246	14,809,481	(1,499,893)
Disbursements:							
Public safety	2,011,969	-	-	2,011,969	1,837,662	2,044,492	32,523
Public works	1,034,299	-	-	1,034,299	1,257,577	1,257,577	223,278
Health and social services	15,950	-	-	15,950	15,950	15,950	-
Culture and recreation	626,073	-	1,685	624,388	648,116	818,081	193,693
Community and economic development	322,634	-	-	322,634	218,867	325,599	2,965
General government	692,959	36,500	36,500	692,959	738,442	738,442	45,483
Debt service	1,972,848	-	-	1,972,848	1,345,065	2,039,030	66,182
Capital projects	11,818,003	-	-	11,818,003	6,094,792	14,349,707	2,531,704
Business type activities	-	3,149,104	-	3,149,104	3,819,358	3,644,405	495,301
Total disbursements	18,494,735	3,185,604	38,185	21,642,154	15,975,829	25,233,283	3,591,129
Excess (deficiency) of receipts over (under) disbursements	(8,222,623)	(91,024)	18,919	(8,332,566)	(7,126,583)	(10,423,802)	2,091,236
Other financing sources, net	10,766,011	2,371,871	2,293	13,135,589	6,601,000	10,463,062	2,672,527
Change in fund balances	2,543,388	2,280,847	21,212	4,803,023	(525,583)	39,260	4,763,763
Balances beginning of year	2,885,746	1,968,834	7,845	4,846,735	3,665,866	4,846,796	(61)
Balances end of year	\$ 5,429,134	4,249,681	29,057	9,649,758	3,140,283	4,886,056	4,763,702
See accompanying independent auditor's report.							

City of Bondurant

Notes to Other Information - Budgetary Reporting

June 30, 2020

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, two budget amendments increased budgeted disbursements by \$9,257,454. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, 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 Six Years*
(In Thousands)

Other Information

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.010989%	0.010066%	0.010800%	0.010121%	0.009984%	0.009019%
City's proportionate share of the net pension liability	\$ 623	637	719	637	493	358
City's covered payroll	\$ 1,070	882	898	792	687	595
City's proportionate share of the net pension liability as a percentage of its covered payroll	58.22%	72.20%	80.07%	80.43%	71.76%	60.17%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 132	80	81	71	61	53	51	43	36	32
Contributions in relation to the statutorily required contribution	(132)	(80)	(81)	(71)	(61)	(53)	(51)	(43)	(36)	(32)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 1,374	882	898	792	687	595	586	529	523	487
Contributions as a percentage of covered payroll	9.61%	9.07%	9.02%	8.96%	8.93%	8.67%	8.67%	8.07%	6.95%	6.65%
See accompanying independent auditor's report.										

City of Bondurant

Notes to Other Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.

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.

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, 2020

	Special Revenue							Permanent	Total
	Employee Benefits	Urban Renewal Tax Increment	Library Grant	EMS Grant	Park and Recreation	Tree	Bondurant Community Library Foundation	Cemetery Perpetual Care	
Receipts:									
Property tax	\$ 504,685	-	-	-	-	-	-	-	504,685
Tax increment financing	-	578,145	-	-	-	-	-	-	578,145
Other city tax	4,049	-	-	-	-	-	-	-	4,049
Use of money and property	-	110	157	-	-	-	-	294	561
Intergovernmental	8,544	-	3,586	-	-	-	-	-	12,130
Miscellaneous	-	-	7,429	-	-	-	22,956	2,620	33,005
Total receipts	517,278	578,255	11,172	-	-	-	22,956	2,914	1,132,575
Disbursements:									
Operating:									
Public safety	146,174	-	-	-	-	-	-	-	146,174
Public works	48,326	-	-	-	-	-	-	-	48,326
Culture and recreation	73,733	-	25,426	-	-	399	1,685	-	101,243
Community and economic development	17,085	40,119	-	-	-	-	-	-	57,204
General government	163,703	-	-	-	-	-	-	-	163,703
Total disbursements	449,021	40,119	25,426	-	-	399	1,685	-	516,650
Excess (deficiency) of receipts over (under) disbursements	68,257	538,136	(14,254)	-	-	(399)	21,271	2,914	615,925
Other financing sources (uses):									
Transfers in	13,000	-	-	-	-	6,000	-	-	19,000
Transfers out	(2,293)	(565,867)	-	-	-	-	-	-	(568,160)
Total other financing sources (uses)	10,707	(565,867)	-	-	-	6,000	-	-	(549,160)
Change in cash balances	78,964	(27,731)	(14,254)	-	-	5,601	21,271	2,914	66,765
Cash balances beginning of year	136,291	2,788	14,254	982	303	10,172	7,786	20,443	193,019
Cash balances end of year	\$ 215,255	(24,943)	-	982	303	15,773	29,057	23,357	259,784
Cash Basis Fund Balances									
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	-	-	-	23,357	23,357
Restricted for:									
Other purposes	215,255	-	-	982	303	15,773	29,057	-	261,370
Unassigned	-	(24,943)	-	-	-	-	-	-	(24,943)
Total cash basis fund balances	\$ 215,255	(24,943)	-	982	303	15,773	29,057	23,357	259,784

See notes to financial statements.

STATISTICAL SECTION

City of Bondurant

Schedule 4

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

For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Receipts:										
Property tax	\$ 3,084,278	2,784,742	2,406,986	2,166,780	1,982,540	1,757,715	1,635,189	1,540,915	1,434,131	1,309,877
Tax increment financing	578,145	484,339	434,070	467,205	480,316	488,924	506,265	383,187	386,986	380,845
Other city tax	304,055	24,582	24,992	26,493	27,569	35,586	27,889	28,005	16,624	17,013
Licenses and permits	823,638	228,104	361,107	347,335	194,112	183,622	89,816	121,876	53,055	46,584
Use of money and property	84,837	70,825	34,727	22,427	18,395	33,228	32,702	29,308	3,626	37,814
Intergovernmental	3,559,103	951,357	923,721	1,262,272	702,907	1,831,115	565,419	554,786	924,805	532,942
Charges for service	883,173	441,748	441,488	420,957	391,052	382,624	328,234	278,415	100,685	74,619
Special assessments	7,019	10,077	14,967	15,441	16,362	28,833	127,257	80,870	41,248	35,378
Miscellaneous	947,864	179,741	125,135	184,054	179,055	199,617	372,382	308,495	136,513	105,721
Total	\$ 10,272,112	5,175,515	4,767,193	4,912,964	3,992,308	4,941,264	3,685,153	3,325,857	3,097,673	2,540,793
Disbursements:										
Operating:										
Public safety	\$ 2,011,969	1,830,227	1,176,745	1,120,385	853,312	758,329	1,059,932	632,809	678,647	584,205
Public works	1,034,299	1,132,627	971,801	866,452	680,439	563,694	686,425	569,142	512,100	493,850
Health and social services	15,950	12,654	14,470	10,281	6,996	768	9,175	6,588	6,705	407
Culture and recreation	626,073	565,390	546,750	515,439	561,245	458,332	451,639	400,516	334,820	327,180
Community and economic development	322,634	387,412	199,089	216,737	194,051	265,458	247,107	228,550	250,404	210,810
General government	692,959	684,634	653,225	716,084	650,613	675,270	532,751	539,116	513,726	450,756
Debt service	1,972,848	1,188,828	1,096,109	1,037,266	1,042,441	2,687,731	906,123	1,026,071	642,169	629,253
Capital projects	11,818,003	615,668	421,362	1,221,061	739,970	2,022,760	758,952	1,144,472	1,608,596	1,239,397
Total	\$ 18,494,735	6,417,440	5,079,551	5,703,705	4,729,067	7,432,342	4,652,104	4,547,264	4,547,167	3,935,858
See accompanying independent auditor's report.										

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2018 final Actual Values were adjusted by the Polk County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2018, the taxable value rollback rate was 56.9180% of actual value for residential property; 56.1324% of actual value for agricultural property; 75.0000% of the actual value for multiresidential property; and 90.0000% of actual value for commercial and industrial property. No adjustment was ordered for utility property because its assessed value did not increase enough to qualify for reduction. Utility property is limited to an 8% annual growth.

The Legislature’s intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 3% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

PROPERTY VALUATIONS (1/1/2018 Valuation Taxes payable July 1, 2019 through June 30, 2020)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$338,465,678	\$186,326,822
Commercial	36,908,304	32,972,054
Industrial	2,918,527	2,596,127
Multiresidential	3,903,147	2,841,897
Utilities w/o Gas & Electric	<u>848,187</u>	<u>848,187</u>
Gross valuation	\$383,043,843	\$225,585,087
Less military exemption	<u>(316,692) ¹⁾</u>	<u>(316,692) ¹⁾</u>
Net valuation	\$382,727,151	\$225,268,395
TIF increment – (used to compute debt service levies and constitutional debt limit)	\$17,773,744	\$17,773,744
Taxed separately		
Ag. Land & Buildings	\$6,274,798 ¹⁾	\$3,521,386 ¹⁾
Gas & Electric Utilities	\$3,199,188	\$1,776,398

1) Reduced by \$1,852 of Ag. Land & Building military tax exemption.

2018 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

	<u>Gross Taxable Valuation¹⁾</u>	<u>Percent Total</u>
Residential	\$186,326,822	81.95%
Commercial and Industrial	35,568,181	15.64%
Multiresidential	2,841,897	1.25%
Utilities and Gas & Electric Utilities	<u>2,624,585</u>	<u>1.16%</u>
	\$227,361,485	100.00%

1) Excludes Taxable TIF Increment, Ag. Land and Ag. Buildings.

TREND OF VALUATIONS

<u>Assessment Year</u>	<u>Payable Fiscal Year</u>	<u>100% Actual Valuation</u>	<u>Taxable Valuation (With Rollback)</u>	<u>Taxable TIF Increment</u>
2014	2015-16	\$261,489,311	\$140,150,373	\$14,062,661
2015	2016-17	285,473,649	154,087,155	13,799,245
2016	2017-18	310,751,709	172,662,060	12,901,769
2017	2018-19	368,215,917	200,964,962	14,229,483
2018	2019-20	409,974,881	227,044,793	17,773,744

The 100% Actual Valuation, before rollback and after the reduction of military exemption, includes Ag. Land & Buildings, TIF Increment and Gas & Electric Utilities. The Taxable Valuation, with the rollback and after the reduction of military exemption, includes Gas & Electric Utilities and excludes Ag. Land & Buildings and Taxable TIF Increment. Iowa cities certify operating levies against Taxable Valuation excluding Taxable TIF Increment and debt service levies are certified against Taxable Valuation including the Taxable TIF Increment.

LARGER TAXPAYERS ¹⁾

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Polk County Auditor’s Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. With the exception of the electric and natural gas provider noted below (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City’s mill levy is applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>1/1/2018 Taxable Valuation²⁾</u>
Farmers Elevator Co.	Commercial	\$5,474,238
DNG Properties LLC	Commercial	5,151,150
Kadin Trail LLC	Multiresidential	3,505,569
Abilit Holdings (Hawthorne Crossing) LLC	Residential/Commercial	2,490,000
NM DCB LP	Commercial	2,430,000
Mulberry Pointe LLC	Multiresidential	2,300,056
KJH Residential LLC	Residential	2,131,286
Brick Street LLC	Commercial	1,881,000
MidAmerican Energy	Utility	1,775,978
CAB Properties LLC	Commercial	1,557,000

1) This list represents some of the larger taxpayers in the City, not necessarily the 10 largest taxpayers.

2) The 1/1/2018 Taxable Valuation listed represents only those valuations associated with the title holder and may not necessarily represent the entire taxable valuation.

Source: Polk County Auditor’s Office.

PROPERTY TAX LEGISLATION

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2019 legislative session, the Iowa General Assembly enacted Senate File 634 (the "2019 Act"). This bill modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the City's budget. The bill also includes a provision that will require the affirmative vote of 2/3 of the City Council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula. The 2019 Act does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Bonds. It is too early to evaluate the effect the 2019 Act will have on the overall financial position of the City or its ability to fund essential services.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "2013 Act"). Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The 2013 Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. The appropriation does not replace losses to local governments resulting from the 2013 Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for multi-residential properties from the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunication property that is subject to taxation.

The City has not attempted to quantify the financial impact of the 2013 Act's provisions on the City's future operations.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act or the 2019 Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues bonds, "[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes

by the City.

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2018 actual valuation currently applicable to the fiscal year 2019-20, is as follows:

2018 Actual Valuation of Property		\$410,037,329 ¹⁾
Legal Debt Limit of 5%		<u>0.05</u>
Legal Debt Limit	\$20,501,866	
Less: G.O. Debt Subject to Debt Limit	(16,400,000)	
Less: Other Debt Subject to Debt Limit		(79,418) ²⁾
Less: Developer Rebate Agreements		<u>(37,178) ³⁾</u>
Net Debt Limit	\$3,985,270	

- 1) As reported by the Polk County Treasurer's Office.
- 2) Represents total outstanding payments that have been appropriated for the fiscal year 2019-20 debt limit. Payments are supported by other sources and are not paid from the debt service levy.
- 3) Represents outstanding TIF Rebate Agreements that are subject to the City's fiscal year 2019-20 debt limit.

DIRECT DEBT

General Obligation Debt Paid by Taxes, Tax Increment, Road Use Tax Fund and Water Revenues (Includes the Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/05/20</u>
7/11	\$1,550,000	City Improvements	6/26	\$895,000
6/13A	2,265,000	City Improvements	6/25	1,125,000
6/13B	1,745,000	Refunding	6/22	765,000
3/14A	1,130,000	Water System Improvements	6/29	880,000
3/16A	1,065,000	Refunding	6/20	245,000
5/17	895,000	Land Purchase	6/26	895,000
6/18A	2,455,000	City Improvements	6/29	2,415,000
2/20A	2,135,000	City Improvements	6/32	2,135,000
2/20B	7,045,000	City Improvements	6/34	<u>7,045,000</u>
Total General Obligation Debt Subject to the Debt Limit				\$16,400,000

ANNUAL FISCAL YEAR GENERAL OBLIGATION DEBT SERVICE PAYMENTS

General Obligation Debt Paid by Taxes, Tax Increment, Road Use Tax Fund and Water Revenues(Includes the Bonds)

<u>Current Outstanding</u>			<u>2020A Bonds</u>		<u>2020B Bonds</u>		<u>Total Outstanding</u>	
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019-20	\$1,155,000	\$1,247,817 ¹⁾	\$0	\$0	\$0	\$0	\$1,155,000	\$1,247,817 ¹⁾
2020-21	960,000	1,127,615 ²⁾	0	0	0	274,097	960,000	1,401,712 ²⁾
2021-22	950,000	1,098,015	100,000	169,750	100,000	307,300	1,150,000	1,575,065
2022-23	715,000	840,878	165,000	231,750	510,000	713,300	1,390,000	1,785,928
2023-24	745,000	850,780	190,000	251,800	520,000	702,900	1,455,000	1,805,480
2024-25	805,000	889,015	195,000	251,100	530,000	692,100	1,530,000	1,832,215
2025-26	675,000	734,910	200,000	248,300	540,000	680,900	1,415,000	1,664,110
2026-27	395,000	432,480	200,000	240,300	555,000	674,300	1,150,000	1,347,080
2027-28	405,000	430,630	205,000	237,300	565,000	662,100	1,175,000	1,330,030
2028-29	<u>415,000</u>	428,240	210,000	234,100	580,000	654,500	1,205,000	1,316,840
2029-30			215,000	232,800	595,000	657,900	810,000	890,700
2030-31			225,000	236,350	610,000	661,000	835,000	897,350
2031-32			<u>230,000</u>	234,600	630,000	668,800	860,000	903,400
2032-33					645,000	671,200	645,000	671,200
2033-34					<u>665,000</u>	678,300	<u>665,000</u>	678,300
Total	\$7,220,000		\$2,135,000		\$7,045,000		\$16,400,000	

1) Excludes the December 1, 2019 interest payment in the amount of \$92,816.

2) Excludes capitalized interest payment in the amount of \$92,225 on the Series 2020A Bonds.

REVENUE DEBT

City Issued Revenue Debt Supported by Net Revenues of the Municipal Sewer and Water Systems 1)

The City has revenue debt payable solely from the net revenues of the Municipal Water & Sewer System as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/05/20</u>
5/05	\$1,221,213	Sewer Improvement	6/26	\$644,457 2)
3/14	500,000	Water Supply Rights	6/24	<u>262,300 3)</u>
Total				\$906,757

- 1) Excludes City's portion of the Des Moines Water Works Series 2012B Water Revenue Refunding Bonds.
- 2) Agreement with Polk County, Iowa for City's portion of sewer improvements which is subject to annual appropriation. Of the total amount listed only \$79,418 has been appropriated for fiscal year 2019-20.
- 3) Water Revenue Loan Agreement with the City of Pleasant Hill, Iowa to purchase additional water supply rights.

Des Moines Metropolitan Wastewater Reclamation Authority ("WRA") Existing Payment Obligations

The City is a member of the Des Moines Metropolitan Wastewater Reclamation Authority and has entered into a financing agreement with the WRA to provide for the City's share of capital contribution for the construction and ongoing expansion of a metropolitan waste water system. The City is responsible for a portion of the WRA sewer revenue debt payable from the revenues of their Sewer System; its responsibilities pursuant to the WRA Financing Agreement stand as nearly as practicable on a parity and equality of rank with the City's direct sewer revenue bonds and parity obligations.

The City's portion of outstanding WRA debt is as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/05/20</u>
6/08A	\$138,768	Sewer Improvements (SRF Loan)	6/39	\$199,948
6/08B	90,735	Sewer Improvements (SRF Loan)	6/39	129,184
6/08D	36,570	Sewer Improvements (SRF Loan)	6/38	50,092
2/09B	156,240	Sewer Improvements (SRF Loan)	6/39	166,448
7/09C	171,120	Sewer Improvements (SRF Loan)	6/39	182,267
4/10A	84,250	Sewer Improvements (SRF Loan)	6/40	107,350
4/10B	116,200	Sewer Improvements (SRF Loan)	6/40	143,557
6/10C-1	13,938	Sewer Improvements (SRF Loan)	6/32	21,405
6/10C-2	149,832	Sewer Improvements (SRF Loan)	6/32	160,542
5/11A	418,137	Sewer Improvements (SRF Loan)	6/42	555,204
1/11B	295,337	Sewer Improvements (SRF Loan)	6/41	338,980
5/11C	103,669	Sewer Improvements (SRF Loan)	6/41	125,239
12/11D	149,472	Sewer Improvements (SRF Loan)	6/43	212,530
5/12B	49,121	Sewer Improvements (SRF Loan)	6/42	60,510
5/12C	120,780	Sewer Improvements (SRF Loan)	6/43	171,378
5/12D	46,970	Sewer Improvements (SRF Loan)	6/42	64,751
11/12E	217,956	Sewer Improvements (SRF Loan)	6/43	275,174
11/12F	25,304	Sewer Improvements (SRF Loan)	6/43	31,916
11/12G	228,360	Sewer Improvements (SRF Loan)	6/44	339,158
4/13A	48,753	Sewer Improvements (SRF Loan)	6/43	73,666
6/13B	571,682	Sewer Revenue Refunding Bonds	6/34	782,596
1/14A	11,498	Sewer Improvements (SRF Loan)	6/34	15,197
2/14C	81,001	Sewer Improvements (SRF Loan)	6/34	112,174
2/14D	55,560	Sewer Improvements (SRF Loan)	6/34	76,739

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/05/20</u>
1/15A	86,118	Sewer Improvements (SRF Loan)	6/35	118,948
1/15B	2,363	Sewer Improvements (SRF Loan)	6/34	3,125
1/15C	24,000	Sewer Improvements (SRF Loan)	6/35	36,453
1/15E	329,843	Sewer Revenue Refunding Bonds	6/36	494,902
2/16A	69,286	Sewer Improvements (SRF Loan)	6/35	70,358
12/16E	13,568	Sewer Improvements (SRF Loan)	6/36	14,044
12/16F	278,000	Sewer Improvements (SRF Loan)	6/48	330,110
12/17A	378,480	Sewer Improvements (SRF Loan)	6/49	408,120
5/18A	41,832	Sewer Improvements (SRF Loan)	6/40	45,108
12/18D-1	107,400	Sewer Improvements (SRF Loan)	6/39	107,400
12/18D-2	85,920	Sewer Improvements (SRF Loan)	6/39	85,920
12/18E	121,362	Sewer Improvements (SRF Loan)	6/40	121,362
12/18F	64,440	Sewer Improvements (SRF Loan)	6/39	64,440
Total				\$6,296,295

See Notes below

The amounts above represent the City's share of the principal payments of the various issues. Other participating communities within the WRA area pay the remaining amounts. Flow-based allocations are subject to change on an annual basis; as such the amount outstanding may be greater than the amount issued due to fluctuations in flow.

NOTES:

- 1) The City's flow-based share of the WRA's Series 2008A SRF loan outstanding in the amount of \$13,272,000.
- 2) The City's flow-based share of the WRA's Series 2008B SRF loan outstanding in the amount of \$5,280,000.
- 3) The City's flow-based share of the WRA's Series 2008D SRF loan outstanding in the amount of \$2,050,000.
- 4) The City's flow-based share of the WRA's Series 2009B SRF loan outstanding in the amount of \$6,797,000.
- 5) The City's flow based share of the WRA's Series 2009C SRF loan outstanding in the amount of \$7,443,000.
- 6) The City's flow based share of the WRA's Series 2010A SRF loan outstanding in the amount of \$7,103,000.
- 7) The City's flow based share of the WRA's Series 2010B SRF loan outstanding in the amount of \$5,849,000.
- 8) The City's flow based share of the WRA's Series 2010C-1 SRF loan outstanding in the amount of \$1,994,000.
- 9) The City's flow based share of the WRA's Series 2010C-2 SRF loan outstanding in the amount of \$15,860,800.
- 10) The City's flow based share of the WRA's Series 2011A SRF loan outstanding in the amount of \$53,192,000.
- 11) The City's flow based share of the WRA's Series 2011B SRF loan outstanding in the amount of \$13,784,000.
- 12) The City's flow based share of the WRA's Series 2011C SRF loan outstanding in the amount of \$8,270,000.
- 13) The City's flow based share of the WRA's Series 2011D SRF loan outstanding in the amount of \$14,017,000.
- 14) The City's flow based share of the WRA's Series 2012B SRF loan outstanding in the amount of \$2,456,000.
- 15) The City's flow based share of the WRA's Series 2012C SRF loan outstanding in the amount of \$16,392,000.
- 16) The City's flow based share of the WRA's Series 2012D SRF loan outstanding in the amount of \$6,204,000.

- 17) The City's flow based share of the WRA's Series 2012E SRF loan outstanding in the amount of \$11,161,000.
- 18) The City's flow based share of the WRA's Series 2012F SRF loan outstanding in the amount of \$1,295,000.
- 19) The City's flow based share of the WRA's Series 2012G SRF loan outstanding in the amount of \$22,366,000.
- 20) The City's flow based share of the WRA's Series 2013A SRF loan outstanding in the amount of \$7,052,000.
- 21) The City's flow based share of the WRA's Series 2013B Refunding Bonds outstanding in the amount of \$48,730,000.
- 22) The City's flow based share of the WRA's Series 2014A SRF loan outstanding in the amount of \$1,495,000.
- 23) The City's flow based share of the WRA's Series 2014C SRF loan outstanding in the amount of \$4,676,000.
- 24) The City's flow based share of the WRA's Series 2014D SRF loan outstanding in the amount of \$5,195,000.
- 25) The City's flow based share of the WRA's Series 2015A SRF loan outstanding in the amount of \$8,057,000.
- 26) The City's flow based share of the WRA's Series 2015B SRF loan outstanding in the amount of \$307,000.
- 27) The City's flow based share of the WRA's Series 2015C SRF loan outstanding in the amount of \$1,521,000.
- 28) The City's flow based share of the WRA's Series 2015E Refunding Bonds outstanding in the amount of \$29,665,000.
- 29) The City's flow based share of the WRA's Series 2016A SRF loan outstanding in the amount of \$6,896,000.
- 30) The City's flow based share of the WRA's Series 2016E SRF loan outstanding in the amount of \$581,000.
- 31) The City's flow based share of the WRA's Series 2016F SRF loan outstanding in the amount of \$40,000,000.
- 32) The City's flow based share of the WRA's Series 2017A SRF loan outstanding in the amount of \$38,000,000.
- 33) The City's flow based share of the WRA's Series 2018A SRF loan outstanding in the amount of \$4,200,000.
- 34) The City's flow based share of the WRA's Series 2018D-1 SRF loan outstanding in the amount of \$10,000,000.
- 35) The City's flow based share of the WRA's Series 2018D-2 SRF loan outstanding in the amount of \$8,000,000.
- 36) The City's flow based share of the WRA's Series 2018E SRF loan outstanding in the amount of \$11,300,000.
- 37) The City's flow based share of the WRA's Series 2018F SRF loan outstanding in the amount of \$6,000,000.

Des Moines Metropolitan Wastewater Reclamation Authority Proposed Payment Obligations

WRA has authorized and is planning to issue the following State Revolving Fund Loans within the near future. The amounts below represent the City's share of the debt service payments of the proposed issues. Other participating communities of the WRA pay the remaining amount. Flow-based allocations are subject to change on an annual basis; as such the amount outstanding may be greater than the amount issued due to fluctuations in flow.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 02/05/20</u>
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TBD	\$128,236	Sewer Improvements (SRF)	6/39	\$128,236 ¹⁾
TBD	117,549	Sewer Improvements (SRF)	6/40	117,549 ²⁾
TBD	111,138	Sewer Improvements (SRF)	6/41	111,138 ³⁾
TBD	111,019	Sewer Improvements (SRF)	6/51	<u>111,019</u> ⁴⁾
Total				\$467,942

- 1) The City's flow-based share of the WRA's proposed SRF Loan in the amount of \$11,940,000.
- 2) The City's flow-based share of the WRA's proposed SRF Loan in the amount of \$10,945,000.
- 3) The City's flow-based share of the WRA's proposed SRF Loan in the amount of \$10,348,000.
- 4) The City's flow-based share of the WRA's proposed SRF Loan in the amount of \$10,337,000.

OVERLAPPING DEBT

<u>Taxing District</u>	<u>1/1/2018 Taxable Valuation</u> ¹⁾	<u>Portion of Taxable Valuation Within the City</u>	<u>Percent In City</u>	<u>G.O. Debt</u> ²⁾	<u>City's Proportionate Share</u>
Polk County	\$27,109,439,531	\$248,600,876 ³⁾	0.92%	\$254,626,000	\$2,342,559
Bondurant-Farrar CSD	570,606,704	248,580,528	43.56%	23,290,000	10,145,124
Southeast Polk CSD	2,251,208,779	20,348	0.00%	10,550,000	0
Des Moines Area Comm. College	50,504,396,751	248,600,876 ³⁾	0.49%	118,730,000	<u>581,777</u>

City's Share of Total Overlapping Debt

\$13,069,460

- 1) Taxable Valuation is less military exemption and includes Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
- 2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.
- 3) Includes city-exempt Phase In and Phase In Ag valuations in the amount of \$260,953.

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value (\$409,974,881)</u> ¹⁾	<u>Debt/5,493 Population</u> ²⁾
Total General Obligation Debt	\$16,400,000	4.00%	\$2,985.62
City's Share of Total Overlapping Debt	\$13,069,460	3.19%	\$2,379.29

- 1) Based on the City's 1/1/2018 100% Actual Valuation; includes Ag Land, Ag Buildings, all Utilities and TIF Increment.
- 2) Population based on the City's 2015 Special City Census.

**INTERNAL CONTROLS AND
COMPLIANCE SECTION**



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, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon date March 26, 2021. 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 I-A-20 and I-B-20 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, 2020 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 03/26/2021

City of Bondurant

Schedule of Findings

Year ended June 30, 2020

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-20 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.

Response - This issue relates to auditor independence, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with another comprehensive basis of accounting. Management does complete view and analysis of all documents produce by the auditors.

Conclusion - Response acknowledged.

I-B-20 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 – An instance was noted where, receipts on TIF bond proceeds were received into the TIF Special Revenue Fund, rather than the Capital Project Funds. These transactions were recorded in the accounting system and transferred to the correct fund, but were not properly recorded in the accounting system in accordance with the cash basis of accounting.

Cause – City policies do not require and procedures have not been established to provide for an independent review of receipts, disbursements and postings to the correct fund to ensure the City's financial statements are properly recorded in the accounting system in accordance with the cash basis of accounting.

Effect – Lack of City policies and procedures resulted in City employees not detecting these issues in the normal course of performing their assigned functions. As a result, reclassifications 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 in accordance with the cash basis of accounting.

Response – In the future, we will ensure all transactions are properly recorded in the accounting system in accordance with the cash basis of accounting. The City does have procedures in place to prevent entry errors. However, revenue classification was erroneously interpreted.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

II-B-20 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.

II-C-20 Travel Expense - No disbursements of City of Bondurant (City) money for travel expenses of spouses of City officials or employees were noted.

II-D-20 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

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the above employee does not appear to represent a conflict of interest since total transactions with the individual were less than \$6,000 during the fiscal year.

II-E-20 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa

II-F-20 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.

II-G-20 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, instances were noted where the City Council minutes were not signed by the City Clerk, as required by Chapter 380.7 of the Code of Iowa.

We also noted that total disbursements from each city fund, and a summary of all receipts was not published in the newspaper, as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should implement procedures to ensure the City Council minutes are signed in accordance with the requirements of the Code of Iowa. In addition, the City should ensure that total disbursements from each city fund and a summary of all receipts are published in the newspaper, as required by Chapter 372.13(6) of the Code of Iowa.

Response – The City implemented new accounting software in September 2019. The new reports available from the provider did not meet the requirements. The City has been working with their report designing team to create a report that meets the requirements in Chapter 372.13(6) of the Code of Iowa. An expected date for the reports to be in use is by the beginning of FY22.

Conclusion – Response acknowledged.

II-H-20 Deposits and Investments – 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.

II-I-20 Revenue Bonds – No instances of non-compliance with the revenue note resolutions were noted.

II-J-20 Deficit Fund – The Special Revenue, Urban Renewal Tax Increment Fund had a deficit balance of \$24,943 at June 30, 2020.

Recommendation – The City implement procedures to eliminate the deficit in the Special Revenue, Urban Renewal Tax Increment Fund.

Response – The deficit balance was due to a delay in property taxes paid. During the global pandemic many people and businesses differed paying their property taxes, which created a lag in fund flow. The City had planned year-end transfers in the Budget. Management determined that showing the negative fund balance in the Tax Increment Fund, rather than not follow the Budgeted fund flows, was the most transparent way to show the situation.

Conclusion – Response acknowledged.

II-K-20 Tax Increment Financing (TIF) Transactions – An instance was noted where the City overpaid a developer by approximately \$3,000 in fiscal year 2020.

Recommendation – The City implement procedures to ensure all disbursements and transfers from the Special Revenue, Urban Renewal Tax Increment Fund are supported by adequate documentation.

Response – There was a miscalculation in the reimbursement payment. As the agreement ends and all payments associated with this agreement have been made as of spring 2021, this will not be a repeat issue.

Conclusion – Response acknowledged.

II-L-20 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the City's debt balances, receipts and ending cash balances reported on the Levy Authority Summary do not agree with the City's records.

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

Response – We will implement this recommendation and ensure it is reviewed for entry errors.

Conclusion – Response acknowledged.