

FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

March 20, 2020

To the Honorable Mayor and Members of the City Council
City of Bondurant, Iowa

We have audited 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, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information relating to the planned scope and timing of our audit. We have communicated such information in our letter to you in our engagement letter to you dated May 30, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates, as the financial statements were prepared on the cash basis of accounting.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

Management's disclosure in the notes to the financial statements in relation to the net pension liability, pension expense, deferred outflows and deferred inflows related to pensions is based on an actuarial report as obtained by the Iowa Public Employees' Retirement System.

We evaluated the key factors and assumptions used to develop the aforementioned amounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

Adjustments were made to properly classify receipts, disbursements and transfers to the appropriate accounts.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on the statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have also issued a 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*”. Our findings are included in the City’s Audit Report.

Other Matters

We were engaged to report on the supplementary information in Schedules 1-4 which accompany the financial statements. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Management 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, which accompany the financial statements. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Non-Attest Services

We provide the City with non-attest services pertaining to drafting the City’s financial statements and related notes. In connection with these services, management has made all management-level decisions and performed all management functions, designated a management-level individual with suitable skill, knowledge or experience to oversee the services, evaluated the adequacy and results of the services performed, accepted responsibility for the results of the services, and established and maintained controls, including monitoring ongoing activities.

Restriction on Use

This information is intended solely for the use of the City and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Faller, Kincheloe & Co., PLC". The signature is written in a cursive, flowing style.

FALLER, KINCHELOE & CO., PLC

City of Bondurant
Passed Adjustments
YE 6/30/19

<u>Entry (Explanation)</u>	<u>Debit</u>	<u>Credit</u>
Cash on hand		7,580.00
Meter deposits	7,580.00	
(To reverse prior years passed adjustments)		
 Cash on hand	3,724.95	
Miscellaneous receipts		3,724.95
(To record cash on hand at June 30, 2019)		
	<u>11,304.95</u>	<u>11,304.95</u>



Bondurant

Life Connecting

Comprehensive Annual Financial Report

Marketa Oliver, ICMA-CM, SPHR City
Administrator

Jené Jess, SHRM-CP
Finance Director

NEWS RELEASE

FOR RELEASE March, 2020

Faller, Kincheloe & Co, PLC, Certified Public Accountants, Des Moines, Iowa today released an audit report on the City of Bondurant, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$7,923,728 for the year ended June 30, 2019, a 21% decrease from the prior year. Disbursements for the year ended June 30, 2019 totaled \$9,642,457, a 33% increase from the prior year. The significant decrease in receipts was primarily due to less debt proceeds received in the fiscal year. The significant increase in disbursements is due primarily to an increase in business type activities costs.

AUDIT FINDINGS:

Faller, Kincheloe & Co, PLC reported eight findings related to the receipt and disbursement of taxpayer funds. They are found on pages 44 through 48 of this report. The findings address issues such as the preparation of financial statements and financial reporting issues. Faller, Kincheloe & Co., PLC provided the City with recommendations to address each of the findings.

The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

CITY OF BONDURANT

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

YEAR ENDED JUNE 30, 2019

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City of Bondurant Officials

<u>Name</u>	<u>Title</u>	<u>Term</u> <u>Expires</u>
Curt Sullivan	Mayor	Jan 2022
Brian Lohse*	Council Member	Resigned
Doug Elrod	Council Member	Jan 2020
Jennifer Keeler	Council Member	Jan 2020
Robert Pepper	Council Member	Jan 2022
Wes Enos	Council Member	Jan 2022
Tara Cox **	Council Member	Jan 2020

Marketa Oliver	City Administrator	Indefinite
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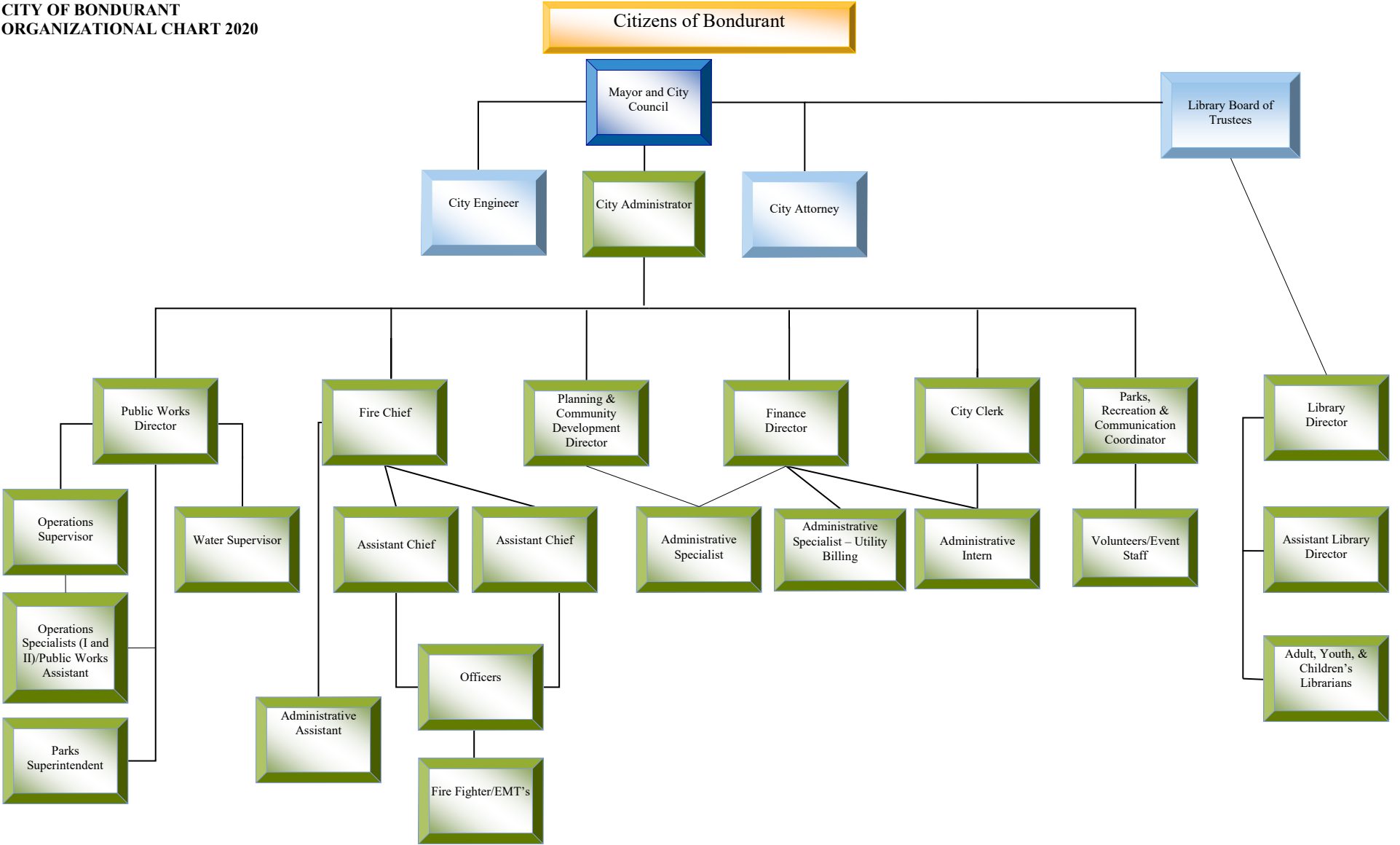
Shelby Hagan	City Clerk	Indefinite
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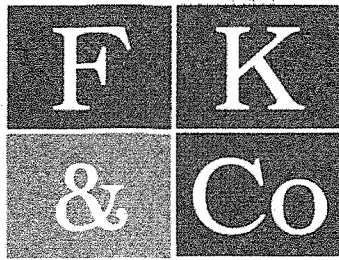
Jené Nichelle Jess	Finance Director	Indefinite
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David Brick	Attorney	Indefinite
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* - Resigned in December 2018.

** - Appointed in January 2019.





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, 2019, 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, 2019, 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 three years ended June 30, 2018 (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 six 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 7 through 13 and 32 through 36 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 March 20, 2020 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

March 20, 2020

City of Bondurant, Iowa
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2019

As management of the City of Bondurant, Iowa (the "City"), we provide this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with our letter of transmittal which is located in the Introductory Section at the front of this report and the City's financial statements, which follow.

Financial Highlights

As of June 30, 2018, receipts of the City's governmental activities decreased 29.3%, or approximately \$2,148,000 from fiscal year 2018 to fiscal year 2019. This was due to the following changes in revenue sources; bond, note and loan proceeds decreased approximately \$2,553,000 (as there was no added debt in FY19), while property taxes increased \$357,000 (as a result of population and valuation growth), capital grants, contributions, and restricted interest increased \$615,000 (the City received several grant from the State of Iowa and Non-profit organization for infrastructure and land acquisition as well as federal grants for public safety staffing).

Disbursements of the City's governmental activities increased 26.3% or approximately \$1,335,000 from fiscal year 2018 to fiscal year 2019 (to execute projects in the City's Comprehensive Capital Plan and fulfill the requirements of grants received). Disbursements for public safety, public works, debt service, and capital projects increased; \$653,000, \$161,000, \$93,000, and \$195,000, respectively.

The City's total cash basis net position decreased 26.1% or approximately \$1,719,000 from fiscal year 2018 to fiscal year 2019. Of this amount, the cash basis net position of the governmental activities decreased approximately \$1,055,000 and the cash basis net position of the business type activities decreased approximately \$663,000.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,886,000 which is a decreased from the prior year in part due to an increase in bonds issued, \$2.5 million, during the prior fiscal year related to construction and land acquisition that was executed and expense in this fiscal year. The unassigned portion of the City's fund balance, which is available for spending at the City's discretion, totaled \$886,678 at June 30, 2019, decreasing \$441,177 from the balance at the end of the prior fiscal year.

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:

- **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.
- **Business Type Activities** include the waterworks, the sanitary sewer system and the storm water system. These activities are financed primarily by user charges.

The City has two kinds of funds:

- 1) **Governmental funds** account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- 2) **Proprietary funds** account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Storm Water Funds, considered to be major funds of the City.

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 20 individual governmental funds, when capital project funds are aggregated. 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 Fund, Tax Increment Financing Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation under the column heading Nonmajor Governmental Funds. Individual fund data for each of these nonmajor 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.

Proprietary 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 3 individual enterprise funds. The city has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major sanitary sewer operations fund, the major storm water operations fund, and the nonmajor solid waste operations fund. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided as combining statements elsewhere in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a governments' financial standing. The City's cash balance for governmental activities showed a decrease from a year ago due to bond proceeds of \$2.5 million received in fiscal year 2018 for; an ambulance, commercial master plan, capital projects for park improvements, street and culvert projects and downtown development (downtown development funds have been reallocated to extend streets, replace/relocate a bridge, and add an intersection) but mostly disbursed throughout fiscal year 2019. Disbursement of the bond proceeds from fiscal year 2018 will continue into fiscal year 2020.

Receipts of the City's governmental activities decreased 29.3%, or approximately \$2,148,000 from fiscal year 2018 to fiscal year 2019. This decrease is largely because the City did not take on any new debt during fiscal year 2019. The total cost of all programs and services increased approximately \$1,335,000, or 26.3%. This increase is largely because of investments in staffing, ambulance and vehicles, and capital improvements. Receipts for property taxes increased \$350,000 and capital grants, contributions, and restricted interest increased \$615,000.

The City reduced the property tax rate for fiscal year 2019 by five cents (from 13.83948 to 13.78948) per \$1,000 of assessed valuation but total assessed valuation grew by 15%. This increased valuation raised the City's property tax receipts approximately \$357,000. Based on increases in the total taxable valuation for FY20 and population growth, property tax receipts are budgeted to increase next year.

The cost of all governmental activities this year was approximately \$6,416,000 compared to approximately \$5,081,000 last year. However, the amount taxpayers ultimately financed for these activities was approximately \$4.692 million because some of the cost was paid by those directly benefiting from the programs (approximately \$756,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately

\$968,000). The City paid for the remaining “public benefit” portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, and miscellaneous receipts. The most significant increases in disbursements were increases in public safety for 3 fulltime and 3 part-time positions (financed by the SAFER federal reimbursement grant), public works for the addition of 1 fulltime position and street repairs, and capital projects for storm sewer, sewer, and public infrastructure. Overall, the City’s governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2019 from approximately \$1,822,000 to approximately \$1,724,000.

Total business type activities receipts for the fiscal year were \$2,749,000 compared to \$2,643,000 last year. This increase is due to an increase in population and water usage. The cash balance decreased approximately \$663,000 from the prior year. Total disbursements for the fiscal year increased by approximately 47.2% to a total of \$3,227,000 due to an increase in wholesale water cost in the water fund, an increase in fees due to the Wastewater Reclamation Authority in the sewer fund and investments in infrastructure. The Enterprise, Storm-water Fund cash balance decreased \$22,000 due to public improvements (Pleasant Grove trail replacement and dike, the City has applied for and has been approved for reimbursement from FEMA for those disbursements due to flooding, the receipts of that reimbursement will be in FY20), higher operating cost and a delayed rate increase to FY20. Water Fund cash balance decreased \$249,000 due to public improvements (Parkside and HWY65 extension), higher cost of wholesale water and delayed rate increase to the latter half of FY19. Sewer Fund cash balance decreased \$380,000 due to higher cost in the City’s contract with the WRA and public improvements (NW trunk) to accommodate the increase in population

The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)			
		Year ended June 30,	
		2019	2018
Receipts:			
Program receipts:			
Charges for service	\$	756	830
Operating grants, contributions and restricted interest		948	896
Capital grants, contributions and restricted interest		20	96
General receipts:			
Property tax		2,764	2,407
Tax increment financing		484	434
Other City Taxes		25	25
Commercial/industrial tax replacement		92	44
Unrestricted interest on investments		49	11
Rent		22	24
Bond, note and loan proceeds		0	2553
Payment to bond refunding agent		16	0
Other general receipts		0	4
Total receipts		5,176	7,324
Disbursements:			
Public safety		1,830	1,177
Public works		1,133	972
Health and social services		13	14
Culture and recreation		565	547
Community and economic development		387	199
General government		683	655
Debt service		1,189	1,096
Capital projects		616	421

	Total disbursements	6,416	5,081
Change in cash basis net position before transfers		(1,240)	2,243
Transfers, net		185	225
Change in cash basis net position		(1,055)	2,468
Cash basis net position beginning of year		3,941	1,473
Cash basis net position end of year	\$	2,886	3,941

Changes in Cash Basis Net Position of Business Type Activities			
		Year ended June 30,	
		2019	2018
Receipts:			
Program receipts:			
Charges for service			
Water	\$	1,036	1,184
Sewer		1,266	1,204
Storm water		164	164
Operating grants, contributions and restricted interest		251	75
General receipts:			
Unrestricted interest on investments		32	16
Total receipts		2,749	2,643
Disbursements:			
Water		1,384	941
Sewer		1,654	888
Storm water		189	363
Total disbursements		3,227	2,192
Change in cash basis net position before transfers		(478)	451
Transfers, net		(185)	(225)
Change in cash basis net position		(663)	226
Cash basis net position beginning of year		2,632	2,406
Cash basis net position end of year	\$	1,969	2,632

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of \$2,885,746, a decrease of \$1,057,000 from last year's total of \$3,942,879. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased from a positive balance of \$1,327,857 in 2018 to a positive balance of \$910,563 in 2019. The decrease is largely due to the receipt of bond proceeds of \$455,000 for an ambulance and commercial planning that was be expended in FY19. There were also a number of departments in the General Fund that did not spend its FY19 expense budget.
- The Special Revenue, Road Use Tax Fund cash balance decreased by \$68,522 in FY19. The City uses this funds to complete road construction repairs and construction projects.
- The Debt Service Fund cash balance decreased \$56,624. This reduction was to minimize cash reserves in the fund, as a result, less property taxes were levied in FY19 for debt service payments.
- The Capital Projects Fund cash balance decreased by \$540,583 to a balance of \$1,310,509 at June 30, 2019, which was due to 2018 bond proceeds received for parkland improvements, culvert and street reconstruction, and downtown development projects expensed in FY19.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance decreased approximately \$249,082 in fiscal year 2019 to \$779,651. This decrease was due to rising whole sale costs that were absorbed by the City and reserves spent for infrastructure.
- The Enterprise, Sewer Fund cash balance decreased approximately \$379,758 in fiscal year 2019 to \$1,164,879. The decrease was due to disbursements to the Wastewater Reclamation Authority fees rose, sewer extension design and construction of infrastructure. The anticipated creek re-alignment expense of \$400,000 was completed in fiscal year 2019.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amendment approved on July 16, 2018, resulted in an increase in operating receipts related to building permits, sale of property and utility connection fees. This same budget amendment resulted in an increase in operating disbursements related to bond issuance costs, building inspection costs, utility extensions including design costs and athletic field grading. The second budget amendment was approved on April 1, 2019 and was passed to allow for Public Safety expenses related to a SAFER grant, costs of a full-time planner and a reduction in Business Type Activities costs which were budgeted for in fiscal year 2019, but will not begin until fiscal year 2020. The City had sufficient cash balances to absorb the additional costs of each budget amendment.

Total disbursements were \$2,670,674 less than the final budget of \$12,303,443. Actual disbursements for the capital projects was \$1,522,342 less than budgeted due to projects budgeted but not paid for in fiscal year 2019

DEBT ADMINISTRATION

At June 30, 2018, the City had \$8,607,663 in bonds and other long-term debt compared to \$9,697,118 last year as follows:

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2019	2018
General obligation bonds and notes	\$ 7,220	\$ 8,175
Water capacity purchase	312	312
Water service agreement	432	490
Urban service area agreement	644	720
	8,608	9,697

Debt decreased as a result of the scheduled pay off of the existing debt.

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 \$9,246,100, including TIF debt of \$2,026,100, is below the City's Constitutional debt limit of \$18.4 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bondurant's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget, tax rates and fees charged for various City activities. The economy in the area has been steady with a slight decrease in our unemployment rate in the past year.

Unemployment in Polk County now stands at 2.5% versus 3.2% a year ago. The County rate equals the State's unemployment rate of 2.5% and the national rate of 4.0%.

The housing market showed a decrease in building permits with a 48% decrease in new single-family home permits issued from 111 to 77 due to low lot inventory. The city currently has increased the lot inventory to approximately 969 available lots. During 2019, 139 (including 6 commercial building permits with a valuation of \$51 million) total building permits were issued, resulting in almost \$74 million in new valuation to the City. In FY20 the City will issue a commercial/industrial/other building permit with a valuation of \$250 million due to the City investing in converting agricultural land into a certified site. Two addition sites are in process.

These indicators were taken into account when adopting the budget for fiscal year 2020. Based on the tax rate of \$13.73549 per \$1,000 of taxable valuation, the City expects to generate \$3,166,149 in property tax revenue for FY20. Total General Fund revenues at this time are anticipated to be approximately \$3,528,460. Revenues from all funds, including Enterprise Funds, are anticipated to be

\$16,301,661. The General Fund expenditures at this time are projected to be approximately \$3,303,019. Expenditures from all funds, including the Enterprise Funds, are anticipated to be approximately \$16,824,221. This would leave an approximately \$812,974 in the General Fund and 3,140,306 overall.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marketa Oliver, City Administrator, 200 Second Street, Northeast, P.O. Box 37, Bondurant, Iowa, 50035, 515-967-2418, e-mail moliver@cityofbondurant.com.

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, 2019

		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	\$ 1,830,227	343,154	149,286	3,293	(1,334,494)	-	(1,334,494)
Public works	1,132,627	320,887	710,378	-	(101,362)	-	(101,362)
Health and social services	12,654	-	-	-	(12,654)	-	(12,654)
Culture and recreation	565,390	29,827	62,747	13,381	(459,435)	-	(459,435)
Community and economic development	387,412	-	19,233	-	(368,179)	-	(368,179)
General government	682,836	52,422	5,970	-	(624,444)	-	(624,444)
Debt service	1,188,828	-	-	-	(1,188,828)	-	(1,188,828)
Capital projects	615,668	9,911	-	3,217	(602,540)	-	(602,540)
Total governmental activities	6,415,642	756,201	947,614	19,891	(4,691,936)	-	(4,691,936)
Business type activities:							
Water	1,384,116	1,036,313	214,648	-	-	(133,155)	(133,155)
Sewer	1,653,944	1,265,515	29,236	-	-	(359,193)	(359,193)
Storm water	188,755	163,417	6,941	-	-	(18,397)	(18,397)
Total business type activities	3,226,815	2,465,245	250,825	-	-	(510,745)	(510,745)
Total	\$ 9,642,457	3,221,446	1,198,439	19,891	(4,691,936)	(510,745)	(5,202,681)
General Receipts and Transfers:							
Property tax and other city tax levied for:							
General purposes					2,079,361	-	2,079,361
Debt service					684,900	-	684,900
Tax increment financing					484,339	-	484,339
Other city tax					24,581	-	24,581
Commercial/industrial tax replacement					92,153	-	92,153
Unrestricted interest on investments					49,085	32,143	81,228
Rent					21,740	-	21,740
Miscellaneous					15,650	-	15,650
Transfers					184,792	(184,792)	-
Total general receipts and transfers					3,636,601	(152,649)	3,483,952
Change in cash basis net position					(1,055,335)	(663,394)	(1,718,729)
Cash basis net position beginning of year, as restated					3,941,140	2,632,169	6,573,309
Cash basis net position end of year					\$ 2,885,805	1,968,775	4,854,580
Cash Basis Net Position							
Restricted:							
Nonexpendable:							
Cemetery perpetual care					\$ 20,443	-	20,443
Expendable:							
Streets					441,988	-	441,988
Urban renewal purposes					2,788	-	2,788
Debt service					29,667	-	29,667
Other purposes					1,480,297	290,164	1,770,461
Unrestricted					910,622	1,678,611	2,589,233
Total cash basis net position					\$ 2,885,805	1,968,775	4,854,580

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, 2019

	General	Special Revenue Road Use Tax	Debt Service	Capital Projects	Nonmajor	Total
Receipts:						
Property tax	\$ 1,612,342	-	684,900	-	487,500	2,784,742
Tax increment financing	-	-	-	-	484,339	484,339
Other city tax	14,439	-	5,861	-	4,282	24,582
Licenses and permits	228,104	-	-	-	-	228,104
Use of money and property	48,157	-	-	22,100	568	70,825
Intergovernmental	207,884	710,378	29,399	-	3,696	951,357
Charges for service	441,748	-	-	-	-	441,748
Special assessments	166	-	-	9,911	-	10,077
Miscellaneous	137,395	-	-	3,217	39,129	179,741
Total receipts	2,690,235	710,378	720,160	35,228	1,019,514	5,175,515
Disbursements:						
Operating:						
Public safety	1,709,571	-	-	-	120,656	1,830,227
Public works	318,887	739,043	-	-	74,697	1,132,627
Health and social services	12,654	-	-	-	-	12,654
Culture and recreation	426,317	-	-	-	139,073	565,390
Community and economic development	252,655	-	-	-	134,757	387,412
General government	521,329	-	-	-	163,305	684,634
Debt service	-	-	1,188,828	-	-	1,188,828
Capital projects	-	-	-	615,668	-	615,668
Total disbursements	3,241,413	739,043	1,188,828	615,668	632,488	6,417,440
Excess (deficiency) of receipts over (under) disbursements	(551,178)	(28,665)	(468,668)	(580,440)	387,026	(1,241,925)
Other financing sources (uses):						
Transfers in	133,884	-	412,044	39,857	22,000	607,785
Transfers out	-	(39,857)	-	-	(383,136)	(422,993)
Total other financing sources (uses)	133,884	(39,857)	412,044	39,857	(361,136)	184,792
Change in cash balances	(417,294)	(68,522)	(56,624)	(540,583)	25,890	(1,057,133)
Cash balances beginning of year	1,327,857	510,510	86,291	1,851,092	167,129	3,942,879
Cash balances end of year	\$ 910,563	441,988	29,667	1,310,509	193,019	2,885,746
Cash Basis Fund Balances						
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	20,443	20,443
Restricted for:						
Streets	-	441,988	-	-	-	441,988
Urban renewal purposes	-	-	-	-	2,788	2,788
Debt service	-	-	29,667	-	-	29,667
Other purposes	-	-	-	1,310,509	169,788	1,480,297
Unassigned	910,563	-	-	-	-	910,563
Total cash basis fund balances	\$ 910,563	441,988	29,667	1,310,509	193,019	2,885,746

See notes to financial statements.

City of Bondurant

Exhibit C

**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**

As of and for the year ended June 30, 2019

Total governmental funds cash balances (page 16)	\$ 2,885,746
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***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 City's flexible spending plan to individual funds. The cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

59

Cash basis net position of governmental activities (page 15)	\$ 2,885,805
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Change in cash balances (page 16)	\$ (1,057,133)
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***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 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.

1,798

Change in cash basis net position of governmental activities (page 15)	\$ (1,055,335)
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See notes to financial statements.

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, 2019

	Enterprise				Internal Service
	Water	Sewer	Nonmajor -Storm Water	Total	Flex Spending
Operating receipts:					
Charges for service	\$ 1,036,313	1,265,515	163,417	2,465,245	24,681
Miscellaneous	214,648	29,236	6,941	250,825	-
Total operating receipts	1,250,961	1,294,751	170,358	2,716,070	24,681
Operating disbursements:					
Governmental activities:					
General government	-	-	-	-	22,883
Business type activities	712,724	855,040	106,540	1,674,304	-
Total operating disbursements	712,724	855,040	106,540	1,674,304	22,883
Excess of operating receipts over operating disbursements	538,237	439,711	63,818	1,041,766	1,798
Non-operating receipts (disbursements):					
Interest on investments	6,358	25,785	-	32,143	-
Debt service	(74,590)	(75,512)	-	(150,102)	-
Capital projects	(596,802)	(723,392)	(82,215)	(1,402,409)	-
Net non-operating receipts (disbursements)	(665,034)	(773,119)	(82,215)	(1,520,368)	-
Excess (deficiency) of receipts over (under) disbursements	(126,797)	(333,408)	(18,397)	(478,602)	1,798
Other financing sources (uses):					
Transfers in	-	-	493	493	-
Transfers out	(122,285)	(46,350)	(16,650)	(185,285)	-
Total other financing sources (uses)	(122,285)	(46,350)	(16,157)	(184,792)	-
Change in cash balances	(249,082)	(379,758)	(34,554)	(663,394)	1,798
Cash balances beginning of year	1,028,733	1,544,637	58,799	2,632,169	(1,739)
Cash balances end of year	\$ 779,651	1,164,879	24,245	1,968,775	59
Cash Basis Fund Balances					
Restricted for deposits	\$ 290,164	-	-	290,164	-
Unrestricted	489,487	1,164,879	24,245	1,678,611	59
Total cash basis fund balances	\$ 779,651	1,164,879	24,245	1,968,775	59

See notes to financial statements.

City of Bondurant
Notes to Financial Statements
June 30, 2019

(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. Governmental Cash Basis Fund Balances

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. However, at times during the fiscal year ending June 30, 2019, the City's deposits in banks were not entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,139,887. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

(3) **Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds		Water Supply Rights Loan Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$1,155,000	185,633	99,800	8,363	1,254,800	193,996
2021	960,000	167,615	51,400	4,238	1,011,400	171,853
2022	950,000	148,015	52,400	3,210	1,002,400	151,225
2023	715,000	125,878	53,500	2,162	768,500	128,040
2024	745,000	105,780	54,600	1,092	799,600	106,872
2025-2029	2,695,000	220,275	-	-	2,695,000	220,275
	<u>\$7,220,000</u>	<u>953,196</u>	<u>311,700</u>	<u>19,065</u>	<u>7,531,700</u>	<u>972,261</u>

Water Supply Rights Loan Agreement

In March 2014, the City entered into a \$500,000 loan agreement payable to the City of Pleasant Hill under which the City received \$500,000 as credit against the purchase of the water supply rights being acquired. The agreement bears interest at 2.00% per annum and matures in varying annual amounts ranging from \$45,700 to \$54,600, with the final maturity due in the year ending June 30, 2024. The City was delinquent on this loan as of June 30, 2019.

Water Service Agreement

The City entered into an agreement with the Board of Water Works Trustees of the City of Des Moines (DMWW), effective August 1, 2005 and payable through December 1, 2025, to join in the Wholesale Water Service Master Agreement.

This agreement allowed the City to acquire the "Purchased Capacity" of .50 million gallons per day 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, 2019, a total of \$431,506 is owed in relation to this agreement.

Urban Service Area Agreement

In February 2009, the City agreed to amend the Urban Service Area Agreement with Polk County to pay for 75% of the annual principal due by the County for a total of \$1,221,213. The payments started June 1, 2011 and will continue through June 1, 2026. As of June 30, 2019, a total of \$644,457 is owed in relation to this agreement. The amount owed in relation to this agreement is paid from the Enterprise, Sewer Fund.

(4) **Operating Lease Agreement**

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

A total of \$3,429 is owed on this lease as of June 30, 2019, which is scheduled to be paid during the year ended June 30, 2020.

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

(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 \$6,320,000 is outstanding at June 30, 2019. 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 \$2,577,135 is outstanding at June 30, 2019. 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 \$7,295,000 is outstanding at June 30, 2019. 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 \$4,455,000 is outstanding at June 30, 2019. 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 \$7,480,000 is outstanding at June 30, 2019. 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, any time 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 2019, 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 6.81% of covered payroll and the City contributed 10.21% of covered payroll, for a total rate of 17.02%.

The City's contributions to IPERS for the year ended June 30, 2019 were \$107,970.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$637,022 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the City's proportion was 0.0100663%, which was a decrease of 0.000734% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$97,892, \$195,503 and \$125,133, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 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 inflation. (effective June 30, 2017)	3.25 to 16.25%, average, including Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017) inflation.	7.00% compounded annually, net of investment expense, including
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, 2018 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 2018 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 %	6.01 %
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
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	\$ 1,157,801	637,022	200,285

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

(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, 2019, the Series 2013B bonds had a balance of \$46,805,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$782,596.

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, 2019, the Series 2015E bonds had a balance of \$28,480,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$494,902.

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, 2019, the outstanding balance of State Revolving Loan issues totaled \$320,172,135 and the City of Bondurant's estimated future allocation is currently \$4,591,123.

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, 2019, the City paid the WRA \$695,096 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) 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, 2019, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 59,089
Sick leave	53,791
Compensatory time	<u>9,020</u>
Total	<u><u>\$ 121,900</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2019.

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Urban Renewal Tax Increment	\$ 46,534
	Enterprise:	
	Water	40,600
	Sewer	40,600
	Storm Water	<u>6,150</u>
		<u>133,884</u>
Special Revenue:	Enterprise:	
Employee Benefits	Water	5,750
	Sewer	5,750
	Storm Water	<u>1,500</u>
		<u>13,000</u>
Special Revenue:	Enterprise:	
Tree	Storm Water	<u>9,000</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	336,109
	Enterprise:	
	Water	<u>75,935</u>
		<u>412,044</u>
Capital Projects	Special Revenue:	
	Road Use Tax	<u>39,857</u>
Enterprise:	Special Revenue:	
Storm Water	Storm Water Grant	<u>493</u>
Total		<u><u>\$ 608,278</u></u>

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

(10) Related Party Transactions

The City has business transactions between the City and City officials totaling \$581 during the year ended June 30, 2019.

(11) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2019 were \$0.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of \$1,000,000 for each accident, \$1,000,000 memorandum limit, and \$1,000,000 each employee. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

During the fiscal year ended June 30, 2019, the City did not renew its coverage with the Pool. Beginning August 1, 2018, the City purchased insurance through commercial insurance.

(12) Development Agreements

The City has entered into a development agreement with Wil-Ron Properties LLC. The City agreed to pay Wil-Ron Properties LLC an amount not to exceed \$1,000,000 in exchange for the construction of certain water, sewer, storm water and street improvements. Payments of up to \$50,000 will be made semiannually for a period of ten years provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2019, the City made payments of \$97,852 to the developer. The balance remaining under the agreement at June 30, 2019 is \$0.

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, 2019, the City made payments of \$36,905 to the developer. The balance remaining under the revised agreement at June 30, 2019 is \$75,879.

(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, 2019, the City abated \$134,757 of property tax under the urban renewal and economic development projects.

(14) Commitments

The City has entered into various agreements for infrastructure improvements. As of June 30, 2019, approximately \$932,000 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 2020. The City intends to pay for these costs from existing cash reserves.

In May 2019, the City has entered into an agreement for the purchase of street equipment for a total cost of \$80,034. This equipment will be paid for when it is received in fiscal year 2020. The City intends to pay for this cost from existing cash reserves.

The City is scheduled to receive a grant of approximately \$724,000 from the Federal Emergency Management Agency (FEMA) during the next three fiscal years, assuming the City meets the requirements of the grant. The City also has to spend approximately \$450,000 in its own funds in order to receive this grant from FEMA. As of June 30, 2019, the City has received approximately \$54,000 from FEMA in relation to this grant.

(15) Contingencies

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) Subsequent Events

The City has evaluated all subsequent events through March 20, 2020 the financial statements were available to be issued.

The City entered into an agreement to purchase new accounting software. The software purchase requires the City to into a three-year commitment. Total cost of this software, including installation costs, over the next three years is approximately \$160,000.

(17) 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, 2020. 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 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, 2019

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total	Budgeted Amounts		Final to Total Variance
					Original	Final	
Receipts:							
Property tax	\$ 2,784,742	-	-	2,784,742	2,803,323	2,804,765	(20,023)
Tax increment financing	484,339	-	-	484,339	481,622	481,622	2,717
Other city tax	24,582	-	-	24,582	24,746	24,754	(172)
Licenses and permits	228,104	-	-	228,104	315,625	287,092	(88,988)
Use of money and property	70,825	32,143	-	102,968	20,549	46,705	86,283
Intergovernmental	951,357	-	-	951,357	808,906	1,055,226	(103,869)
Charges for service	441,748	2,489,926	24,681	2,906,993	2,854,069	3,092,057	(185,064)
Special assessments	10,077	-	-	10,077	11,400	71,442	(61,365)
Miscellaneous	179,741	250,825	7,135	423,431	99,025	203,944	219,487
Total receipts	5,175,515	2,772,894	31,816	7,916,593	7,419,265	8,067,607	(151,014)
Disbursements:							
Public safety	1,830,227	-	-	1,830,227	1,823,361	1,996,049	165,822
Public works	1,132,627	-	-	1,132,627	1,220,419	1,315,419	182,792
Health and social services	12,654	-	-	12,654	15,200	16,200	3,546
Culture and recreation	565,390	-	11,486	553,904	603,867	614,867	60,963
Community and economic development	387,412	-	-	387,412	228,225	388,025	613
General government	684,634	22,883	22,883	684,634	747,342	749,042	64,408
Debt service	1,188,828	-	-	1,188,828	1,169,071	1,196,312	7,484
Capital projects	615,668	-	-	615,668	1,325,000	2,138,010	1,522,342
Business type activities	-	3,226,815	-	3,226,815	4,833,719	3,889,519	662,704
Total disbursements	6,417,440	3,249,698	34,369	9,632,769	11,966,204	12,303,443	2,670,874
Excess (deficiency) of receipts over (under) disbursements	(1,241,925)	(476,804)	(2,553)	(1,716,176)	- (4,546,939)	- (4,235,836)	- 2,519,660
Other financing sources, net	184,792	(184,792)	-	-	4,041,740	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,057,133)	(661,596)	(2,553)	(1,716,176)	(505,199)	(4,235,836)	2,519,660
Balances beginning of year	3,942,879	2,630,430	10,398	6,562,911	2,608,676	6,603,905	(40,994)
Balances end of year	\$ 2,885,746	1,968,834	7,845	4,846,735	2,103,477	2,368,069	2,478,666

See accompanying independent auditor's report.

City of Bondurant
Notes to Other Information - Budgetary Reporting
June 30, 2019

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 \$337,239. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2019, 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 Five Years*
(In Thousands)**

Other Information

	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.010066%	0.010800%	0.010121%	0.009984%	0.009019%
City's proportionate share of the net pension liability	\$ 637	719	637	493	358
City's covered payroll	\$ 882	898	792	687	595
City's proportionate share of the net pension liability as a percentage of its covered payroll	72.20%	80.07%	80.43%	71.76%	60.17%
IPERS' net position as a percentage of the total pension liability	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	\$ 108	80	81	71	61	53	51	43	36	32
Contributions in relation to the										
statutorily	(108)	(80)	(81)	(71)	(61)	(53)	(51)	(43)	(36)	(32)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 1,123	882	898	792	687	595	586	529	523	487
Contributions as a percentage of										
covered payroll	9.62%	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, 2019

Changes of benefit terms:

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

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2016. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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

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

Supplementary Information

City of Bondurant

Schedule 1

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

As of and for the year ended June 30, 2019

	Special Revenue								Permanent	Total
	Employee Benefits	Urban Renewal Tax Increment	Library Grant	EMS Grant	Park and Recreation	Storm Water Grants	Tree	Bondurant Community Library Foundation	Cemetery Perpetual Care	
Receipts:										
Property tax	\$ 487,500	-	-	-	-	-	-	-	-	487,500
Tax increment financing	-	484,339	-	-	-	-	-	-	-	484,339
Other city tax	4,282	-	-	-	-	-	-	-	-	4,282
Use of money and property	-	170	162	-	-	-	-	-	236	568
Intergovernmental	-	-	3,696	-	-	-	-	-	-	3,696
Miscellaneous	11,473	-	17,861	-	-	-	1,400	7,135	1,260	39,129
Total receipts	503,255	484,509	21,719	-	-	-	1,400	7,135	1,496	1,019,514
Disbursements:										
Operating:										
Public safety	119,732	-	-	- 924	-	-	-	-	-	120,656
Public works	74,697	-	-	-	-	-	-	-	-	74,697
Culture and recreation	99,308	-	28,044	-	-	-	- 235	- 11,486	-	139,073
Community and economic development	-	134,757	-	-	-	-	-	-	-	134,757
General government	163,305	-	-	-	-	-	-	-	-	163,305
Total disbursements	457,042	134,757	28,044	924	-	-	235	11,486	-	632,488
Excess (deficiency) of receipts over (under) disbursements	46,213	349,752	(6,325)	(924)	-	-	1,165	(4,351)	1,496	387,026
Other financing sources (uses):										
Transfers in	13,000	-	-	-	-	-	9,000	-	-	22,000
Transfers out	-	(382,643)	-	-	-	(493)	-	-	-	(383,136)
Total other financing sources (uses)	13,000	(382,643)	-	-	-	(493)	9,000	-	-	(361,136)
Change in cash balances	59,213	(32,891)	(6,325)	(924)	-	(493)	10,165	(4,351)	1,496	25,890
Cash balances beginning of year	77,078	35,679	20,579	1,906	303	493	7	12,137	18,947	167,129
Cash balances end of year	\$ 136,291	2,788	14,254	982	303	-	10,172	7,786	20,443	193,019
Cash Basis Fund Balances										
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	-	-	-	-	20,443	20,443
Restricted for:										
Urban renewal	-	2,788	-	-	-	-	-	-	-	2,788
Other purposes	136,291	-	14,254	982	303	-	10,172	7,786	-	169,788
Total cash basis fund balances	\$ 136,291	2,788	14,254	982	303	-	10,172	7,786	20,443	193,019

City of Bondurant
Schedule of Indebtedness
Year ended June 30, 2019

Schedule 2

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds:									
Corporate purpose,	July 6, 2011	1.00-3.45%	\$ 1,550,000	1,005,000	-	110,000	895,000	29,223	-
Corporate purpose,	June 12, 2013	0.30-2.00%	2,265,000	1,390,000	-	265,000	1,125,000	19,033	-
Refunding, Series 20	June 12, 2013	0.50-1.45%	1,745,000	1,015,000	-	250,000	765,000	11,832	-
Water, Series 2014A	March 5, 2014	0.50-3.40%	1,130,000	930,000	-	50,000	880,000	25,335	-
Urban renewal refun	March 3, 2016	0.70-1.10%	1,065,000	485,000	-	240,000	245,000	4,975	-
Urban renewal bond	May 31, 2017	1.40-2.35%	895,000	895,000	-	-	895,000	17,030	-
Corporate purpose,	June 28, 2018	3.00-4.00%	2,455,000	2,455,000	-	40,000	2,415,000	83,241	-
Total				\$ 8,175,000	-	955,000	7,220,000	190,669	-
Revenue Note:									
Loan Agreement:									
Water Supply Rights	March 27, 2014	2.00%	\$ 500,000	311,700	-	-	311,700	3,117	3,117
Water Service Agreeer	October 30, 2012	2.00-3.00%	\$ 778,074	490,449	-	58,943	431,506	12,530	-
Urban Service Area A	February 10, 2009	-	\$ 1,221,213	719,969	-	75,512	644,457	-	-

See accompanying independent auditor's report.

City of Bondurant

Bond and Note Maturities

Schedule 3

June 30, 2019

General Obligation Bonds															
Year Ending June 30,	Series 2011		Series 2013A		Series 2013B		Series 2014A		Series 2016A		Series 2017		Series 2018A		
	Issued July 6, 2011		Issued June 12, 2013		Issued June 12, 2013		Issued March 5, 2014		Issued March 3, 2016		Issued May 31, 2017		Issued June 28, 2018		
	Interest		Interest		Interest		Interest		Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	
	Total														
2020	2.40%	\$ 115,000	1.05%	\$ 275,000	1.05%	\$ 250,000	1.70%	\$ 50,000	1.10%	\$ 245,000	1.40%	\$ 100,000	4.00%	\$ 120,000	1,155,000
2021	2.60%	115,000	1.25%	245,000	1.25%	255,000	2.20%	55,000	-	-	1.55%	100,000	4.00%	190,000	960,000
2022	2.80%	120,000	1.45%	145,000	1.45%	260,000	2.20%	55,000	-	-	1.70%	135,000	4.00%	235,000	950,000
2023	3.00%	125,000	1.70%	150,000	-	-	2.50%	60,000	-	-	1.85%	135,000	4.00%	245,000	715,000
2024	3.20%	135,000	1.90%	155,000	-	-	2.50%	60,000	-	-	2.00%	140,000	4.00%	255,000	745,000
2025	3.30%	140,000	2.00%	155,000	-	-	2.70%	115,000	-	-	2.20%	140,000	4.00%	255,000	805,000
2026	3.45%	145,000	-	-	-	-	2.85%	120,000	-	-	2.35%	145,000	4.00%	265,000	675,000
2027	-	-	-	-	-	-	3.00%	120,000	-	-	-	-	3.00%	275,000	395,000
2028	-	-	-	-	-	-	3.20%	120,000	-	-	-	-	3.00%	285,000	405,000
2029	-	-	-	-	-	-	3.40%	125,000	-	-	-	-	3.10%	290,000	415,000
		<u>\$ 895,000</u>		<u>\$ 1,125,000</u>		<u>\$ 765,000</u>		<u>\$ 880,000</u>		<u>\$ 245,000</u>		<u>\$ 895,000</u>		<u>\$ 2,415,000</u>	<u>7,220,000</u>
Year Ending June 30,	Loan Agreement														
	Water Supply Rights														
	Issued March 27, 2014														
	Interest														
	Rates	Amount													
	2020	2.00%	\$ 99,800												
2021	2.00%	51,400													
2022	2.00%	52,400													
2023	2.00%	53,500													
2024	2.00%	54,600													
		<u>\$ 311,700</u>													

See accompanying independent auditor's report.

City of Bondurant

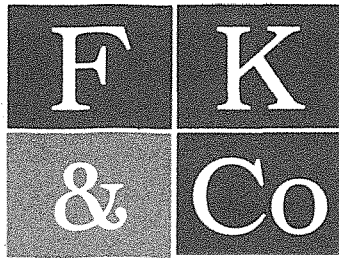
Schedule 4

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

For the Last Ten Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Receipts:										
Property tax	\$ 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	1,246,106
Tax increment financing	484,339	434,070	467,205	480,316	488,924	506,265	383,187	386,986	380,845	389,868
Other city tax	24,582	24,992	26,493	27,569	35,586	27,889	28,005	16,624	17,013	16,629
Licenses and permits	228,104	361,107	347,335	194,112	183,622	89,816	121,876	53,055	46,584	73,698
Use of money and property	70,825	34,727	22,427	18,395	33,228	32,702	29,308	3,626	37,814	57,394
Intergovernmental	951,357	923,721	1,262,272	702,907	1,831,115	565,419	554,786	924,805	532,942	650,630
Charges for service	441,748	441,488	420,957	391,052	382,624	328,234	278,415	100,685	74,619	55,183
Special assessments	10,077	14,967	15,441	16,362	28,833	127,267	80,870	41,248	35,378	31,984
Miscellaneous	179,741	125,135	184,054	179,055	199,617	372,382	308,495	136,513	105,721	57,776
Total	\$ 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	2,579,268
Disbursements:										
Operating:										
Public safety	\$ 1,830,227	1,176,745	1,120,385	853,312	758,329	1,059,932	632,809	678,647	584,205	458,550
Public works	1,132,627	971,801	866,452	680,439	563,694	686,425	569,142	512,100	493,850	263,744
Health and social services	12,654	14,470	10,281	6,996	768	9,175	6,588	6,705	407	7,572
Culture and recreation	565,390	546,750	515,439	561,245	458,332	451,639	400,516	334,820	327,180	234,388
Community and economic development	387,412	199,089	216,737	194,051	265,458	247,107	228,550	250,404	210,810	130,139
General government	684,634	653,225	716,084	650,613	675,270	532,751	539,116	513,726	450,756	440,640
Debt service	1,188,828	1,096,109	1,037,266	1,042,441	2,687,731	906,123	1,026,071	642,169	629,253	634,392
Capital projects	615,668	421,362	1,221,061	739,970	2,022,760	758,952	1,144,472	1,608,596	1,239,397	1,025,117
Total	\$ 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	3,194,542

See accompanying independent auditor's report.



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant, Iowa (City) as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2020. 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-19, I-B-19, and I-C-19 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, 2019 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

March 20, 2020

**City of Bondurant
Schedule of Findings
Year ended June 30, 20**

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-19 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 issues. The auditors worked with the City to compile their parts of the financial statements and used the information provided to them from the City's accounting software and source documents. We accept the risk associated with not being able to prepare these documents. We also review the documents prior to publication.

Conclusion - Response acknowledged.

I-B-19 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 - Instances were noted where accounts payable, receipts and Internal Service Fund receipts and disbursements were not properly recorded in the accounting system. These transactions were recorded in the accounting system 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 and disbursements 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 – This is a timing issue. Payables were entered into the accounting software the last week of fiscal year 19, but the checks were issued and the expense recorded the first week of the fiscal year 20. The City should have issued the checks and recorded the expenses in fiscal year 19 to comply with the cash basis of accounting procedures.

Conclusion – Response acknowledged.

I-C-19 Receipts

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition – Instances were noted where amounts of receipts were not deposited timely by the City.

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

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

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

Response – This is related to the City's Utility Billing Account deposits and is a byproduct of the limitations of the City's previous antiquated utility billing software. The City purchased new software that will enable immediate application of utility deposits to accounts in the upcoming fiscal year.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 did not exceed the amounts budgeted.

II-B-19 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-19 Travel Expense - No disbursements of City of Bondurant (City) money for travel expenses of spouses of City officials or employees were noted.

II-D-19 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Boyce Bailey, City Employee, Spouse of Michele Bailey, independent contractor	Community Beautification	\$ 500
Brian Lohse, Council Member, owner of Brick Street Market	Supplies	\$ 81

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the above employees do not appear to represent a conflict of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

II-E-19 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-F-19 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-19 Deposits and Investments – The City's deposit in banks at times during the year exceeded the amount insured by federal depository insurance or by the State Sinking Fund.

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

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

Response – The City received deposits of money faster and in greater sums than anticipated. We did implement this recommendation during fiscal year 2020.

Conclusion – Response acknowledged.

II-H-19 Revenue Bonds – No instances of non-compliance with the revenue note resolutions were noted.

II-I-19 Public Improvements – Chapter 26.12 requires that for construction projects exceeding the competitive bid threshold the government shall hold a public hearing and shall publish a notice of the public hearing in accordance with Chapter 362.3 of the Code of the Code of Iowa requires that the notice of public hearing be published not less than four nor more than twenty days before the hearing.

For the Park Side Water Main Project, a public hearing was held and proper notice was published as required by Chapter 26.12 and 362.3 of the Code of Iowa. The minutes indicated a second public hearing was held the following month to approve the contract. This second public hearing was an error in the minutes and should have been corrected.

Recommendation – The City Council should review the prior meeting minutes and make any necessary changes in a timely manner.

Response – A public hearing on the Park Side Water Main Project was published pursuant to State law and held on July 16th, 2018. The contract for the project was, however, delayed until the August 6th, 2018 agenda. The August 6th agenda incorrectly listed a public hearing for the Park Side Water Main Project (instead of a public meeting), when in fact, the duly-published public hearing on the project required by State Code had already been held. The minutes from the July 16th meeting were correct showing that the public hearing required by State law for the project had been held, but the minutes from the August 6th, 2018 meeting should have been corrected to clarify that it was a public meeting, not a public hearing.

Conclusion – Response acknowledged

- II-J-19 Interfund Transfers – After April 17, 2019, interfund transfers were not passed by resolution as required by Iowa Administrative Code Section 545-2.1.

Recommendation – The City should implement procedures to ensure compliance with the State of Iowa requirements in relation to interfund transfers.

Response – This provision was new in fiscal year 2019. The City approved the transfers correctly prior to April 17, 2019. Transfers didn't actually take place until the end of year, because they were end of year transfers. This was a timing issue, we will implement this new procedures in the future.

Conclusion – Response acknowledged.

- II-K-19 Annual Financial Report – Chapter 384.22 of the Code of Iowa requires the City's Annual Financial Report contain a "summary for the preceding fiscal year of all collections and receipts, all accounts due the city, and all expenditures..." The City's Annual Financial Report reported debt balances which do not agree with the City's records.

Recommendation – The City should ensure all amounts included in future Annual Financial Reports are supported by the amounts recorded in the City's records.

Response – The issue was caused by late billing of one of the bond issues that misaligned the payment schedule. We have implemented procedures to prevent this from happening again.

Conclusion – Response acknowledged.

- II-L-19 Annual Urban Renewal Report – The Annual Urban Renewal Report was approved but was not certified to the Iowa Department of Management on or before December 1. The report was filed on April 11, 2019. In addition, the City's receipts, disbursements, ending cash balances and ending debt balances reported on the Levy Authority Summary do not agree with the City's general ledger or accounting records.

Recommendation – The City should file the Annual Urban Renewal Report timely and ensure the receipts, disbursements, ending cash balances and ending debt balances reported on the Levy Authority Summary agree with the City's records.

Response – The City filed the report on the State's within the required time line, but an error occurred during submission. Once the City was made aware of the error in saving the document to the site, the City immediately refiled it correctly.

Conclusion – Response acknowledged.