

CITY OF BONDURANT

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

June 30, 2009

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CITY OF BONDURANT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Marla B. McCoid	Mayor	Jan 2010
Michele R. Bailey	Mayor Pro tem	Jan 2010
Mike R. Adams, Sr.	Council Member	Jan 2012
Eric M. Boatwright	Council Member	Jan 2012
Keith P. Ryan	Council Member	Jan 2010
Curt D. Sullivan	Council Member	Jan 2012
Mark J. Arentsen	City Administrator	Jan 2010
Matt S. Brick	Attorney	Indefinite
Michelle A. Wells	Deputy City Clerk	Indefinite
Lori Dunham	Finance Director	Indefinite
(After January 2009)		
Marla B. McCoid	Mayor	Jan 2010
Keith P. Ryan	Mayor Pro tem	Jan 2010
Mike R. Adams, Sr.	Council Member	Jan 2012
Michele R. Bailey	Council Member	Jan 2010
Eric M. Boatwright	Council Member	Jan 2012
Curt D. Sullivan	Council Member	Jan 2012
Mark J. Arentsen	City Administrator	Jan 2010
David Brick	Attorney	Indefinite
Michelle A. Wells	Deputy City Clerk	Indefinite
Lori Dunham	Finance Director	Indefinite



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

4949 Pleasant Street, Suite 104

West Des Moines, Iowa 50266

(515)-223-4841

FAX: (515)-223-0851

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bondurant, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bondurant's management. Our responsibility is to express opinions on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bondurant at June 30, 2009, and the respective changes in the cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2009 on our consideration of the City of Bondurant's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 30 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Bondurant's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the three years ended June 30, 2006 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other 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. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

Martens & Company, CPA, LLP

West Des Moines, Iowa
August 27, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bondurant provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 8.7%, or approximately \$430,000 from fiscal 2008 to fiscal 2009. Property tax and tax increment financing increased approximately \$124,400, bond/loan proceeds decreased by \$362,400, uses of money and property decreased by \$74,700 and intergovernmental decreased by \$45,000 and the Carver Grant decreased \$60,000.
- Disbursements of the City's governmental activities increased 22%, or approximately \$803,400, from fiscal 2008 to fiscal 2009. Public safety, debt service and capital projects increased approximately \$67,500, \$209,500 and \$576,700, respectively.
- The City's total cash basis net assets increased 10.3% or approximately \$245,500 from fiscal 2008 to fiscal 2009. Of this amount, the assets of the governmental activities increased \$360,100 and the assets of the business type activities decreased \$114,600.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as 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 Statements consist of a statement of activities and net assets. 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 statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about nonmajor governmental funds and debt obligations.

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 Statement of Activities and Net Assets reports information which helps answer this question.

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

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, the sanitary sewer system, the storm water system and garbage collection. These activities are financed primarily by user charges.

Fund Financial Statements

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of those funds and the balances at year-end that are available for spending. 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 government 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains four Enterprise Funds to provide separate information for the water, sewer, garbage and storm water funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

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

The required financial statement for fiduciary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities has increased from a year ago, increasing from \$1,584,668 to \$1,944,789. The analysis that follows focuses on these changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service and sales	\$ 121,737	\$ 167,656
Operating grants, contributions and restricted interest	373,693	432,155
Capital grants, contributions and restricted interest	36,164	93,334
General receipts:		
Property tax	1,041,906	898,933
Tax increment financing	319,895	338,504
Other city tax	44,845	45,515
Unrestricted investment earnings	47,658	122,387
Bond proceeds	2,300,000	2,730,100
Note/loan proceeds	96,832	29,097
Other general receipts	109,288	64,332
Total receipts	<u>4,492,018</u>	<u>4,922,013</u>
Disbursements:		
Public safety	513,749	446,249
Public works	249,766	314,543
Health and social services	4,955	4,786
Culture and recreation	247,255	237,789
Community and economic development	40,430	72,377
General government	471,794	435,122
Debt service	755,527	545,980
Capital projects	2,041,390	1,464,655
Total disbursements	<u>4,324,866</u>	<u>3,521,501</u>
Change in cash basis net assets before transfers	167,152	1,400,512
Transfers, net	<u>192,969</u>	<u>171,560</u>
Change in cash basis net assets	360,121	1,572,072
Cash basis net assets beginning of year	<u>1,584,668</u>	<u>12,596</u>
Cash basis net assets end of year	<u><u>\$1,944,789</u></u>	<u><u>\$1,584,668</u></u>

The City's total receipts for governmental activities decreased by .87 percent or approximately \$430,000. The total cost of all programs and services increased by approximately \$803,400 or 22.8 percent with no new programs added this year. The decrease in receipts was primarily the result of a decrease in bond proceeds. The most significant increase in disbursements was primarily the result of capital projects such as the library, public safety building, high school utilities and the Main Street Project.

Based on increases in the total assessed valuation, property tax receipts are budgeted to increase by an additional \$189,100 next year or 18%.

The cost of all governmental activities this year was \$4.325 million compared to \$3.522 million last year. However, as shown in the statement of activities and net assets - cash basis on page 12, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$3.793 million because some of the cost was paid by those directly benefitted from the programs (\$121,737) or by other governments and organizations that subsidized certain programs with grants and contributions (\$409,900). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, decreased in 2009 from approximately \$693,100 to approximately \$531,600, principally due to a decrease in operating grants, contributions, restricted interest and charges for service. The City paid for the remaining public benefit portion of governmental activities with approximately \$1,361,800 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements. \$2,300,000 in bond proceeds was used to finance capital projects.

Changes in Cash Basis Net Assets of Business-Type Activities		
	Years ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service and sales:		
Water	\$ 572,631	\$ 564,093
Sewer	411,306	351,748
Garbage	159,791	139,058
Storm water	1,840	840
General receipts:		
Unrestricted investment earnings	5,913	10,662
Bond proceeds	-	230,000
Other general receipts	41,336	74,375
Total receipts	<u>1,192,817</u>	<u>1,370,776</u>
Disbursements:		
Water	427,531	466,749
Sewer	481,971	388,568
Garbage	160,790	140,918
Storm water	44,214	13,666
Total disbursements	<u>1,114,506</u>	<u>1,009,901</u>
Change in cash basis net assets before transfers	78,311	360,875
Transfers, net	<u>(192,969)</u>	<u>(171,560)</u>
Change in cash basis net assets	(114,658)	189,315
Cash basis net assets beginning of year	<u>797,394</u>	<u>608,079</u>
Cash basis net assets end of year	<u>\$ 682,736</u>	<u>\$ 797,394</u>

Total business-type activities receipts for the fiscal year were \$1,192,817 compared to \$1,370,776 last year. This decrease was due primarily to no bond proceeds being received in 2009. The cash balance decreased by \$114,700 from the prior year. Total disbursements for the fiscal year increased by approximately 10 percent to a total of \$1,114,500. The Water Fund cash balance decreased due to the transfer of the balance of the 84 Lumber Water Main Project to the Sewer Fund. The Sewer Fund disbursement increases were due primarily to increases in engineering services, WRA expenses and treatment chemicals and the installation of a lagoon curtain and air lines.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$1,944,789, an increase of \$360,121 from last year's total of \$1,584,668. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased from a positive balance of \$135,832 in 2008 to a positive balance of \$167,909 in 2009. The increase is due in part to the increase of operating transfers in.
- The Road Use Tax Fund cash balance increased from a deficit balance of \$77,010 in 2008 to a deficit balance of \$38,911 in 2009. This fund should continue to have revenues exceed disbursements due to the completion of the fiscal year 2007 Special Census. A significant portion of the disbursements includes the expenditure of street lighting and the purchase of a backhoe and plow truck spreader. The City hopes to completely eliminate the RUT Fund deficit balance by the end of FY 2010.
- The Urban Renewal Tax Increment Fund increased from a positive position of \$40,438 in 2008 to a deficit balance of \$3,626 in 2009 due to uncollected property taxes of \$25,256.
- The Library Grant Fund decreased from \$138,409 to \$48,598 due to near completion of the Library project.
- The Capital Projects Fund cash balance increased by \$452,937 to \$1,712,448, which was due to the issuance of TIF bonds proceeds of \$2,300,000 for the Main Street reconstruction, High School water and sewer main and the Second Street bike path projects. The completion of the new Bondurant Library and Public Safety buildings occurred in FY 2009.
- The Debt Service Fund cash balance decreased from \$22,285 in 2008 to \$14,089 in 2009, due to uncollected property taxes of \$8,659.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$76,966 to \$568,848. The 2007 bond issuance included \$230,000 for the 84 Lumber Water Main Project that has not proceeded, of which the remaining balance of \$156,568 was transferred to the Sewer Fund for Inflow and Infiltration monitoring.
- The Sewer Fund cash balance decreased by \$5,716 to \$185,565. Sewer revenues increased by \$57,122 due to a 19% rate increase. Disbursements exceeded revenues due to increases in engineering services, WRA expenses and treatment chemicals and due to the installation of a lagoon curtain and air lines.
- The Garbage Fund cash balance increased \$419 to \$14,622. Garbage and recycling rates were increased \$1.75 and \$0.25 per month, respectively.
- The Storm Water Fund cash balance decreased \$32,395 to a deficit balance of (\$86,299). With the present high sewer rates, the decision was made to not increase rates to pay for storm water at this time. The deficit balance may be eliminated at a future bond issue.

BUDGETARY HIGHLIGHTS

During the year, the City amended its budget once. The amendment was approved on May 18, 2009 to provide for additional disbursements in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$10,555 more than budgeted. This was primarily due to the City receiving more in property taxes, other City taxes, licenses and permits and intergovernmental than anticipated, even after the amendments.

With the budget amendments, total disbursements were \$437,256 less than budgeted. This was primarily due to the wet spring weather that slowed or delayed many capital projects. Legal expense and engineering fees were less than anticipated. Library computers were not billed. Considerable maintenance work did not get accomplished as planned.

The City exceeded the amount budgeted in the Debt Service Fund for the year ended June 30, 2009 due to the early payment of 2001 TIF debt.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$7,354,361 in bonds and other long-term debt compared to \$5,638,529 last year shown as follows:

Outstanding Debt at Year-End		
	June 30	
	2009	2008
General obligation bonds and notes		
Corporate purpose and other	\$ 5,380,000	\$ 3,620,000
Revenue bonds	1,803,500	1,944,500
Sewer loan agreement (Mud Creek Sewer)	170,861	74,029
Total	<u>\$ 7,354,361</u>	<u>\$ 5,638,529</u>

The City's general obligation bonds are not rated. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$5,380,000 is well below the City's \$7.530 million legal debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Bondurant's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various City activities. The economy in the area has taken a significant down turn, with our unemployment rate increasing by 66% in the past year. Unemployment in Polk County now stands at 5.8% versus 3.5% a year ago. This compares with the State's unemployment rate of 6.2% and the national rate of 9.5%.

The housing market saw a 50% drop in new home permits issued in Bondurant during 2008. During calendar year 2008, 137 total building permits were issued, including 53 single-family homes and one for commercial buildings. These permits resulted in \$8.5 million in new valuation to the City in calendar year 2008.

These indicators were taken into account when adopting the budget for fiscal year 2010. Based on the tax rate of \$14.23369 per \$1,000 of taxable valuation, the City expects to generate \$1,230,988 in property tax revenue for fiscal year (FY) 2010. Total General Fund revenues at this time are anticipated to be approximately \$1,113,768. Revenues from all funds, including Enterprise Funds, are anticipated to be \$4.7 million.

The City's deficit funds have been a significant concern to the City and a concerted effort has been made to reduce these deficits. Regarding the Road Use Tax Fund deficit, the City conducted a Special Census in FY 2007, which has resulted in increased Road Use Tax collections for FY 2008 and FY 2009. These increased collections have resulted in a reduction deficit of \$38,911 and will continue to ease the Road Use Fund financial condition. The deficit in the Storm Water Enterprise Fund is yet to be addressed.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF BONDURANT

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS

As of and for the year ended June 30, 2009

		Program Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
		Charges	Operating Grants	Capital Grants and	Governmental	Business-type	
	Disbursements	for Service	Contributions and Restricted Interest	Contributions and Restricted Interest	Activities	Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety	\$ 513,749	\$ 87,693	\$ 96,615	\$ 3,200	\$ (326,241)	\$ -	\$ (326,241)
Public works	249,766	21,048	246,001	-	17,283	-	17,283
Health and social services	4,955	-	-	-	(4,955)	-	(4,955)
Culture and recreation	247,255	2,422	31,077	-	(213,756)	-	(213,756)
Community and economic development	40,430	8,529	-	-	(31,901)	-	(31,901)
General government	471,794	2,045	-	5,390	(464,359)	-	(464,359)
Debt service	755,527	-	-	-	(755,527)	-	(755,527)
Capital projects	2,041,390	-	-	27,574	(2,013,816)	-	(2,013,816)
Total governmental activities	4,324,866	121,737	373,693	36,164	(3,793,272)	-	(3,793,272)
Business-type activities:							
Water	427,531	572,631	-	-	-	145,100	145,100
Sewer	481,971	411,306	-	-	-	(70,665)	(70,665)
Garbage	160,790	159,791	-	-	-	(999)	(999)
Storm water	44,214	1,840	-	-	-	(42,374)	(42,374)
Total business-type activities	1,114,506	1,145,568	-	-	-	31,062	31,062
Total	\$5,439,372	\$1,267,305	\$ 373,693	\$ 36,164	\$(3,793,272)	\$ 31,062	\$(3,762,210)
General receipts:							
Property tax levied for:							
General purposes					624,062	-	624,062
Employee benefits					80,726	-	80,726
Debt service					337,118	-	337,118
Tax increment financing					319,895	-	319,895
Other city tax					44,845	-	44,845
Bond proceeds					2,300,000	-	2,300,000
Loan proceeds					96,832	-	96,832
Unrestricted interest on investments					47,658	5,913	53,571
Miscellaneous					109,288	41,336	150,624
Transfers					192,969	(192,969)	-
Total general receipts and transfers					4,153,393	(145,720)	4,007,673
Change in cash basis net assets					360,121	(114,658)	245,463
Cash basis net assets beginning of year					1,584,668	797,394	2,382,062
Cash basis net assets end of year					\$ 1,944,789	\$ 682,736	\$ 2,627,525

CITY OF BONDURANT

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS - CONTINUED

As of and for the year ended June 30, 2009

				Net (Disbursements) Receipts and Changes in Cash Basis Net Assets					
		Program Receipts		Governmental Activities	Business-type Activities	Total			
Disbursements	Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants and Contributions Restricted Interest						
Cash Basis Net Assets									
Restricted:									
Debt service				\$ 14,089	\$ 12,200	\$ 26,289			
Permanent fund				10,946	-	10,946			
Special revenue funds				86,188	-	86,188			
Capital project funds				1,712,448	-	1,712,448			
Construction fund				-	186,973	186,973			
Unrestricted				121,118	483,563	604,681			
Total cash basis net assets				<u>\$ 1,944,789</u>	<u>\$ 682,736</u>	<u>\$ 2,627,525</u>			

See notes to financial statements.

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
Governmental Funds

As of and for the year ended June 30, 2009

	General	Special Revenue			Capital Projects					Debt Service	Other Nonmajor Governmental	
		Road Use Tax	Tax Increment Financing	Library Grant	Library	TIF Main Street	TIF Bike Trail	Public Safety Building	TIF High School Utilities	Mud Creek Sewer	Funds	Total
Receipts:												
Property taxes	\$ 623,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,118	\$ 81,073
Tax increment financing collections	-	-	319,895	-	-	-	-	-	-	-	-	-
Other city tax	44,845	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	52,618	-	-	-	-	-	-	-	-	-	-	-
Uses of money and property	46,934	-	-	548	-	-	-	-	-	-	-	176
Intergovernmental	73,005	246,001	-	3,296	-	-	-	-	-	-	-	64,780
Charges for service	71,241	-	-	-	-	-	-	-	15,160	-	-	-
Prairie Meadows grant	-	-	-	10,000	-	-	-	-	-	-	-	-
Rent	-	-	-	-	24,982	-	-	-	-	-	-	-
Miscellaneous	61,950	-	-	4,185	1,800	980	-	-	-	-	-	9,984
Total receipts	974,308	246,001	319,895	18,029	26,782	980	-	-	15,160	-	337,118	156,013
Disbursements:												
Operating:												
Public safety	430,707	-	-	-	-	-	-	-	-	-	-	83,042
Public works	23,441	207,902	918	-	-	-	-	-	-	-	-	17,505
Health and social services	4,955	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	220,888	-	-	4,036	-	-	-	-	-	-	-	22,331
Community and economic development	40,430	-	-	-	-	-	-	-	-	-	-	-
General government	399,030	-	-	-	-	-	-	-	-	-	-	72,764
Debt service	-	-	-	-	-	-	-	-	-	-	755,527	-
Capital projects	-	-	-	-	737,293	344,590	79,643	612,732	167,256	96,832	-	3,044
Total disbursements	1,119,451	207,902	918	4,036	737,293	344,590	79,643	612,732	167,256	96,832	755,527	198,686
Excess (deficiency) of receipts over (under) disbursements	(145,143)	38,099	318,977	13,993	(710,511)	(343,610)	(79,643)	(612,732)	(152,096)	(96,832)	(418,409)	(42,673)
Other financing sources (uses)												
Loan proceeds	-	-	-	-	-	-	-	-	-	96,832	-	-
Bond proceeds	31,219	-	-	-	-	1,451,540	594,159	-	201,410	-	21,672	-
Sale of capital assets	-	-	-	-	-	900	-	-	-	-	-	-
Operating transfers in	162,017	-	-	-	103,804	-	-	-	-	-	388,541	42,694
Operating transfers (out)	(16,016)	-	(363,041)	(103,804)	(10,500)	-	-	-	-	-	-	(10,726)
Total other financing sources (uses)	177,220	-	(363,041)	(103,804)	93,304	1,452,440	594,159	-	201,410	96,832	410,213	31,968
Net change in cash balances	32,077	38,099	(44,064)	(89,811)	(617,207)	1,108,830	514,516	(612,732)	49,314	-	(8,196)	(10,705)
Cash balances beginning of year	135,832	(77,010)	40,438	138,409	626,028	(62,106)	31,335	616,903	-	-	22,285	112,554
Cash balances end of year	\$ 167,909	\$ (38,911)	\$ (3,626)	\$ 48,598	\$ 8,821	\$ 1,046,724	\$ 545,851	\$ 4,171	\$ 49,314	\$ -	\$ 14,089	\$ 101,849

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES - CONTINUED
Governmental Funds

As of and for the year ended June 30, 2009

	General	Special Revenue			Capital Projects						Debt Service	Other Nonmajor Governmental Funds	Total
		Road Use Tax	Tax Increment Financing	Library Grant	Library	TIF Main Street	TIF Bike Trail	Public Safety Building	TIF High School Utilities	Mud Creek Sewer			
Cash Basis Fund Balances													
Reserved:													
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,089	\$ -	\$ 14,089
Unreserved:													
General fund	167,909	-	-	-	-	-	-	-	-	-	-	-	167,909
Special revenue funds	-	(38,911)	(3,626)	48,598	-	-	-	-	-	-	-	33,336	39,397
Capital projects funds	-	-	-	-	8,821	1,046,724	545,851	4,171	49,314	-	-	57,567	1,712,448
Permanent fund	-	-	-	-	-	-	-	-	-	-	-	10,946	10,946
Total cash basis fund balances	\$ 167,909	\$ (38,911)	\$ (3,626)	\$ 48,598	\$ 8,821	\$1,046,724	\$ 545,851	\$ 4,171	\$ 49,314	\$ -	\$ 14,089	\$101,849	\$1,944,789

See notes to financial statements.

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
Proprietary Funds

As of and for the year ended June 30, 2009

	Enterprise Funds				Total
	Water	Sewer	Garbage	Storm Water	
Operating receipts:					
Charges for service	\$ 546,631	\$ 411,306	\$ 159,791	\$ 1,840	\$1,119,568
Water deposits	26,000	-	-	-	26,000
Total operating receipts	572,631	411,306	159,791	1,840	1,145,568
Operating disbursements:					
Business-type activities:	226,251	405,494	160,790	44,214	836,749
Total operating disbursements	226,251	405,494	160,790	44,214	836,749
Excess (deficiency) of operating receipts over (under) operating disbursements	346,380	5,812	(999)	(42,374)	308,819
Non-operating receipts (disbursements):					
Interest on investments	5,908	5	-	-	5,913
Miscellaneous	38,784	1,134	1,418	-	41,336
Debt service	(173,939)	(42,491)	-	-	(216,430)
Capital projects	(27,341)	(33,986)	-	-	(61,327)
Net non-operating receipts (disbursements)	(156,588)	(75,338)	1,418	-	(230,508)
Excess of receipts over disbursements	189,792	(69,526)	419	(42,374)	78,311
Transfers:					
Operating transfers in	-	156,568	-	9,979	166,547
Operating transfers (out)	(266,758)	(92,758)	-	-	(359,516)
Net transfers	(266,758)	63,810	-	9,979	(192,969)
Net change in cash balances	(76,966)	(5,716)	419	(32,395)	114,658
Cash balances beginning of year	645,814	191,281	14,203	(53,904)	797,394
Cash balances end of year	\$ 568,848	\$ 185,565	\$ 14,622	\$ (86,299)	\$ 682,736
Cash Basis Fund Balances					
Reserved for :					
Debt service	\$ 9,845	\$ 4,147	\$ -	\$ -	\$ 13,992
Construction fund	186,973	-	-	-	186,973
Unreserved	372,030	181,418	14,622	(86,299)	481,771
Total cash basis fund balances	\$ 568,848	\$ 185,565	\$ 14,622	\$ (86,299)	\$ 682,736

See notes to financial statements.

CITY OF BONDURANT**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH BALANCE - FIDUCIARY FUND***Agency Fund*

As of and for the year ended June 30, 2009

	<u>Agency Fund Sidewalk Escrow</u>
Cash balance beginning of year	\$ 19,457
Receipts:	
Uses of money and property	
Interest on investments	<u>54</u>
Total receipts	<u>54</u>
Cash balance end of year	<u><u>\$ 19,511</u></u>

See notes to financial statements.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bondurant is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1897 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, storm water and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bondurant has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

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 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 28E agreements, boards and commissions: Metro Waste Authority, Polk County Assessor's Conference Board, Polk County Emergency Management Commission, Polk County Joint E911 Service Board, Polk County Public Works, Polk County Public Management Services, Polk County Animal Control Services, Homeland Security Services, Polk County Aviation Authority, City of Altoona for Building Department Services, Fire/EMS Services, the Safety Coalition of Central Iowa and Des Moines Metropolitan Planning Organization.

Joint Venture

The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority, a joint venture established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the 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 services.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Library Grant is used to account for funds donated to the library.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The Library Fund accounts for costs associated with the library construction.

The Mud Creek Sewer Fund accounts for the design costs that are paid for on a reimbursement basis.

The TIF Main Street Fund accounts for cash associated with the reconstruction of Main Street to attract commercial development.

The TIF Bike Trail Fund accounts for costs associated with providing a way to bike from the west side of town to Lake Petocka and eventually to the Chichaqua bike trail.

The Public Safety Building Fund accounts for costs in the construction of a new public safety building.

The TIF High School Utilities Fund accounts for costs associated with providing water and sewer mains to the new high school.

The City reports the following major proprietary funds:

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

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

The Garbage Fund accounts for the operation and maintenance of the City's residential garbage collection system.

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

The City also reports an Agency Fund to account for sidewalk escrow deposits received from developers to be returned when the installation of sidewalks is complete.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus and Basis of Accounting - Continued

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets 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.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, all functions were within the budget guidelines except for the debt service fund.

(2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,651,808 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk - The City's investment in the Iowa Public Agency Investment Trust is unrated.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(3) LONG-TERM DEBT

The following is a summary of the changes in the outstanding long-term debt of the City for the year ended June 30, 2009:

	Balance June 30, 2008	Issued	Redeemed	Balance June 30, 2009
Governmental Activities				
General obligation bonds	\$ 215,000	\$ -	\$ 215,000	\$ -
General obligation notes	260,000	-	50,000	210,000
General obligation bonds	3,145,000	2,300,000	275,000	5,170,000
	<u>\$ 3,620,000</u>	<u>\$ 2,300,000</u>	<u>\$ 540,000</u>	<u>\$ 5,380,000</u>
Business-Type Activities				
Revenue bonds	\$ 1,944,500	\$ -	\$ 141,000	\$ 1,803,500
Sewer loan agreement	74,029	96,832	-	170,861
	<u>\$ 2,018,529</u>	<u>\$ 96,832</u>	<u>\$ 141,000</u>	<u>\$ 1,974,361</u>

Interest rates range from 3.00% to 4.70% on the general obligation notes and bonds. The revenue interest rates are from 3.84% to 4.375%. The City paid \$291,380 in interest on debt obligations for the year ended June 30, 2009.

Debt service requirements for general obligation bonds, note and revenue bonds are as follows:

Year Ending June 30,	General Obligation Urban Renewal Bond		General Obligation Bonds and Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 155,000	\$152,467	\$ 265,000	\$ 132,240	\$ 146,500	\$ 71,388	\$ 566,500	\$ 356,095
2011	160,000	82,613	270,000	118,590	154,000	65,580	584,000	266,783
2012	165,000	77,812	230,000	104,361	160,000	59,579	555,000	241,752
2013	170,000	72,533	235,000	95,391	162,000	53,346	567,000	221,270
2014	180,000	66,752	205,000	86,136	168,500	47,036	553,500	199,924
2015-2019	1,220,000	205,225	1,090,000	305,254	535,000	152,841	2,845,000	663,320
2020-2024	250,000	10,375	785,000	68,075	302,500	71,307	1,337,500	149,757
2025-2027	-	-	-	-	175,000	9,954	175,000	9,954
	<u>\$2,300,000</u>	<u>\$667,777</u>	<u>\$3,080,000</u>	<u>\$ 910,047</u>	<u>\$1,803,500</u>	<u>\$531,031</u>	<u>\$7,183,500</u>	<u>\$2,108,855</u>

General Obligation Bonds

On August 4, 2008, the City issued \$2,300,000 general obligation urban renewal corporate purpose bonds. The funds were used for the purpose of planning, undertaking and carrying out urban renewal projects within the Bondurant Urban Renewal Area (the "Urban Renewal Area"), consisting of constructing street, sidewalk, storm sewer, sanitary sewer and water system improvements and installing street lighting.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(3) LONG-TERM DEBT - CONTINUED

Revenue Bonds

The resolutions providing for the issuance of the water and sewer revenue bonds issued under a loan agreement between the City of Bondurant, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue bond sinking accounts within the Enterprise Funds for the purpose of making the bond principal and interest payments when due. At June 30, 2009, the restricted balance was \$13,992.
- (c) All funds remaining in the water and sewer accounts after making the required transfers shall be placed in water and sewer revenue surplus accounts. As long as the sinking accounts have the full amount required to be deposited, the balance in the surplus accounts may be made available to the City as the Council may direct.

The City has made monthly transfers to the bond sinking accounts as required by the bond resolutions.

Water Service Agreement

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

This agreement allowed the City to acquire "Purchased Capacity" of .50 million gallons per day (mgd) of water from DMWW. Payments to DMWW by the City will be used to pay the City's portion of Water Revenue Bonds issued for the construction of a treatment plant.

Sewer Loan Agreement

The City entered into a \$1,175,000 interim 0% interest loan and disbursement agreement pursuant to Section 76.13 of the Code of Iowa with the Iowa Finance Authority on November 20, 2006.

The project note is issued in anticipation of the receipt of loan proceeds from the issuance of Sewer Revenue Bonds in a principal amount not to exceed \$1,175,000 to provide funds to pay the costs of constructing improvements and extensions to the utility. The balance on the loan at June 30, 2009 was \$170,861.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(4) JOINT VENTURE AND COMMITMENTS

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

As part of the Agreement, the WRA issued debt to advance refund the sewer revenue refunding bonds Series 1997C and 2002D and the state revolving loans SRF2 and SRF3 of the City of Des Moines. In addition, state revolving loans SRF4, SRF6 and SRF7 were reassigned from the City of Des Moines to the WRA.

The City of Bondurant retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B and 2006 include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Agreement requires the debt service on the Series 2004A bonds to be allocated using the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$9,665,000 as of June 30, 2009. The City of Bondurant has a commitment for approximately \$0, or 0%, for future principal payment requirements on that debt. The WRA Sewer Revenue Bonds Series 2004B, 2006 bonds and the 2008 State Revolving Loan Funds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2009, the Series 2004B bonds had a balance of \$63,580,000 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$668,660 or 1.05%. As of June 30, 2009, the Series 2006 bonds had a balance of \$37,325,000 and the City of Bondurant's estimated future allocation based on the WRA Flows is currently \$414,403 or 1.11%. On June 30, 2009, the 2008 and 2009 State Revolving Loans had a balance of \$32,967,198 and the City of Bondurant's estimated future allocation based on the WRA flows is currently \$397,621 or 1.21%. The pre 2004 State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2009, the WRA had \$9,692,000 in outstanding pre 2004 State Revolving Loans, of which \$0 of future principal debt service is a commitment of the City of Bondurant.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(4) JOINT VENTURE AND COMMITMENTS - CONTINUED

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2009, the City paid the WRA \$126,303 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.

(5) PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the City is required to contribute 6.35% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$28,903, \$24,539 and \$20,490, respectively, equal to the required contributions for each year.

(6) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensation 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 these earned vacation termination payments payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation and compensation	\$ 27,005

This liability has been computed based on rates of pay as of June 30, 2009.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(7) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General Fund	Enterprise:	
	Water Fund	\$ 89,351
	Sewer Fund	71,919
	Special Revenue:	
	Emergency Fund	347
	Permanent:	
	Cemetery Perpetual Care	400
Special Revenue: EMS	General Fund	1,016
Capital Projects: Library	Special Revenue: Library Grant	103,804
Debt Service Fund	Special Revenue:	
	Tax Increment Financing	363,041
	Capital Project:	
	Library	10,500
	General Fund	15,000
Special Revenue: Employee Benefits Fund	Enterprise:	
	Water Fund	20,839
	Sewer Fund	20,839
Enterprise Fund:	Enterprise:	
Sewer	Water	156,568
Storm Water	Capital Projects:	
	N.E. 62nd	<u>9,979</u>
Total		<u><u>\$ 863,603</u></u>

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

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(8) RISK MANAGEMENT

The City is a member in 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 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2009 were \$41,817.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(8) RISK MANAGEMENT - CONTINUED

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

(9) CONSTRUCTION CONTRACTS

At June 30, 2009, the City had entered into construction contracts of approximately \$579,004 for various projects. At June 30, 2009, these projects will require future payments of approximately \$579,004 upon completion.

(10) PENDING LITIGATION

The City is a party to a lawsuit with a supplier for monies allegedly owed as a result of withholding certain contract payments from the supplier because the supplier failed to timely complete a contract project. On August 3, 2009, the Court granted the supplier \$36,000 in settlement of this case.

(11) DEFICIT BALANCES

The City had deficit balances at June 30, 2009, as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Road Use Tax	\$ 38,911
Emergency Management - FEMA	4,254
Tax Increment Financing	3,626
Enterprise:	
Storm Water	86,299
Capital Projects:	
Sidewalk	46,625

The deficit balances are the result of costs incurred prior to availability of funds. The deficit balances will be eliminated upon receipt of property tax for the Special Revenue, state road use tax funds, tax increment financing, special assessments, and state aid.

CITY OF BONDURANT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

(12) REVENUE RESERVE BALANCES

Revenue reserve balances are not available for general operating use. They are included with their respective water or sewer cash balances on Exhibit C. Cash balances at end of year are summarized as follows:

	Water	Sewer	Garbage	Storm Water	Total
General operation	\$301,310	\$181,418	\$ 14,622	\$(86,299)	\$411,051
Water deposits	70,720	-	-	-	70,720
Construction fund	186,973	-	-	-	186,973
Sinking fund	9,845	4,147	-	-	13,992
	<u>\$568,848</u>	<u>\$185,565</u>	<u>\$ 14,622</u>	<u>\$(86,299)</u>	<u>\$682,736</u>

(13) SUBSEQUENT EVENTS

On July 22, 2009, the Iowa DOT opened bids for the 2nd Street Sidewalk/Bike Path. The low bid submitted was \$342,498. In addition, \$43,000 will be expended for construction engineering.

A grant in the amount of \$405,000 to help pay the above costs was approved on February 19, 2009, by the Des Moines Metropolitan Planning Organization for the bike path. This grant is funded through the 2009 American Recovery and Reinvestment Act (ARRA) and administered by the Federal Highway Administration through the Iowa Department of Transportation.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BONDURANT

BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2009

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Receipts:						
Property tax	\$ 1,041,906	\$ -	\$1,041,906	\$1,030,928	\$1,030,928	\$ 10,978
Tax increment financing collections	319,895	-	319,895	345,151	345,151	(25,256)
Other city tax	44,845	-	44,845	28,574	28,574	16,271
Licenses and permits	52,618	-	52,618	70,775	35,455	17,163
Uses of money and property	47,658	5,913	53,571	48,190	80,047	(26,476)
Intergovernmental	387,082	-	387,082	349,070	371,197	15,885
Charges for service	86,401	1,119,568	1,205,969	1,224,267	1,267,359	(61,390)
Miscellaneous	113,881	67,336	181,217	22,375	117,837	63,380
Total receipts	<u>2,094,286</u>	<u>1,192,817</u>	<u>3,287,103</u>	<u>3,119,330</u>	<u>3,276,548</u>	<u>10,555</u>
Disbursements:						
Public safety	513,749	-	513,749	425,396	532,049	18,300
Public works	249,766	-	249,766	218,356	279,347	29,581
Health and social services	4,955	-	4,955	7,030	7,030	2,075
Culture and recreation	247,255	-	247,255	273,687	259,422	12,167
Community and economic development	40,430	-	40,430	79,768	45,607	5,177
General government	471,794	-	471,794	453,369	511,478	39,684
Debt service	755,527	-	755,527	689,627	755,408	(119)
Capital projects	2,041,390	-	2,041,390	1,096,010	2,196,711	155,321
Business-type	-	1,114,506	1,114,506	1,071,900	1,289,576	175,070
Total disbursements	<u>4,324,866</u>	<u>1,114,506</u>	<u>5,439,372</u>	<u>4,315,143</u>	<u>5,876,628</u>	<u>437,256</u>
Excess (deficiency) of receipts over disbursements	(2,230,580)	78,311	(2,152,269)	(1,195,813)	(2,600,080)	447,811
Other financing sources (uses)						
Bond proceeds	2,300,000	-	2,300,000	-	2,356,380	(56,380)
Loan proceeds	96,832	-	96,832	-	52,520	44,312
Sale of capital assets	900	-	900	-	900	-
Other	192,969	(192,969)	-	300,000	(847)	847
Total other financing sources (uses)	<u>2,590,701</u>	<u>(192,969)</u>	<u>2,397,732</u>	<u>300,000</u>	<u>2,408,953</u>	<u>(11,221)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	360,121	(114,658)	245,463	(895,813)	(191,127)	436,590
Balances beginning of year	<u>1,584,668</u>	<u>797,394</u>	<u>2,382,062</u>	<u>2,402,329</u>	<u>2,402,329</u>	<u>(20,267)</u>
Balances end of year	<u>\$1,944,789</u>	<u>\$ 682,736</u>	<u>\$2,627,525</u>	<u>\$1,506,516</u>	<u>\$2,211,202</u>	<u>\$ 416,323</u>

See accompanying independent auditor's report.

CITY OF BONDURANT

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information 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. 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 or fund type. 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, special revenue funds, debt service fund, capital project funds and permanent fund and 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, a budget amendment increased budgeted disbursements by \$1,561,485. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the debt service fund.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BONDURANT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2009

	Special Revenue						Permanent Cemetery Perpetual Care	Capital Projects			
	Employee Benefits	Emergency	FEMA	EMS Grant	Park & Recreation	Drainage District		Storm Shelter	NE 62nd	Sidewalk	Total
Receipts:											
Property tax	\$ 80,726	\$ 347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,073
Uses of money and property:											
Interest on investments	-	-	-	-	-	-	176	-	-	-	176
Intergovernmental	-	-	47,206	-	-	-	-	6,218	11,356	-	64,780
Miscellaneous	28	-	-	3,200	692	-	400	-	-	5,664	9,984
Total receipts	80,754	347	47,206	3,200	692	-	576	6,218	11,356	5,664	156,013
Disbursements:											
Operating:											
Public safety	3,219	-	49,802	30,021	-	-	-	-	-	-	83,042
Public works	17,505	-	-	-	-	-	-	-	-	-	17,505
Culture and recreation	22,238	-	-	-	93	-	-	-	-	-	22,331
General government	72,764	-	-	-	-	-	-	-	-	-	72,764
Capital projects	-	-	-	-	-	-	-	-	-	3,044	3,044
Total disbursements	115,726	-	49,802	30,021	93	-	-	-	-	3,044	198,686
Excess (deficiency) of receipts over (under) disbursements	(34,972)	347	(2,596)	(26,821)	599	-	576	6,218	11,356	2,620	(42,673)
Other financing sources (uses):											
Operating transfers in	41,678	-	-	1,016	-	-	-	-	-	-	42,694
Operating transfers (out)	-	(347)	-	-	-	-	(400)	-	(9,979)	-	(10,726)
Total other financing sources (uses)	41,678	(347)	-	1,016	-	-	(400)	-	(9,979)	-	31,968
Net change in cash balances	6,706	-	(2,596)	(25,805)	599	-	176	6,218	1,377	2,620	(10,705)
Cash balances beginning of year	6,094	-	(1,658)	39,327	9,436	1,233	10,770	-	96,597	(49,245)	112,554
Cash balances end of year	\$ 12,800	\$ -	\$ (4,254)	\$ 13,522	\$ 10,035	\$ 1,233	\$ 10,946	\$ 6,218	\$ 97,974	\$ (46,625)	\$ 101,849
Cash Basis Fund Balances											
Unreserved:											
Special revenue funds	\$ 12,800	\$ -	\$ (4,254)	\$ 13,522	\$ 10,035	\$ 1,233	\$ -	\$ -	\$ -	\$ -	\$ 33,336
Capital project funds	-	-	-	-	-	-	-	6,218	97,974	(46,625)	57,567
Permanent fund	-	-	-	-	-	-	10,946	-	-	-	10,946
Total cash basis fund balances	\$ 12,800	\$ -	\$ (4,254)	\$ 13,522	\$ 10,035	\$ 1,233	\$ 10,946	\$ 6,218	\$ 97,974	\$ (46,625)	\$ 101,849

See accompanying independent auditor’s report.

CITY OF BONDURANT

SCHEDULE OF INDEBTEDNESS

Year ended June 30, 2009

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 notes:									
Property acquisition (library)	Jun. 21,2006	3.90%	\$ 350,000	\$ 260,000	\$ -	\$ 50,000	\$ 210,000	\$ 10,140	\$ -
Total				\$ 260,000	\$ -	\$ 50,000	\$ 210,000	\$ 10,140	\$ -
General obligation bonds:									
Corporate purpose	Jun. 1, 1999	4.60-4.70%	\$ 1,215,000	\$ 255,000	\$ -	\$ 145,000	\$ 110,000	\$ 11,640	\$ -
Corporate purpose	Mar. 1, 2001	3.80-4.40	565,000	215,000	-	215,000	-	9,250	-
Corporate purpose	Jul. 2, 2007	3.85-4.30	2,990,000	2,890,000	-	130,000	2,760,000	117,565	-
Urban renewal	Sep. 2, 2008	3.00-4.15	2,300,000	-	2,300,000	-	2,300,000	65,204	-
Total				\$3,360,000	\$2,300,000	\$ 490,000	\$5,170,000	\$203,659	\$ -
Revenue bonds:									
Drinking water	Dec. 22, 2000	3.84%	\$ 972,000	\$ 622,000	\$ -	\$ 78,000	\$ 544,000	\$ 23,885	\$ -
Sewer Series A 1998	Jan. 6, 1999	3.92	248,934	155,000	-	12,000	143,000	6,076	-
Sewer Series B 1998	Jan. 6, 1999	3.92	326,066	210,000	-	16,000	194,000	8,232	-
Water Series 2006	Feb. 7, 2006	4.00-4.375	1,020,000	957,500	-	35,000	922,500	39,388	-
Total				\$1,944,500	\$ -	\$ 141,000	\$1,803,500	\$ 77,581	\$ -
Sewer loan agreement	Nov. 20, 2006	0.00%	\$1,175,000	\$ 74,029	\$ 96,832	\$ -	\$ 170,861	\$ -	\$ -

See accompanying independent auditor’s report.

CITY OF BONDURANT

BOND AND NOTE MATURITIES

June 30, 2009

Year Ending June 30,	General Obligation Notes		General Obligation Bonds							Total
	Property Acquisition (Library)		Corporate Purpose		Corporate Purpose		Urban Renewal			
	Issued Jun. 21, 2006		Issued Jun. 1, 1999		Issued Jul. 2, 2007		Issued Aug. 4, 2008			
	Interest	Amount	Interest	Amount	Interest	Amount	Interest	Amount		
2010	3.90%	\$ 50,000	4.60%	\$ 55,000	3.85%	\$ 160,000	3.00%	\$ 155,000	\$ 420,000	
2011	3.90	50,000	4.70	55,000	3.875	165,000	3.00	160,000	430,000	
2012	3.90	55,000	-	-	3.90	175,000	3.20	165,000	395,000	
2013	3.90	55,000	-	-	3.95	180,000	3.40	170,000	405,000	
2014	-	-	-	-	4.00	205,000	4.00	180,000	385,000	
2015	-	-	-	-	4.00	200,000	4.00	185,000	385,000	
2016	-	-	-	-	4.05	210,000	4.00	255,000	465,000	
2017	-	-	-	-	4.10	215,000	4.00	265,000	480,000	
2018	-	-	-	-	4.125	225,000	4.05	275,000	500,000	
2019	-	-	-	-	4.15	240,000	4.10	240,000	480,000	
2020	-	-	-	-	4.20	250,000	4.15	250,000	500,000	
2021	-	-	-	-	4.25	260,000	-	-	260,000	
2022	-	-	-	-	4.30	275,000	-	-	275,000	
Total		<u>\$ 210,000</u>		<u>\$ 110,000</u>		<u>\$2,760,000</u>		<u>\$2,300,000</u>	<u>\$5,380,000</u>	

Year Ending June 30,	Revenue Bonds								Total
	Drinking Water		Sewer Series A 1998		Sewer Series B 1998		Water Series 2006		
	Issued Dec. 22, 2000		Issued Jan. 6, 1999		Issued Jan. 6, 1999		Issued Feb. 7, 2006		
	Interest	Amount	Interest	Amount	Interest	Amount	Interest	Amount	
2010	3.84%	\$ 81,000	3.92%	\$ 12,000	3.92%	\$ 16,000	4.00%	\$ 37,500	\$ 146,500
2011	3.84	85,000	3.92	12,000	3.92	17,000	4.00	40,000	154,000
2012	3.84	89,000	3.92	13,000	3.92	18,000	4.00	40,000	160,000
2013	3.84	91,000	3.92	13,000	3.92	18,000	4.00	40,000	162,000
2014	3.84	93,000	3.92	14,000	3.92	19,000	4.00	42,500	168,500
2015	3.84	99,000	3.92	15,000	3.92	20,000	4.00	45,000	179,000
2016	3.84	4,000	3.92	15,000	3.92	20,000	4.00	47,500	86,500
2017	3.84	2,000	3.92	16,000	3.92	21,000	4.00	50,000	89,000
2018	-	-	3.92	16,000	3.92	22,000	4.00	50,000	88,000
2019	-	-	3.92	17,000	3.92	23,000	4.00	52,500	92,500
2020	-	-	-	-	-	-	4.0625	55,000	55,000
2021	-	-	-	-	-	-	4.125	57,500	57,500
2022	-	-	-	-	-	-	4.125	60,000	60,000
2023	-	-	-	-	-	-	4.125	62,500	62,500
2024	-	-	-	-	-	-	4.250	67,500	67,500
2025	-	-	-	-	-	-	4.375	70,000	70,000
2026	-	-	-	-	-	-	4.375	70,000	70,000
2027	-	-	-	-	-	-	4.375	35,000	35,000
Total		<u>\$ 544,000</u>		<u>\$ 143,000</u>		<u>\$ 194,000</u>		<u>\$ 922,500</u>	<u>\$ 1,803,500</u>

See accompanying independent auditor’s report.

CITY OF BONDURANT

SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS

FOR THE LAST SIX YEARS

	Years ended June 30,					
	2009	2008	2007	2006	2005	2004
Receipts:						
Property and other city tax	\$1,086,751	\$ 944,448	\$ 885,861	\$ 803,124	\$ 761,171	\$ 648,446
Tax increment financing	319,895	338,504	306,722	290,532	302,471	284,615
Licenses and permits	52,618	93,508	79,170	126,604	194,717	127,505
Use of money and property	47,658	122,387	21,778	8,509	8,668	7,947
Intergovernmental	387,082	432,155	249,064	594,283	224,504	336,186
Charges for service	86,401	74,148	125,295	137,027	31,015	56,905
Miscellaneous	113,881	157,666	181,032	29,784	69,243	371,010
Total	<u>\$2,094,286</u>	<u>\$2,162,816</u>	<u>\$1,848,922</u>	<u>\$1,989,863</u>	<u>\$1,591,789</u>	<u>\$1,832,614</u>
Disbursements:						
Operating:						
Public safety	\$ 513,749	\$ 446,249	\$ 357,732	\$ 452,157	\$ 306,838	\$ 300,707
Public works	249,766	314,543	285,134	417,440	808,986	371,775
Health and social services	4,955	4,786	-	-	2,573	2,284
Culture and recreation	247,255	237,789	170,671	114,763	101,946	100,964
Community and economic development	40,430	72,377	60,245	81,525	25,216	406,455
General government	471,794	435,122	305,978	335,955	234,923	210,746
Debt service	755,527	545,980	430,040	381,882	369,952	503,729
Capital projects	2,041,390	1,464,655	532,437	514,448	15,774	7,925
Total	<u>\$4,324,866</u>	<u>\$3,521,501</u>	<u>\$2,142,237</u>	<u>\$2,298,170</u>	<u>\$1,866,208</u>	<u>\$1,904,585</u>

See accompanying independent auditor's report.



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

4949 Pleasant Street, Suite 104
West Des Moines, Iowa 50266

(515)-223-4841
FAX: (515)-223-0851

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 the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant, Iowa as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated August 27, 2009. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bondurant's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Bondurant's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bondurant's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bondurant's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Bondurant's financial statements that is more than inconsequential will not be prevented or detected by the City of Bondurant's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Bondurant's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09, II-B-09, and II-D-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bondurant's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bondurant's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Bondurant's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bondurant and other parties to whom the City of Bondurant may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bondurant during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Martens & Company, CPA, LLP

West Des Moines, Iowa
August 27, 2009

CITY OF BONDURANT

SCHEDULE OF FINDINGS

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepting accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF BONDURANT

SCHEDULE OF FINDINGS

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the following functions are not entirely segregated: cash receipts, general ledger posting, reconciliations and investment control and custody.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-09 Computer System Control - The design and controls established over the computer system process is very important in providing assurance and financial integrity of the City's financial records. We noted some weaknesses in the policies and controls.

Recommendation -

- (1) A sprinkler system should be installed.
- (2) Procedures should be established to ensure proper disposal of sensitive material (e.g. shredding of printouts, complete removal of data and software from hard disks and diskettes.
- (3) All employees should be trained for appropriate responses to emergency situations.

Response - We will consider these recommendations.

Conclusion - Response acknowledged. Once established, the recommended policies and procedures will add a measure of assurance to the City's financial records.

CITY OF BONDURANT

SCHEDULE OF FINDINGS

Year ended June 30, 2009

SIGNIFICANT DEFICIENCIES

II-C-09 Council Minutes - It was noted that two council minutes were not signed.

Recommendation - Council minutes must be signed in accordance with Chapter 380.7 of the Code of Iowa.

Response - We will sign all council minutes in the future.

Conclusion - Response accepted

II-D-09 Preparation of Financial Statements - The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Recommendation - We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, the City's management and those charged with governance should decide whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We are aware of the situation and will continually review the risks associated with this condition because of cost or other considerations.

Conclusion - Response accepted.

II-E-09 Investment of Bond Proceeds - The City passed Resolution #08-168 to assign to the general fund all interest earnings from unspent bond proceeds. This resolution is in conflict with Iowa Code 12c.9(2) which states "Earnings and interest from investments pursuant to subsection 1 shall be used to pay the principal or interest as the principal or interest comes due on the indebtedness or to fund the construction of the project for which the indebtedness was issued, or shall be credited to the capital project fund for which the indebtedness was issued."

Recommendation - The City should rescind Resolution #08-168 and comply with Iowa Code 12c.9(2) in the future.

Response - We will comply.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF BONDURANT

SCHEDULE OF FINDINGS

Year ended June 30, 2009

Part III: Other Findings Related to Required Statutory Reporting:

III-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the debt service functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

III-B-09 Questionable Disbursements - We noted no expenditures for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

III-C-09 Travel Expenses - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-09 Business Transactions - No business transactions between the City and City officials or employees were noted.

III-E-09 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.

III-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council Minutes but were not.

III-G-09 Revenue Bonds - All provisions of the revenue bond requirements have been met.

III-H-09 Deposits and Investments - We noted 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.

III-I-09 Financial Condition - The City had deficit balances at June 30, 2009 as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Road Use Tax	\$ 38,911
Emergency Management - FEMA	4,254
Tax Increment Financing	3,626

CITY OF BONDURANT

SCHEDULE OF FINDINGS

Year ended June 30, 2009

Part III: Other Findings Related to Statutory Reporting :

III-I-09 Financial Condition - Continued

Enterprise:

Storm Water	86,299
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Capital Projects:

Sidewalk	46,625
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Recommendation - The City should continue in their efforts of returning these funds to a sound financial position.

Response - The City agrees that deficit fund balances in the funds listed are not desirable. The City conducted a special census which resulted in the collection of additional Road Use Funds, thereby reducing the Road Use deficit by \$38,099. The Emergency Management-FEMA and Tax Increment Financing deficits were cleared by deposits received in July after the year end.

The Storm Water deficit has not yet been addressed as the utility rates are already high. The Capital Project-Sidewalk deficit will be cleared upon payment of a 10 year special assessment.

Considerable progress has already been made in reducing deficits from the 2008 levels.

Conclusion - Response acknowledged.