

CITY OF BONDURANT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2016

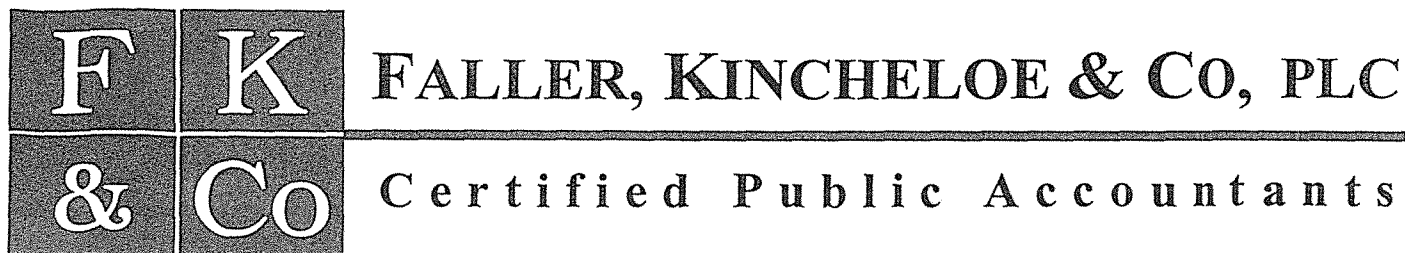
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City of Bondurant

Officials

Name	Title	Term Expires
<b>(Before January 2016)</b>		
Curt Sullivan	Mayor	Nov 2015
Brian Lohse	Mayor Pro Tem	Jan 2016
Doug Elrod	Council Member	Nov 2015
Jennifer Keeler	Council Member	Nov 2015
Robert Peffer	Council Member	Nov 2015
Wes Enos	Council Member	Jan 2018
Mark Arentsen	City Administrator	Indefinite
Lori Dunham	Finance Director	Indefinite
David Brick	Attorney	Indefinite
<b>(After January 2016)</b>		
Curt Sullivan	Mayor	Jan 2018
Brian Lohse	Mayor Pro Tem	Jan 2020
Doug Elrod	Council Member	Jan 2020
Jennifer Keeler	Council Member	Jan 2020
Robert Peffer	Council Member	Jan 2018
Wes Enos	Council Member	Jan 2018
Mark Arentsen	City Administrator	Indefinite
Shelby Hagan	City Clerk	Indefinite
Lori Dunham	Finance Director	Indefinite
David Brick	Attorney	Indefinite



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, 2016, 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, 2016, 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 described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the City's Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 6 through 12 and 30 through 34 has not been subjected to the auditing procedures applied in the audit of the basic statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



FALLER, KINCHELOE & CO., PLC

Des Moines, Iowa  
November 23, 2016

## **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, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2016 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 2%, or approximately \$104,000 from fiscal year 2015 to fiscal year 2016. Capital grants, contributions and restricted interest decreased approximately \$1,330,000. Property tax, operating grants, contributions and restricted interest, and proceeds of general obligation bonds increased approximately \$207,000, \$133,000, and \$1,062,000, respectively.
- Disbursements of the City's governmental activities decreased 23% or approximately \$1,673,000 from fiscal year 2015 to fiscal year 2016. Debt service and capital projects disbursements decreased approximately \$1,646,000, and \$1,283,000, respectively, and public safety, public works culture and recreation and payment to bond refunding agent disbursements increased approximately \$95,000, \$117,000, \$103,000 and \$1,030,000, respectively.
- The City's total cash basis net position decreased 4% or approximately \$143,000 from fiscal year 2015 to fiscal year 2016. Of this amount, the cash basis net position of the governmental activities decreased approximately \$389,000 and the cash basis net position of the business type activities increased approximately \$246,000.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

### **BASIS OF ACCOUNTING**

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

Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

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

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

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

### *Fund Financial Statements*

The City has three kinds of funds:

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities showed a decrease from a year ago as capital project fund balances were expended, decreasing from approximately \$1.5 million to \$1.1 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for service	\$ 618	603
Operating grants, contributions and restricted interest	742	609
Capital grants, contributions and restricted interest	76	1,406
General receipts:		
Property tax	2,000	1,793
Tax increment financing	480	489
Other city tax	11	-
Commercial/industrial tax replacement	46	-
Unrestricted interest on investments	3	2
Proceeds of general obligation bonds	1,062	-
Other general receipts	16	48
Total receipts	5,054	4,950
Disbursements:		
Public safety	853	758
Public works	681	564
Health and social services	7	1
Culture and recreation	561	458
Community and economic development	194	265
General government	651	675
Debt service	1,042	2,688
Capital projects	740	2,023
Payment to bond refunding agent	1,030	-
Total disbursements	5,759	7,432
Change in cash basis net position before transfers	(705)	(2,482)
Transfers, net	316	262
Change in cash basis net position	(389)	(2,220)
Cash basis net position beginning of year	1,512	3,732
Cash basis net position end of year	\$ 1,123	1,512

The City's total receipts for governmental activities increased 2%, or approximately \$104,000. The total cost of all programs and services decreased approximately \$1,673,000, or 23%. The increase in receipts was primarily the result of an increase in proceeds of general obligation bonds. Other increases in receipts included increases in property tax along with operating grants, contributions and restricted interest.



The City reduced the property tax rate for fiscal year 2016 by five cents per \$1,000 of assessed valuation but total assessed valuation increased by approximately \$15,803,000. This increased valuation raised the City's property tax receipts approximately \$215,000. Based on increases in the total taxable valuation, property tax receipts are budgeted to increase an additional \$186,000 next year.

The cost of all governmental activities this year was approximately \$5,759,000 compared to approximately \$7,432,000 last year. The most significant increases in disbursements were primarily increases in public safety for the hiring of a full-time fire chief, in public works for street repairs, and culture and recreation for park projects. The significant decreases included lower debt service expenditures due to the crossover advance refunded debt in fiscal year 2015 and capital projects as the US Highway 65/330 traffic light and pavement widening project was near completion in fiscal year 2015. However, as shown in the Cash Basis Statement of Activities and Net Position on page 14, the amount taxpayers ultimately financed for these activities was approximately \$3,292,000 because some of the cost was paid by those directly benefited from the programs (approximately \$618,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$818,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in 2016 from approximately \$2,618,000 to \$1,436,000 principally due to a decrease in capital grants, contributions and restricted interest related to parks, trail construction and traffic light/pavement project grants.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year Ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 971	852
Sewer	984	928
Storm water	145	141
Total receipts	<u>2,100</u>	<u>1,921</u>
Disbursements:		
Water	635	681
Sewer	810	588
Storm water	93	54
Total disbursements	<u>1,538</u>	<u>1,323</u>
Change in cash basis net position before transfers	562	598
Transfers, net	<u>(316)</u>	<u>(262)</u>
Change in cash basis net position	246	336
Cash basis net position beginning of year	<u>1,992</u>	<u>1,656</u>
Cash basis net position end of year	<u>\$ 2,238</u>	<u>1,992</u>

Total business type activities receipts for the fiscal year were \$2,099,710 compared to \$1,921,325 last year. This increase is due to a 7% water rate increase July 1, 2015 and an increase in new homes. The cash balance increased approximately \$246,000 from the prior year. Total disbursements for the fiscal year increased by approximately 17 percent to a total of \$1,538,000 due to an increase in wholesale water cost and the prepayment of sewer debt. The Enterprise, Storm Water Fund cash balance increased \$51,804 as funds are being retained for upcoming District 30 tile work and the Enterprise, Water Fund cash balance increased \$166,646 as a water main connection under Hwy 65/330 is planned for fiscal year 2017. Total disbursements for the fiscal year increased 16% to approximately \$1.538 million.

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

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$1,123,041, a decrease of more than \$389,000 from last year's total of \$1,512,042. 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 balance of \$477,221 in 2015 to a balance of \$562,943 in 2016. The increase is largely due to the receipt of approximately \$60,000 in building permits over original budgeted projections.
- The Special Revenue, Road Use Tax Fund cash balance increased from a balance of \$183,463 in 2015 to a balance of \$355,255 in 2016. A Special Census completed in the fall of 2016 increased monthly revenue for the second half of fiscal year 2016 by approximately \$150,000 over original budgeted projections. A \$60,000 transfer to the Capital Project US Highway 65/32nd Street traffic light/street widening project was delayed to fiscal year 2017. The City will be using these funds for a new plow truck ordered for fall 2016 and for future rural road resurfacing.
- The Special Revenue, Urban Renewal Tax Increment Fund increased from a balance of \$18,076 in 2015 to a balance of \$34,081 in 2016 due to property tax revenues exceeding certification amounts by \$15,868.
- The Debt Service Fund cash balance decreased \$16,019 to \$32,063. This decrease was due to the use of existing fund balance to pay for street construction debt from 2013A GO debt, originally projected to be paid from the Special Revenue, Road Use Tax Fund.
- The Capital Projects Fund cash balance decreased by \$684,943 to (\$29,452), which was due to 2013A bond proceeds being spent for park improvements and the completion of the Hwy 65/330 traffic light/pavement widening project with grand funds yet to be received. There are two capital projects for sidewalk replacement and one capital project for storm water infrastructure that are negative balances until the resident ten year assessments are paid in full.

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

- The Enterprise, Water Fund cash balance increased \$166,646 in fiscal year 2016 to \$739,403. Water revenues increased by approximately \$118,000 due to increased water usage and population and a 7% rate increase July 1, 2015. The major expense of wholesale water cost from Des Moines Water Works exceeded \$279,000 and annual debt payments exceeded \$203,000.
- The Enterprise, Sewer Fund cash balance increased slightly from \$1,249,880 to \$1,277,377 at June 30, 2016. Sewer revenues increased by approximately \$56,000 due to increased water usage. Disbursements include Wastewater Reclamation Authority fees of \$424,314. The anticipated creek re-alignment expense of \$400,000 was delayed to fiscal year 2017. Other anticipated cash requirements in 2017 include a \$280,000 Council commitment for a construction development fund and \$250,000 for a sewer lining project in Paine Heights subdivision.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amendment approved on August 3, 2015, resulted in an increase in operating disbursements for projects not completed in fiscal year 2015 related to parks, trails, traffic lights and WRA connection. The final budget amendment was approved on April 18, 2016, and resulted in increased budgeted disbursements in Debt Service due to the refunding of the 2008 general obligation debt and in the Water and Sewer Funds due to a truck purchase, prepayment of debt, and an increase in wholesale water cost. The City had sufficient cash balances or committed grant funds to absorb the additional costs.

Total disbursements were \$1,093,823 less than the final budget of \$9,122,145. Actual disbursements for the business type activities was \$839,234 less than budgeted due to the creek relocation budgeted for, but not completed during the fiscal year 2016 and the inadvertent misclassification of the Garbage Fund \$224,750 in the business types activities instead of general fund public works resulting in expenses exceeding the budget in the public works function.

## DEBT ADMINISTRATION

At June 30, 2016, the City had \$8,582,375 in bonds and other long-term debt compared to \$9,722,865 last year as follows:

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2016	2015
General obligation bonds and notes	\$ 6,705	7,530
Revenue bonds	-	150
Water Capacity Purchase	408	455
Water service agreement	608	660
Urban service area agreement	862	928
Total	\$ 8,583	9,723

Debt decreased as a result of principal payments made during the year in excess of the new debt issue amount.

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 \$7,190,000, including TIF debt of \$485,000, is below the City's Constitutional debt limit of \$13 million.

More detailed information about the City's long-term liabilities is presented in Schedule 3 on page 38 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Bondurant's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates and fees charged for various City activities. The economy in the area has been steady with a slight increase in our unemployment rate in the past year. Unemployment in Polk County now stands at 4.0% versus 3.5% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 4.9 %.

The housing market showed strong growth for Bondurant in 2015 with an almost 80% increase in new single-family home permits issued from 66 to 118. During calendar year 2015, 310 total building permits were issued, resulting in over \$28 million in new valuation to the City.

These indicators were taken into account when adopting the budget for fiscal year 2017. Based on the tax rate of \$13.88621 per \$1,000 of taxable valuation, the City expects to generate \$2,166,105 in property tax revenue for FY 2017. Total General Fund revenues at this time are anticipated to be approximately \$1,974,590. Revenues from all funds, including Enterprise Funds, are anticipated to be \$6.6 million.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark J. Arentsen, City Administrator, 200 Second Street, Northeast, P.O. Box 37, Bondurant, Iowa, 50035, 515-967-2418, e-mail [marentsen@cityofbondurant.com](mailto:marentsen@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, 2016

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions / Programs:</b>							
<b>Governmental activities:</b>							
Public safety	\$ 853,312	258,922	46,320	-	(548,070)	-	(548,070)
Public works	680,439	245,880	568,924	-	134,365	-	134,365
Health and social services	6,996	-	-	-	(6,996)	-	(6,996)
Culture and recreation	561,245	46,090	55,711	-	(459,444)	-	(459,444)
Community and economic development	194,051	-	3,266	-	(190,785)	-	(190,785)
General government	650,613	53,257	30,499	-	(566,857)	-	(566,857)
Debt service	1,042,441	-	36,943	-	(1,005,498)	-	(1,005,498)
Capital projects	739,970	14,224	631	76,315	(648,800)	-	(648,800)
Total governmental activities	4,729,067	618,373	742,294	76,315	(3,292,085)	-	(3,292,085)
<b>Business type activities:</b>							
Water	634,642	970,656	-	-	-	336,014	336,014
Sewer	809,805	983,627	-	-	-	173,822	173,822
Storm water	93,363	145,167	-	-	-	51,804	51,804
Total business type activities	1,537,810	2,099,450	-	-	-	561,640	561,640
<b>Total</b>	<b>\$ 6,266,877</b>	<b>2,717,823</b>	<b>742,294</b>	<b>76,315</b>	<b>(3,292,085)</b>	<b>561,640</b>	<b>(2,730,445)</b>
<b>General Receipts and Transfers:</b>							
Property tax and other city tax levied for:							
General purposes					1,489,456	-	1,489,456
Debt service					510,138	-	510,138
Tax increment financing					480,316	-	480,316
Other city tax					10,515	-	10,515
Commercial/industrial tax replacement					45,834	-	45,834
Unrestricted interest on investments					2,976	260	3,236
Proceeds of general obligation bonds					1,061,805	-	1,061,805
Payment to bond refunding agent					(1,030,000)	-	(1,030,000)
Miscellaneous					16,091	-	16,091
Transfers					315,953	(315,953)	-
Total general receipts and transfers					2,903,084	(315,693)	2,587,391
Change in cash basis net position					(389,001)	245,947	(143,054)
Cash basis net position beginning of year					1,512,042	1,992,325	3,504,367
Cash basis net position end of year					<u>\$ 1,123,041</u>	<u>2,238,272</u>	<u>3,361,313</u>
<b>Cash Basis Net Position</b>							
Restricted:							
Nonexpendable:							
Cemetery perpetual care					\$ 17,318	-	17,318
Expendable:							
Streets					355,255	-	355,255
Urban renewal purposes					34,081	-	34,081
Debt service					32,063	-	32,063
Other purposes					150,833	156,628	307,461
Unrestricted					533,491	2,081,644	2,615,135
<b>Total cash basis net position</b>					<u>\$ 1,123,041</u>	<u>2,238,272</u>	<u>3,361,313</u>

See notes to financial statements.

## City of Bondurant

Exhibit B

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

As of and for the year ended June 30, 2016

	Special Revenue						Total
	General	Road Use Tax	Urban Renewal Tax Increment	Debt Service	Capital Projects	Nonmajor	
Receipts:							
Property tax	\$ 1,200,285	-	-	510,138	-	272,117	1,982,540
Tax increment financing	-	-	480,316	-	-	-	480,316
Other city tax	17,054	-	-	6,619	-	3,896	27,569
Licenses and permits	194,112	-	-	-	-	-	194,112
Use of money and property	17,983	-	137	106	52	117	18,395
Intergovernmental	86,312	568,924	-	11,005	26,315	10,351	702,907
Charges for service	391,052	-	-	-	-	-	391,052
Special assessments	2,138	-	-	-	14,224	-	16,362
Miscellaneous	51,998	-	-	36,838	50,631	39,588	179,055
Total receipts	1,960,934	568,924	480,453	564,706	91,222	326,069	3,992,308
Disbursements:							
Operating:							
Public safety	814,724	-	-	-	-	38,588	853,312
Public works	245,892	397,132	-	-	-	37,415	680,439
Health and social services	6,996	-	-	-	-	-	6,996
Culture and recreation	428,445	-	-	-	-	132,800	561,245
Community and economic development	62,829	-	131,222	-	-	-	194,051
General government	521,789	-	-	-	-	128,824	650,613
Debt service	-	-	-	1,042,441	-	-	1,042,441
Capital projects	-	-	-	-	739,970	-	739,970
Total disbursements	2,080,675	397,132	131,222	1,042,441	739,970	337,627	4,729,067
Excess (deficiency) of receipts over (under) disbursements	(119,741)	171,792	349,231	(477,735)	(648,748)	(11,558)	(736,759)
Other financing sources (uses):							
Proceeds of general obligation bonds, net of \$3,195 discount	-	-	-	1,061,805	-	-	1,061,805
Payment to bond refunding agent	-	-	-	(1,030,000)	-	-	(1,030,000)
Transfers in	205,463	-	-	429,911	53,728	50,000	739,102
Transfers out	-	-	(333,226)	-	(89,923)	-	(423,149)
Total other financing sources (uses)	205,463	-	(333,226)	461,716	(36,195)	50,000	347,758
Change in cash balances	85,722	171,792	16,005	(16,019)	(684,943)	38,442	(389,001)
Cash balances beginning of year	477,221	183,463	18,076	48,082	655,491	129,709	1,512,042
Cash balances end of year	\$ 562,943	355,255	34,081	32,063	(29,452)	168,151	1,123,041
Cash Basis Fund Balances							
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	-	17,318	17,318
Restricted for:							
Streets	-	355,255	-	-	-	-	355,255
Urban renewal purposes	-	-	34,081	-	-	-	34,081
Debt service	-	-	-	32,063	-	-	32,063
Other purposes	-	-	-	-	-	150,833	150,833
Unassigned	562,943	-	-	-	(29,452)	-	533,491
Total cash basis fund balances	\$ 562,943	355,255	34,081	32,063	(29,452)	168,151	1,123,041

See notes to financial statements.

## City of Bondurant

Exhibit C

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

As of and for the year ended June 30, 2016

	Enterprise			
	Water	Sewer	Nonmajor - Storm Water	Total
Operating receipts:				
Use of money and property	\$ 87	173	-	260
Charges for service	825,804	983,627	139,270	1,948,701
Miscellaneous	144,852	-	5,897	150,749
Total operating receipts	970,743	983,800	145,167	2,099,710
Operating disbursements:				
Business type activities	440,155	586,617	48,685	1,075,457
Total operating disbursements	440,155	586,617	48,685	1,075,457
Excess (deficiency) of operating receipts over (under) operating disbursements	530,588	397,183	96,482	1,024,253
Non-operating receipts (disbursements):				
Debt service	(125,914)	(219,099)	-	(345,013)
Capital projects	(68,573)	(4,089)	(44,678)	(117,340)
Net non-operating receipts (disbursements)	(194,487)	(223,188)	(44,678)	(462,353)
Excess of receipts over disbursements	336,101	173,995	51,804	561,900
Other financing sources (uses):				
Transfers out	(169,455)	(146,498)	-	(315,953)
Total other financing sources (uses)	(169,455)	(146,498)	-	(315,953)
Change in cash balances	166,646	27,497	51,804	245,947
Cash balances beginning of year	572,757	1,249,880	169,688	1,992,325
Cash balances end of year	\$ 739,403	1,277,377	221,492	2,238,272
<b>Cash Basis Fund Balances</b>				
Restricted for deposits	\$ 156,628	-	-	156,628
Unrestricted	582,775	1,277,377	221,492	2,081,644
Total cash basis fund balances	\$ 739,403	1,277,377	221,492	2,238,272

See notes to financial statements.



City of Bondurant

Notes to Financial Statements

June 30, 2016

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

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

**A. Reporting Entity**

For reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements include the City of Bondurant (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Blended Component Units**

The Bondurant Fire-Rescue Association (Association) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The purpose of the Association is to support and promote the activities of Bondurant Emergency Services. The financial transactions of this component unit have been blended into the Special Revenue Funds.

The Bondurant Community Library Foundation (Foundation) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The Foundation was organized under Chapter 504 of the Code of Iowa as a non-profit corporation in accordance with Section 501(c)3 of the Internal Revenue Code. The purpose of the Foundation is to support, improve and enhance the Bondurant Community Library. The financial transactions of this component unit have been blended into the Special Revenue Funds.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Metro Waste Authority, Polk County Assessor's Conference Board, Polk County Emergency Management Commission and Polk County Joint E911 Service Board.

**Joint Venture**

The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA). The WRA, a joint venture, was developed as a result of an agreement between the City of Des Moines and surrounding municipalities. See Note 6.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

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

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

The Capital Projects Fund is 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.

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. Disbursements exceeded the amount budgeted in the public works function.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2016 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, 2016, the City's deposits in banks at June 30, 2016 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 (IPAIT) are valued at an amortized cost of \$1,125,527 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

### (3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds and Notes		Loan Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 925,000	109,416	47,500	8,154	972,500	117,570
2018	955,000	99,540	48,500	7,204	1,003,500	106,744
2019	915,000	90,398	49,400	6,234	964,400	96,632
2020	935,000	80,213	50,400	5,246	985,400	85,459
2021	670,000	68,395	51,400	4,238	721,400	72,633
2022-2026	1,940,000	196,201	160,500	6,464	2,100,500	202,665
2027-2029	365,000	24,030	-	-	365,000	24,030
	<u>\$6,705,000</u>	<u>668,193</u>	<u>407,700</u>	<u>37,540</u>	<u>7,112,700</u>	<u>705,733</u>

#### Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$575,000 of sewer revenue notes issued in January 1999. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and were paid off in fiscal year 2016. The total principal and interest remaining to be paid on the notes is \$0. For the current year, principal and interest paid and total customer net receipts were \$152,625 and \$397,183, respectively.

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

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) All funds remaining in the sewer account after making the required transfers shall be placed in a sewer revenue surplus account. As long as the sinking account has the full amount to be deposited, the balance in the surplus account may be made available to the City as the City Council may direct.

#### Water Supply Rights Loan Agreement

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

### Water Service Agreement

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

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

### 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, 2016, a total of \$861,879 is owed in relation to this agreement. The amount owed in relation to this agreement is paid from the Enterprise, Sewer Fund.

#### **(4) Operating Lease Agreement**

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

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2016:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 3,429
2018	3,429
2019	3,429
2020	3,429
	<u>\$ 13,716</u>

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

#### **(5) Pension Plan**

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

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

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

- A multiplier (based on years of service).

- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the 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 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%. Protection occupation members contributed 6.56% of pay and the City contributed 9.84% for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2016 were \$71,345.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$493,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the City's proportion was 0.0099836%, which was an increase of 0.000965% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's pension expense, deferred outflows and deferred inflows totaled \$41,700, \$95,147 and \$115,367, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28 %	2.04 %
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. 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 7.5%, 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-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
--------------------------	----------------------------	--------------------------

City's proportionate share of  
the net pension liability

\$ 864,953	493,240	179,489
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IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

#### (6) Joint Venture and Commitments

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

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

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 20013B and 2015E include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2016, the Series 2013B bonds had a balance of \$52,405,000 and the City's estimated future allocation based on the WRA flows is currently \$604,446, or 1.15%. As of June 30, 2016, the Series 2015E bonds had a balance of \$31,865,000 and the City's estimated future allocation based on the WRA flows is currently \$383,811, or 1.20%. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. On June 30, 2016, the State Revolving Loans had a balance of \$264,697,879 and the City's estimated future allocation based on the WRA flows is currently \$2,913,500, or 1.10%. 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, 2016, the WRA had \$1,199,987 of outstanding pre-2004 State Revolving Loans, of which no future principal debt service is a commitment of the City.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2016, the City paid the WRA \$424,314 for operations, maintenance, equipment replacements and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346 or online at [DMMWRA.org](http://DMMWRA.org).



(7) **Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick leave and compensatory time payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 54,745
Sick leave	79,205
Compensatory time	<u>5,546</u>
Total	<u>\$ 139,496</u>

This liability has been computed based on rates of pay in effect at June 30, 2016.

(8) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 19,923
	Enterprise:	
	Water	92,770
	Sewer	<u>92,770</u>
		<u>205,463</u>
Special Revenue:		
Employee Benefits	Capital Projects	<u>50,000</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	333,226
	Capital Projects	20,000
	Enterprise:	
	Water	<u>76,685</u>
		<u>429,911</u>
Capital Projects	Enterprise:	
	Sewer	<u>53,728</u>
		<u>53,728</u>
	Total	<u>\$ 739,102</u>

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

(9) **Risk Management**

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 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 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, 2016 were \$45,890.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

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

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

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

#### **(10) Development Agreements**

The City has entered into a development agreement with Wil-Ron Properties LLC. The City agreed to pay Wil-Ron Properties LLC an amount not to exceed \$1,000,000 in exchange for the construction of certain water, sewer, storm water and street improvements. Payments of \$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, 2016, the City made payments of \$100,000 to the developer. The balance remaining under the agreement at June 30, 2016 is \$300,000.

The City has entered into a development agreement with S.C. Stoner Construction. The City agreed to provide tax increment payments in an amount not to exceed \$370,000 in exchange for the construction of certain infrastructure improvements. The developer did not provide street lighting as originally agreed to, so the agreement was reduced by \$19,681 to \$350,319. Semiannual payments will be made through June 1, 2023 provided the developer is in compliance with the terms of the revised agreement. During the year ended June 30, 2016, the City made payments of \$31,222 to the developer. The balance remaining under the revised agreement at June 30, 2016 is \$279,435.

**(11) Related Party Transactions**

The City has business transactions between the City and City officials totaling \$1,526 during the year ended June 30, 2016.

**(12) Private Facility Revenue Bonds**

The City has issued a total of \$8,000,000 of Private College Facility Revenue Bonds (Grandview University Project), Series 2012B under the provisions of Chapter 419 of the Code of Iowa, of which \$7,555,000 is outstanding at June 30, 2016. 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 \$7,200,000 is outstanding at June 30, 2016. 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 \$8,115,000 is outstanding at June 30, 2016. The bonds and related interest are payable solely out of the revenues derived from the loan agreement and are not an obligation of the City.

**(13) Deficit Balance**

The Capital Projects Fund had a deficit balance of \$29,452 at June 30, 2016. This deficit was caused by spending more monies than available in these funds. This deficit will be eliminated upon receipt of donations.

**(14) Contingency**

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

**(15) Commitments**

The City has entered into various agreements for street and park improvements. As of June 30, 2016, approximately \$84,000 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 2017. The City intends to pay for these costs from existing cash reserves.

**(16) Subsequent Events**

The City has evaluated all subsequent events through November 23, 2016, the date the financial statements were available to be issued.

**(17) New Accounting Pronouncement**

The City adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

## Other Information

City of Bondurant  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2016

	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	\$ 1,982,540	-	-	1,982,540	1,980,456	1,980,456	2,084
Tax increment financing	480,316	-	-	480,316	464,449	464,449	15,867
Other city tax	27,569	-	-	27,569	28,029	28,029	(460)
Licenses and permits	194,112	-	-	194,112	132,540	162,915	31,197
Use of money and property	18,395	260	-	18,655	16,700	17,200	1,455
Intergovernmental	702,907	-	-	702,907	543,792	780,861	(77,954)
Charges for service	391,052	1,948,701	-	2,339,753	2,159,900	2,353,420	(13,667)
Special assessments	16,362	-	-	16,362	18,400	20,315	(3,953)
Miscellaneous	179,055	150,749	9,220	320,584	87,338	96,873	223,711
Total receipts	3,992,308	2,099,710	9,220	6,082,798	5,431,604	5,904,518	178,280
Disbursements:							
Public safety	853,312	-	4,428	848,884	839,058	871,325	22,441
Public works	680,439	-	-	680,439	647,923	571,893	(108,546)
Health and social services	6,996	-	-	6,996	10,020	10,020	3,024
Culture and recreation	561,245	-	3,230	558,015	510,141	638,750	80,735
Community and economic development	194,051	-	-	194,051	205,223	208,333	14,282
General government	650,613	-	-	650,613	705,403	676,870	26,257
Debt service	1,042,441	-	-	1,042,441	1,016,884	2,076,884	1,034,443
Capital projects	739,970	-	-	739,970	276,265	861,633	121,663
Business type activities	-	1,537,810	-	1,537,810	1,567,356	2,377,044	839,234
Total disbursements	4,729,067	1,537,810	7,658	6,259,219	5,778,273	8,292,752	2,033,533
Excess (deficiency) of receipts over (under) disbursements	(736,759)	561,900	1,562	(176,421)	(346,669)	(2,388,234)	2,211,813
Other financing sources, net	347,758	(315,953)	-	31,805	-	1,061,754	(1,029,949)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(389,001)	245,947	1,562	(144,616)	(346,669)	(1,326,480)	1,181,864
Balances beginning of year	1,512,042	1,992,325	17,224	3,487,143	1,882,807	3,485,428	1,715
Balances end of year	\$ 1,123,041	2,238,272	18,786	3,342,527	1,536,138	2,158,948	1,183,579

See accompanying independent auditor's report.

City of Bondurant

Notes to Other Information - Budgetary Reporting

June 30, 2016

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 Funds, the Permanent Funds 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 \$2,514,479. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the public works function.

City of Bondurant

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

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

Other Information

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 71	61	53	51	43	36	32	29	25	20
Contributions in relation to the statutorily required contribution	(71)	(61)	(53)	(51)	(43)	(36)	(32)	(29)	(25)	(20)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 791	687	595	586	529	523	487	455	406	356
Contributions as a percentage of covered-employee payroll	8.98%	8.93%	8.67%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

See accompanying independent auditor's report.

City of Bondurant

Notes to Other Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

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

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

Changes of assumptions:

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

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

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

## 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, 2016

	Special Revenue									Permanent	Total
	Employee Benefits	Library Grant	EMS Grant	Park and Recreation	Storm Water Grants	Tree	Drainage District	Bondurant Fire-Rescue Association	Bondurant Community Library Foundation	Cemetery Perpetual Care	
Receipts:											
Property tax	\$ 272,117	-	-	-	-	-	-	-	-	-	272,117
Other city tax	3,896	-	-	-	-	-	-	-	-	-	3,896
Use of money and property	-	75	-	-	-	-	-	-	-	42	117
Intergovernmental	6,477	3,874	-	-	-	-	-	-	-	-	10,351
Miscellaneous	6,055	6,678	1,000	250	-	15,425	-	7,320	1,900	960	39,588
Total receipts	288,545	10,627	1,000	250	-	15,425	-	7,320	1,900	1,002	326,069
Disbursements:											
Operating:											
Public safety	34,160	-	-	-	-	-	-	4,428	-	-	38,588
Public works	37,235	-	-	-	180	-	-	-	-	-	37,415
Culture and recreation	75,761	11,443	-	26,941	-	15,425	-	-	3,230	-	132,800
General government	128,824	-	-	-	-	-	-	-	-	-	128,824
Total disbursements	275,980	11,443	-	26,941	180	15,425	-	4,428	3,230	-	337,627
Excess (deficiency) of receipts over (under) disbursements	12,565	(816)	1,000	(26,691)	(180)	-	-	2,892	(1,330)	1,002	(11,558)
Other financing sources (uses):											
Transfers in	50,000	-	-	-	-	-	-	-	-	-	50,000
Total other financing sources (uses)	50,000	-	-	-	-	-	-	-	-	-	50,000
Change in cash balances	62,565	(816)	1,000	(26,691)	(180)	-	-	2,892	(1,330)	1,002	38,442
Cash balances beginning of year	36,363	29,243	-	27,500	673	1,157	1,233	3,791	13,433	16,316	129,709
Cash balances end of year	\$ 98,928	28,427	1,000	809	493	1,157	1,233	6,683	12,103	17,318	168,151
<b>Cash Basis Fund Balances</b>											
Nonspendable - Cemetery perpetual care	\$ -	-	-	-	-	-	-	-	-	17,318	17,318
Restricted for other purposes	98,928	28,427	1,000	809	493	1,157	1,233	6,683	12,103	-	150,833
Total cash basis fund balances	\$ 98,928	28,427	1,000	809	493	1,157	1,233	6,683	12,103	17,318	168,151

See notes to financial statements.

City of Bondurant  
Schedule of Indebtedness  
Year ended June 30, 2016

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, Series 2008	September 2, 2008	3.00-4.15%	\$2,300,000	1,285,000	-	1,285,000	-	52,153	-
Corporate purpose, Series 2011	July 6, 2011	1.00-3.45%	1,550,000	1,310,000	-	100,000	1,210,000	34,472	-
Corporate purpose, Series 2013A	June 12, 2013	0.30-2.00%	2,265,000	2,005,000	-	175,000	1,830,000	22,900	-
Refunding, Series 2013B	June 12, 2013	0.50-1.45%	1,745,000	1,745,000	-	245,000	1,500,000	16,335	-
Water, Series 2014A	March 5, 2014	0.50-3.40%	1,130,000	1,080,000	-	50,000	1,030,000	26,685	-
Urban renewal refunding, Series 2016A	March 3, 2016	0.70-1.10%	1,065,000	-	1,065,000	-	1,065,000	-	-
Total				\$ 7,425,000	1,065,000	1,855,000	6,635,000	152,545	-
General Obligation Notes:									
Vehicle acquisition	September 9, 2013	1.75%	\$ 170,000	105,000	-	35,000	70,000	1,838	-
Revenue Note:									
Sewer	January 6, 1999	1.75%	\$ 326,066	86,000	-	86,000	-	1,505	-
Sewer	January 6, 1999	1.75%	248,934	64,000	-	64,000	-	1,120	-
				\$ 150,000	-	150,000	-	2,625	-
Loan Agreement:									
Water supply rights	March 27, 2014	2.00%	\$ 500,000	454,300	-	46,600	407,700	9,086	-
Water Service Agreement	August 1, 2005	2.00-3.00%	\$1,020,000	660,287	-	52,491	607,796	17,737	-
Urban Service Area Agreement	February 10, 2009	-	\$1,221,213	928,278	-	66,399	861,879	-	-

See accompanying independent auditor's report.

City of Bondurant

Schedule 3

Bond and Note Maturities

June 30, 2016

General Obligation Bonds											
Year Ending June 30,	Series 2011 Issued July 6, 2011		Series 2013A Issued June 12, 2013		Series 2013B Issued June 12, 2013		Series 2014A Issued March 5, 2014		Series 2016A Issued March 3, 2016		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2017	1.70%	\$ 100,000	0.60%	\$ 205,000	0.60%	\$ 240,000	1.10%	\$ 50,000	0.70%	\$ 295,000	890,000
2018	2.00%	105,000	0.75%	235,000	0.75%	245,000	1.10%	50,000	0.80%	285,000	920,000
2019	2.20%	110,000	0.90%	265,000	0.90%	250,000	1.70%	50,000	0.95%	240,000	915,000
2020	2.40%	115,000	1.05%	275,000	1.05%	250,000	1.70%	50,000	1.10%	245,000	935,000
2021	2.60%	115,000	1.25%	245,000	1.25%	255,000	2.20%	55,000	-	-	670,000
2022	2.80%	120,000	1.45%	145,000	1.45%	260,000	2.20%	55,000	-	-	580,000
2023	3.00%	125,000	1.70%	150,000	-	-	2.50%	60,000	-	-	335,000
2024	3.20%	135,000	1.90%	155,000	-	-	2.50%	60,000	-	-	350,000
2025	3.30%	140,000	2.00%	155,000	-	-	2.70%	115,000	-	-	410,000
2026	3.45%	145,000	-	-	-	-	2.85%	120,000	-	-	265,000
2027	-	-	-	-	-	-	3.00%	120,000	-	-	120,000
2028	-	-	-	-	-	-	3.20%	120,000	-	-	120,000
2029	-	-	-	-	-	-	3.40%	125,000	-	-	125,000
		<u>\$ 1,210,000</u>		<u>\$ 1,830,000</u>		<u>\$ 1,500,000</u>		<u>\$ 1,030,000</u>		<u>\$ 1,065,000</u>	<u>6,635,000</u>

Year Ending June 30,	General Obligation Notes Vehicle Acquisition Issued September 9, 2013		Loan Agreement Water Supply Rights Issued March 27, 2014	
	Interest Rates	Amount	Interest Rates	Amount
2017	1.75%	\$ 35,000	2.00%	\$ 47,500
2018	1.75%	35,000	2.00%	48,500
2019	-	-	2.00%	49,400
2020	-	-	2.00%	50,400
2021	-	-	2.00%	51,400
2022	-	-	2.00%	52,400
2023	-	-	2.00%	53,500
2024	-	-	2.00%	54,600
		<u>\$ 70,000</u>		<u>\$ 407,700</u>

See accompanying independent auditor's report.

City of Bondurant

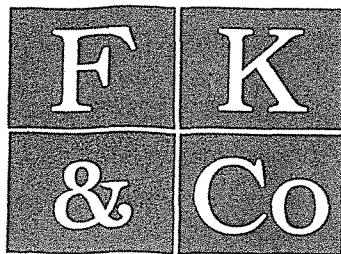
Schedule 4

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

For the Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Receipts:										
Property tax	\$1,982,540	1,757,715	1,635,189	1,540,915	1,434,131	1,309,877	1,246,106	1,041,906	898,933	858,315
Tax increment financing	480,316	488,924	506,265	383,187	386,986	380,845	389,868	319,895	338,504	306,722
Other city tax	27,569	35,586	27,889	28,005	16,624	17,013	16,629	44,845	45,515	27,546
Licenses and permits	194,112	183,622	89,816	121,876	53,055	46,584	73,698	52,618	93,508	79,170
Use of money and property	18,395	33,228	32,702	29,308	3,626	37,814	57,394	47,658	122,387	21,778
Intergovernmental	702,907	1,831,115	565,419	554,786	924,805	532,942	650,630	387,082	432,155	249,064
Charges for service	391,052	382,624	328,234	278,415	100,685	74,619	55,183	86,401	74,148	125,295
Special assessments	16,362	28,833	127,257	80,870	41,248	35,378	31,984	8,360	-	-
Miscellaneous	179,055	199,617	372,382	308,495	136,513	105,721	57,776	113,881	157,666	181,032
Total	\$3,992,308	4,941,264	3,685,153	3,325,857	3,097,673	2,540,793	2,579,268	2,102,646	2,162,816	1,848,922
Disbursements:										
Operating:										
Public safety	\$ 853,312	758,329	1,059,932	632,809	678,647	584,205	458,550	513,749	446,249	357,732
Public works	680,439	563,694	686,425	569,142	512,100	493,850	263,744	249,766	314,543	285,134
Health and social services	6,996	768	9,175	6,588	6,705	407	7,572	4,955	4,786	-
Culture and recreation	561,245	458,332	451,639	400,516	334,820	327,180	234,388	247,255	237,789	170,671
Community and economic development	194,051	265,458	247,107	228,550	250,404	210,810	130,139	40,430	72,377	60,245
General government	650,613	675,270	532,751	539,116	513,726	450,756	440,640	471,794	435,122	305,978
Debt service	1,042,441	2,687,731	906,123	1,026,071	642,169	629,253	634,392	755,527	545,980	430,040
Capital projects	739,970	2,022,760	758,952	1,144,472	1,608,596	1,239,397	1,025,117	2,041,390	1,464,655	532,437
Total	\$4,729,067	7,432,342	4,652,104	4,547,264	4,547,167	3,935,858	3,194,542	4,324,866	3,521,501	2,142,237

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, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 23, 2016. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A), (B), (C), (E) and (F) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.



### 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, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

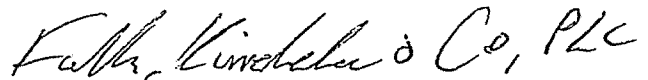
### City's Responses to the Findings

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



FALLER, KINCHELOE & CO., PLC

Des Moines, Iowa  
November 23, 2016

City of Bondurant

Schedule of Findings

Year ended June 30, 2016

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although multiple individuals are involved in the accounting duties of the City, there is insufficient segregation of duties to prevent one individual from having control over each of the following areas for the City:

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff including elected officials.

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

Conclusion – Response acknowledged.

- (B) Bondurant Community Library Foundation – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same individual. This segregation of duties helps to prevent losses from error or dishonesty and, therefore, maximizes the accuracy of the Foundation's financial statement. Generally, one individual has control over collecting, depositing, posting, disbursing and reconciling for which no compensating controls exist.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances.

Response – Over the past two years the Bondurant Community Library Foundation Leadership has reviewed and implemented several changes with respect to operating procedures aimed to improve internal control and reporting policies. Members of the Foundation Leadership will be asked to examine other existing policies and operating procedures in the new year, particularly from the perspective of separation of duties relating to improvements regarding financial transaction procedures. The goal being to improve internal controls and lessen the chances of errors and irregularities

Conclusion – Response acknowledged.

- (C) Bondurant Fire-Rescue Association – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same individual. This segregation of duties helps to prevent losses from error or dishonesty and, therefore, maximizes the accuracy of the Association's financial statement. Generally, one individual has control over collecting, depositing, posting, disbursing and reconciling for which no compensating controls exist.

In addition, the Association does not issue prenumbered receipts for all collections.

City of Bondurant

Schedule of Findings

Year ended June 30, 2016

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

Prenumbered receipts should be issued for all collections.

Response – Bondurant Fire-Rescue Association has addressed the concerns brought to us and have decided the following. On a monthly basis my Vice President who has no access to the bank accounts or the check book will review the bank statements as an independent person. I will also have My Treasurer assist me in purchasing stuff so my name is not the only one signing the check book. A receipt book was purchased and issued to as many people as possible who wrote checks.

Conclusion – Response acknowledged.

- (D) Compensated Absences – The City has established policies for the carry over and payment of vacation balances upon termination of employment. The policy states, “Employees may not accrue vacation time in excess of an amount equal to 150% of the employee’s annual eligibility. Upon termination of employment, employees will be paid accrued unpaid vacation (up to the maximum vacation allowed to be accrued under this paragraph) at the employee’s current rate of pay.” In addition, the policy also states, “The maximum compensatory time accumulation is sixty (60) hours.”

At June 30, 2016, three employees had accrued vacation balances in excess of 150% of their annual eligibility amount, and one employee had accumulated a compensatory time balance in excess of 60 hours.

Recommendation – The City should monitor vacation balances and compensatory time balances to ensure policies established are followed and work with employees for resolution before the maximum accrual is exceeded.

Response – The employee’s accumulated unused vacation time and compensatory time balances will be in compliance with the policy by June 30, 2017.

Conclusion – Response acknowledged.

- (E) Utility Reconciliation – Reconciliations of utility billings, collections and delinquent accounts are not documented for each billing cycle.

Recommendation – Procedures should be established to document reconciliations of utility billings, collections and delinquent accounts for each billing period. An independent person should review the utility reconciliation and document the review by signing or initialing and dating the reconciliation.

Response – The utility reconciliation will be documented. The City will have someone review the monthly reconciliation for each billing cycle. The review will be initialed by the independent reviewer.

Conclusion – Response acknowledged.

City of Bondurant

Schedule of Findings

Year ended June 30, 2016

- (F) Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient for City Council members to make management decisions, reporting financial data reliably in accordance with an other comprehensive basis of accounting (OCBOA) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including note disclosures. Due to the technical nature of these requirements, management does not prepare this information, which is a common situation in small entities.

Recommendation – Obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare OCBOA financial statements.

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

Conclusion – Response acknowledged.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Bondurant  
Schedule of Findings  
Year ended June 30, 2016

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the public works function. 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 – An inadvertent misclassification occurred in the 2<sup>nd</sup> budget amendment for FY 2016, budgeting the garbage fund in proprietary instead of general fund public works function. The Budget Function report in the software has been corrected to reduce the chance of future errors.

Conclusion – Response acknowledged.

- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Jennifer Campbell, Library Employee, husband is owner of Campbell Construction & Services, Inc.	Repairs to Library	\$ 846
Brian Lohse, Mayor Pro Tem, owner of Brick Street Market	Supplies	680

In addition, the Brick Street Market was approved for a vendor license to operate the concessions at Bondurant Recreational Sports Complex. In accordance with Chapter 362.5(3)(d) of the Code of Iowa, the approval for the vendor license does not represent a conflict of interest since operating the concessions was advertised.

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

- (5) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – The City’s deposit in banks at times during the year exceeded the amount insured by federal depository insurance or by the State Sinking Fund.

City of Bondurant

Schedule of Findings

Year ended June 30, 2016

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 above issue was an oversight on our part. We will implement the above recommendation.

Conclusion – Response acknowledged.

(8) Revenue Bonds – No instances of non-compliance with the revenue note resolutions were noted.

(9) Financial Condition – The Capital Projects Fund had a deficit balance of \$29,452 at June 30, 2016.

Recommendation – The City should implement procedures to eliminate the deficit in the Capital Projects Fund in order to return the fund to a sound financial position.

Response – Three special assessment projects, being paid back over ten years are included in the negative balance, along with not yet received grant monies for the Hwy 65/330 traffic light project.

Conclusion – Response acknowledged.

(10) Senior Discount – Section 388.6 of the Code of Iowa states, "A city utility or a combined utility system may not provide use or service at a discriminatory rate, except to the city or its agencies, as provided in section 384.91." Senior discounts were provided by the City Council for water and garbage services.

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

Response – The City Council is addressing the senior rate issue.

Conclusion – Response acknowledged.

(11) Property/Liability Insurance – The City levies a tax to pay for liability insurance coverage. The proceeds of this tax are used to pay all the costs associated with liability insurance coverage. The costs incurred by the water, sewer and storm water operations for liability insurance coverage have been included in the tax levy for liability insurance coverage.

Recommendation – Costs incurred for liability insurance coverage for the water, sewer and storm water operations should be charged to those funds and not be included in the tax levy.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

(12) Employee Benefits – The City pays for all of its workers' compensation costs from the tax levy for employee benefits. The workers' compensation costs would include employees who work on water, sewer and storm water operations. However, in accordance with City Finance Committee Rules, the tax levy for employee benefits is to be used only for employees whose compensation is paid from the General Fund or the Special Revenue, Road Use Tax Fund.

City of Bondurant

Schedule of Findings

Year ended June 30, 2016

Recommendation – The City should implement procedures to ensure the tax levy for employee benefits is used only for employees whose compensation is paid from the General Fund or the Special Revenue, Road Use Tax Fund.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- (13) Sales Tax – Sales tax on storm water and sewer service provided to non-residential commercial operations was not uniformly assessed.

Recommendation – The City should uniformly assess sales tax on storm water and sewer service provided to non-residential commercial operations in accordance with section 701-26.72 of the Iowa Department of Revenue Administrative Rules and Regulations.

Response – This will be corrected.

Conclusion – Response acknowledged.

- (14) Annual Urban Renewal Report – The Annual Urban Renewal Report (AURR) was properly approved and certified to the Iowa Department of Management on or before December 1, except that the debt balance as reported on the AURR was understated by \$4,000 as of June 30, 2015.

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

Response – This item will be corrected on our next year's report.

Conclusion – Response acknowledged.