



CITY OF BELLE PLAINE, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2013

CITY OF BELLE PLAINE

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CITY OF BELLE PLAINE

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dave Fish	Mayor	January 2016
Marv DeRycke	Mayor Pro Tem	January 2014
Garrison Reekers	Council Member	January 2014
Jim Kurovski	Council Member	January 2014
Mary Pech	Council Member	January 2016
April McIntire	Council Member	January 2016
Bill Daily	City Administrator	Indefinite
Kaye Buch	City Clerk	Indefinite
Jennifer Zahradnik	City Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Belle Plaine
Belle Plaine, Iowa

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 Belle Plaine, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as 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 that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 auditing standards generally accepted in the United States of America 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 of Belle Plaine as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in accordance 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 accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belle Plaine's basic financial statements. The financial statements for the ten years ended June 30, 2012 (none of which are presented herein) were audited by other auditors and they expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Disclaimer of Opinion on Other Information

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 4 through 10 and 28 through 30 has not been subjected to the auditing procedures applied in the audit of the basic financial 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 27, 2013 on our consideration of the City of Belle Plaine'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 of Belle Plaine's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

November 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Belle Plaine 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, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- Receipts of the City of Belle Plaine's governmental activities decreased \$1,002,447, from fiscal 2012 to fiscal 2013. Property tax decreased \$53,089, tax increment financing receipts increased \$8,525 and local option sales tax receipts increased \$10,778. In addition, capital grants decreased by over \$1,000,000 due to completion of the Downtown Streetscape project early in the fiscal year.
- Disbursements of the City of Belle Plaine's governmental activities decreased by \$1,820,194 from fiscal 2012 to fiscal 2013. Capital projects disbursements decreased by \$1,689,156. Public safety disbursements increased by \$6,476.
- As the City of Belle Plaine completed this year, its governmental funds reported a combined fund balance of \$2,288,243, a decrease of \$93,937 below last year's total of \$2,382,180. Completion of the Downtown Streetscape Project was the main reason for the decrease of funds.

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 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.

Supplementary Information provides detailed information about the non-major 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, the reader 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 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, 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, sanitary sewer system and garbage, yard waste, storm water. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund 4) the Capital Projects Funds and 5) the Permanent Funds. 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 which provide separate information for the water, sewer and garbage funds, considered to be major funds of the City. The City also maintains three non-major Enterprise Funds.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursement 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 decreased \$93,937 from a year ago, decreasing from \$2,382,180 to \$2,288,243. 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

	<u>Year ended June 30,</u>	
	2013	2012
Receipts:		
Program receipts:		
Charges for service	\$138,049	\$139,760
Operating grants, contributions and restricted interest	382,012	330,778
Capital grants, contributions, and restricted interest	238,876	1,258,745
General receipts:		
Property tax	940,723	993,812
Tax increment financing receipts	128,782	120,257
Unrestricted investment earnings	15,071	26,333
Local option sales tax	182,863	172,085
Other general receipts	<u>38,748</u>	<u>25,801</u>
Total receipts	<u>2,065,124</u>	<u>3,067,571</u>
Disbursements:		
Public safety	337,811	331,335
Public works	380,717	417,712
Health and social services	8,276	8,640
Culture and recreation	348,600	375,258
Community and economic development	71,664	118,421
General government	242,149	248,631
Debt service	462,264	482,522
Capital projects	<u>345,547</u>	<u>2,034,703</u>
Total disbursements	<u>2,197,028</u>	<u>4,017,222</u>
Change in cash basis net position before transfers	(131,904)	(949,651)

Transfers, net	<u>37,967</u>	<u>(117,498)</u>
Change in cash basis net position	(93,937)	(1,067,149)
Cash basis net position beginning of year	<u>2,382,180</u>	<u>3,449,329</u>
Cash basis net position end of year	<u>\$2,288,243</u>	<u>\$2,382,180</u>

The City's total receipts for governmental activities decreased by \$1,002,447. The total cost of all programs and services decreased by \$1,820,194. The property tax rate dropped \$.02 per thousand valuation to \$16.46 for the year 2012-2013.

There was a decrease in property taxes receipts in 2013 of \$53,089. Property taxes are expected to increase by \$31,201 next year due to the increase of valuation.

The cost of all governmental activities this year was \$2,197,028, compared to \$4,017,222 last year. However, as shown in the Cash Basis Statement of Activities and Net Position, the amount taxpayers ultimately financed for these activities was only \$1,438,091 because some of the cost was paid by those directly benefitting from those programs (\$138,049) and other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$620,888). Debt service totaled \$462,264 compared to \$482,522 in 2012.

Changes in Cash Basis Net Position of Business Type Activities

	<u>Year ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
Receipts:		
Program receipts:		
Charges for service		
Water	\$286,078	\$270,485
Sewer	251,814	238,651
Garbage	251,690	242,959
Yard waste	28,106	28,118
Storm water	59,676	59,529
Meter deposits	3,800	4,300
General receipts:		
Unrestricted investment earnings	--	637
Other general receipts	--	<u>10,174</u>
Total receipts	<u>881,164</u>	<u>854,853</u>
Disbursements:		
Water	306,952	292,892
Sewer	237,776	502,929
Garbage	225,568	223,090
Yard waste	16,080	16,439
Storm water	21,571	17,819
Meter deposits	<u>2,696</u>	<u>2,961</u>
Total disbursements	<u>810,643</u>	<u>1,056,130</u>

Change in cash basis net position before transfers	70,521	(201,277)
Transfers, net	<u>(37,967)</u>	<u>117,498</u>
Change in cash basis net position	32,554	(83,779)
Cash basis net position beginning of year	<u>329,845</u>	<u>413,624</u>
Cash basis net position end of year	<u>\$362,399</u>	<u>\$329,845</u>

Total business type activities receipts for the fiscal year were \$881,164 compared to \$854,853 last year. The cash balance increased by \$32,554. Total disbursements for the fiscal year decreased by \$245,487 to a total of \$810,643 compared to \$1,056,130 last year.

Individual Major Governmental Fund Analysis

As the City of Belle Plaine completed this fiscal year, its governmental funds reported a combined fund balance of \$2,288,243, a decrease of \$93,937 from last year's total fund balance of \$2,382,180. The following are the major reasons for the change in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$49,401 from the prior year. There was a decrease of \$16,317 in property taxes and other city taxes, a decrease of \$58,830 in charges for service, an increase of \$53,698 in intergovernmental receipts and an increase of \$42,158 in miscellaneous receipts. Total disbursements decreased by \$50,728 from 2012 to 2013. Public works disbursements decreased by \$30,991.
- The Road Use Tax Fund cash balance increased by \$2,178.
- The Local Option Sales Tax Fund received \$182,863 for the fiscal year 2013. The cash balance of the fund increased by \$33,671.
- The Downtown Streetscape Capital Projects Fund cash balance decreased by \$171,713 as the project was completed during the year.
- The Debt Service Fund cash balance decreased from \$37,961 to \$8,241.

Individual Major Business Type Fund Analysis

The Proprietary Funds cash balances increased \$32,554 with a balance at the end of the year of \$362,399. Last year's cash balance was \$329,845.

- The Water Fund cash balance decreased by \$20,874 due to ongoing repairs to the water system.
- The Sewer Fund cash balance increased by \$14,038.
- The Garbage Fund cash balance increased by \$26,122.

Budgetary Highlights

Over the course of the year, the City amended its budget one time. The amendment was approved on May 20, 2013 and budgeted disbursements increased by \$739,597. \$400,000 of the increase was due to capital projects.

Total actual receipts and disbursements were less than the budgeted totals, due primarily to capital projects and economic development function costs, and intergovernmental receipts associated with those projects, being delayed in part until the next year.

Debt Administration

On June 30, 2013, the City has \$4,168,000 outstanding in bonds and other long-term debt, compared to \$4,458,000 last year as shown below.

	<u>2013</u>	<u>2012</u>
General obligation bonds	\$3,980,000	\$4,220,000
Aquatic center pledge revenue bond	<u>188,000</u>	<u>238,000</u>
Total	<u>\$4,168,000</u>	<u>\$4,458,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,980,000 is significantly below its constitutional debt limit of \$4,908,088.

Economic Factors and Next Year's Budget and Rates

The City of Belle Plaine's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates, and fees that will be charged for various activities. One of those factors is the economy. Unemployment in Belle Plaine (Benton County) now stands at 6.8 percent versus 5.3 percent a year ago. This compares with the national unemployment rate of 7.9 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 1.0% percent for the fiscal year 2013. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2012-2013.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget are \$2,650,642, a decrease of \$61,383 over the final 2013 budget. Property tax (benefiting from the 2013 rate increases and increases in assessed valuations) and proceeds from a newly formed local option sales tax within the county/city are expected to help with maintaining the budget. The City will use these increases in receipts to finance programs we currently offer. Budgeted disbursements are expected to increase because of capital projects.

If these estimates are realized, the City's budgeted cash balance is expected to decrease by approximately \$160,223 by the close of 2014.

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 Kaye Buch, City Clerk, 1207 8th Avenue, Belle Plaine, Iowa 52208.

BASIC FINANCIAL STATEMENTS

CITY OF BELLE PLAINE

Cash Basis Statement of Activities and Net Position
(Page 1 of 2)

As of and for the Year Ended June 30, 2013

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 337,811	\$ 12,768	\$ 17,302	\$ -
Public works	380,717	40,707	277,018	-
Health and social services	8,276	7,869	-	-
Culture and recreation	348,600	63,944	69,446	67,000
Community and economic development	71,664	-	18,246	9,450
General government	242,149	12,761	-	-
Debt service	462,264	-	-	-
Capital projects	345,547	-	-	162,426
Total governmental activities	<u>2,197,028</u>	<u>138,049</u>	<u>382,012</u>	<u>238,876</u>
Business type activities:				
Water	306,952	286,078	-	-
Sewer	237,776	251,814	-	-
Garbage	225,568	251,690	-	-
Storm sewer user fees	21,571	59,676	-	-
Yard waste	16,080	28,106	-	-
Meter deposits	2,696	3,800	-	-
Total business type activities	<u>810,643</u>	<u>881,164</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,007,671</u>	<u>\$ 1,019,213</u>	<u>\$ 382,012</u>	<u>\$ 238,876</u>

General Receipts and Transfers:

- Property and other city tax levied for:
 - General purposes
 - Debt service
 - Other purposes
- Tax increment financing
- Local option sales tax
- Unrestricted interest on investments
- Miscellaneous
- Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position, beginning of year

Cash basis net position, end of year

Exhibit A

**Net (Disbursements) Receipts and
Changes in Cash Basis Net Position**

Governmental Activities	Business Type Activities	Total
\$ (307,741)	\$ -	\$ (307,741)
(62,992)	-	(62,992)
(407)	-	(407)
(148,210)	-	(148,210)
(43,968)	-	(43,968)
(229,388)	-	(229,388)
(462,264)	-	(462,264)
(183,121)	-	(183,121)
<u>(1,438,091)</u>	<u>-</u>	<u>(1,438,091)</u>
-	(20,874)	(20,874)
-	14,038	14,038
-	26,122	26,122
-	38,105	38,105
-	12,026	12,026
-	1,104	1,104
-	<u>70,521</u>	<u>70,521</u>
<u>(1,438,091)</u>	<u>70,521</u>	<u>(1,367,570)</u>
565,342	-	565,342
176,887	-	176,887
198,494	-	198,494
128,782	-	128,782
182,863	-	182,863
15,071	-	15,071
38,748	-	38,748
37,967	(37,967)	-
<u>1,344,154</u>	<u>(37,967)</u>	<u>1,306,187</u>
(93,937)	32,554	(61,383)
<u>2,382,180</u>	<u>329,845</u>	<u>2,712,025</u>
<u>\$ 2,288,243</u>	<u>\$ 362,399</u>	<u>\$ 2,650,642</u>
(Exhibit B)	(Exhibit C)	

CITY OF BELLE PLAINE

Cash Basis Statement of Activities and Net Position
(Page 2 of 2)

As of and for the Year Ended June 30, 2013

Cash Basis Net Position

Restricted

Nonexpendable:

Community beautification

Expendable:

Streets

Employee benefits

Debt service

Police

Aquatic center

Capital equipment purchases

Library improvements

Property acquisition

Community center

Economic development

Other purposes

Unrestricted

Total cash basis net position

See accompanying Notes to Financial Statements.

Exhibit A

<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
\$ 423,982	\$ -	\$ 423,982
15,742	-	15,742
134,182	-	134,182
8,241	-	8,241
2,929	-	2,929
200,381	-	200,381
388,180	-	388,180
271,392	-	271,392
9,873	-	9,873
83,715	-	83,715
58,018	-	58,018
304,231	-	304,231
387,377	362,399	749,776
<u>\$ 2,288,243</u>	<u>\$ 362,399</u>	<u>\$ 2,650,642</u>

CITY OF BELLE PLAINE

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds
(Page 1 of 2)

As of and for the Year Ended June 30, 2013

	General Fund	Special Revenue	
		Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 546,006	\$ -	\$ -
Tax increment financing	-	-	-
Other city tax	19,336	-	182,863
Licenses and permits	12,761	-	-
Use of money and property	12,369	-	-
Intergovernmental	64,869	242,671	-
Charges for service	72,834	-	-
Special assessments	29,282	-	-
Miscellaneous	57,696	-	-
Total receipts	815,153	242,671	182,863
Disbursements:			
Operating			
Public safety	263,769	-	4,702
Public works	83,827	240,493	-
Health and social services	-	-	-
Culture and recreation	226,950	-	13,807
Community and economic development	571	-	29,177
General government	189,272	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	764,389	240,493	47,686
Excess (deficiency) of receipts over (under) disbursements	50,764	2,178	135,177
Other financing sources (uses):			
Operating transfers in	-	-	7,500
Operating transfers (out)	(1,363)	-	(109,006)
Total other financing sources (uses)	(1,363)	-	(101,506)
Change in cash balances	49,401	2,178	33,671
Cash balances, beginning of year	352,795	13,557	270,560
Cash balances, end of year	\$ 402,196	\$ 15,735	\$ 304,231

Exhibit B

Debt Service	Capital Projects	Trust and Agency		Other Nonmajor	Total
	Downtown Streetscape	Equipment Accruals	Library Improvements	Governmental Funds	
\$ 171,218	\$ -	\$ -	\$ -	\$ 191,665	\$ 908,889
-	-	-	-	128,782	128,782
5,669	-	-	-	6,829	214,697
-	-	-	-	-	12,761
-	-	-	2,019	11,362	25,750
-	154,919	-	1,363	22,287	486,109
-	-	-	-	-	72,834
-	-	-	-	-	29,282
-	-	20,116	23,420	84,788	186,020
176,887	154,919	20,116	26,802	445,713	2,065,124
-	-	-	-	69,340	337,811
-	-	-	-	56,397	380,717
-	-	-	-	8,276	8,276
-	-	4,983	31,002	71,858	348,600
-	-	26,728	-	15,188	71,664
-	-	2,389	-	50,488	242,149
462,264	-	-	-	-	462,264
-	326,632	-	-	18,915	345,547
462,264	326,632	34,100	31,002	290,462	2,197,028
(285,377)	(171,713)	(13,984)	(4,200)	155,251	(131,904)
255,657	-	100,556	-	28,502	392,215
-	-	(7,500)	-	(236,379)	(354,248)
255,657	-	93,056	-	(207,877)	37,967
(29,720)	(171,713)	79,072	(4,200)	(52,626)	(93,937)
37,961	161,294	732,807	275,592	537,614	2,382,180
\$ 8,241	\$ (10,419)	\$ 811,879	\$ 271,392	\$ 484,988	\$ 2,288,243

(Exhibit A)

CITY OF BELLE PLAINE

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances -
Governmental Funds
(Page 2 of 2)

As of and for the Year Ended June 30, 2013

	General Fund	Special Revenue	
		Road Use Tax	Local Option Sales Tax
Cash basis fund balances:			
Nonspendable			
Community beautification	\$ -	\$ -	\$ -
Restricted for:			
Street operations	-	15,735	-
Employee benefits	-	-	-
Debt service	-	-	-
Police	-	-	-
Street capital projects	-	-	-
Other purposes	-	-	304,231
Assigned for:			
Capital equipment purchases	-	-	-
Library improvements	-	-	-
Aquatic center	-	-	-
Property acquisition	-	-	-
Community center	-	-	-
Economic development	-	-	-
Unassigned	402,196	-	-
Total cash basis fund balances	<u>\$ 402,196</u>	<u>\$ 15,735</u>	<u>\$ 304,231</u>

See accompanying Notes to Financial Statements.

Exhibit B

Debt Service	Capital Projects		Trust and Agency		Other Nonmajor Governmental Funds	Total
	Downtown Streetscape	Equipment Accruals	Library Improvements			
\$ -	\$ -	\$ 423,982	\$ -	\$ -	\$ -	\$ 423,982
-	-	-	-	-	-	15,735
-	-	-	-	-	134,182	134,182
8,241	-	-	-	-	-	8,241
-	-	-	-	-	2,929	2,929
-	-	-	-	-	7	7
-	-	-	-	-	-	304,231
-	-	388,180	-	-	-	388,180
-	-	-	271,392	-	-	271,392
-	-	-	-	-	200,381	200,381
-	-	-	-	-	9,873	9,873
-	-	-	-	-	83,715	83,715
-	-	-	-	-	58,018	58,018
-	(10,419)	(283)	-	-	(4,117)	387,377
\$ 8,241	\$ (10,419)	\$ 811,879	\$ 271,392	\$ 484,988	\$ 2,288,243	

CITY OF BELLE PLAINE

Exhibit C

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

As of and for the Year Ended June 30, 2013

	Water	Sewer	Garbage	Other Nonmajor Proprietary Funds	Total
Operating receipts:					
Charges for service	\$ 285,580	\$ 249,546	\$ 251,690	\$ 91,582	\$ 878,398
Miscellaneous	498	2,268	-	-	2,766
Total operating receipts	286,078	251,814	251,690	91,582	881,164
Operating disbursements:					
Business type activities	306,952	237,776	225,568	40,347	810,643
Excess (deficiency) of operating receipts over (under) operating disbursements	(20,874)	14,038	26,122	51,235	70,521
Operating transfers:					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	(37,967)	(37,967)
Net operating transfers	-	-	-	(37,967)	(37,967)
Change in cash balances	(20,874)	14,038	26,122	13,268	32,554
Cash balances, beginning of year	17,689	174,930	86,495	50,731	329,845
Cash balances, end of year	\$ (3,185)	\$ 188,968	\$ 112,617	\$ 63,999	\$ 362,399
					(Exhibit A)
Cash basis fund balances:					
Unrestricted:					
Unrestricted	\$ (3,185)	\$ 188,968	\$ 112,617	\$ 63,999	\$ 362,399

See accompanying Notes to Financial Statements.

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belle Plaine is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1868 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 nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer and solid/yard waste utilities for its citizens.

A. Reporting Entity and Jointly Governed Organizations

For financial reporting purposes, the City of Belle Plaine 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 or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

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 not ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Joint E911 Service Board, Benton County Emergency Operations commission, Kirkwood Community College Community Education Agreement and the Williamsburg-Marengo-Belle Plaine Drug Task Force Agreement.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) 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 services.

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.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances that do not meet the definitions of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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 Local Option Sales Tax Fund is used to account for the proceeds of Local Option Sales Tax collections and expenditures related to the approved public referendum for this tax.

Debt Service:

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

Capital Projects:

The Capital Projects - Downtown Streetscape Fund is used to account for the downtown street and sidewalk revitalization projects going on during the year.

Trust Funds:

The Equipment Accruals Fund is a savings account for City departments. If departments have funds left over in their budget for expenditure at the end of the fiscal year, they can transfer the balance to this fund to save up for larger equipment purchases. Also, any capital donations from the public are included in the fund.

The Library Improvements Fund is used to account for donations to the library and interest earned on the library's cash investments. Disbursements from this fund are used to supplement the library's ongoing operations.

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

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

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

The Garbage Fund accounts for the City's garbage collection contract and collections of garbage revenue.

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 with a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the programs. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then with 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 nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating 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.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the general government function.

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; 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.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and uses of the City.

NOTE 3. BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation and revenue bonds at June 30, 2013 are as follows:

Year Ending June 30,	General Obligation Bonds		Aquatic Center Pledge Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 240,000	\$ 154,568	\$ 30,000	\$ 7,353
2015	245,000	147,317	30,000	6,077
2016	255,000	139,363	32,000	4,760
2017	255,000	131,052	32,000	3,400
2018	265,000	121,475	34,000	1,998
2019-2023	1,200,000	470,510	30,000	637
2024-2028	1,225,000	246,818	-	-
2029-2033	295,000	14,012	-	-
Total	\$ 3,980,000	\$ 1,425,115	\$ 188,000	\$ 24,225

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Year Ending June 30,	Total	
	Principal	Interest
2014	\$ 270,000	\$ 161,921
2015	275,000	153,394
2016	287,000	144,123
2017	287,000	134,452
2018	299,000	123,473
2019-2023	1,230,000	471,147
2024-2028	1,225,000	246,818
2029-2033	295,000	14,012
Total	\$ 4,168,000	\$ 1,449,340

Revenue Bonds

The City received donations for the aquatic center built in 2010 to be collected over nine years. Proceeds from the Aquatic Center Pledge revenue Bonds were used to pay for the construction cost of the aquatic center. As pledged donations are received, the bonds will be paid off. During the current year, \$50,000 of principal and \$9,047 of interest was paid on the bonds.

NOTE 4. PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 5.78% of their annual covered compensation and the City is required to contribute 8.67% of covered compensation. Certain employees in special risk occupations, and the City, contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$56,544, \$52,230 and \$54,760, respectively, equal to the required contributions for each year.

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for current employees and their spouses and families. IPERS-eligible retirees and their spouses are able to participate in the plan at their own expense. There are 13 active and no retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as the City pays on behalf of employees.

Funding Policy - The City finances the health insurance plan with Wellmark on a pay-as-you-go basis. Contribution requirements of plan members are established by and may be amended by the City. For the year ended June 30, 2013, the City contributed 90% of the premium and the employee was responsible for 10%. The most recent monthly premium costs are \$453.16 for single coverage, \$928.07 for employee/spouse coverage and \$1,390.75 for employee/spouse/children coverage. The same monthly premiums apply to retirees. During the year ended June 30, 2013, the City contributed \$120,492 and eligible plan members contributed \$13,388 to the plan.

NOTE 6. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and sick leave hours. Vacation leave is for subsequent use or for payment upon retirement, termination or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation leave payable to employees at June 30, 2013, primarily relating to the General Fund, is \$23,065. This liability has been computed based on pay rates as of June 30, 2013.

Sick leave is payable when used. It is not paid upon termination, retirement or death. The approximate liability for unused sick leave at June 30, 2013, based on rates of pay as of June 30, 2013, is \$157,764.

NOTE 7. INTERFUND TRANSFERS

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources, move resources to facilitate the payment of principal and interest on bonds and notes payable, and move resources for the acquisition of major equipment purchases and capital projects.

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	Special Revenue	
	Local Option Sales Tax	\$ 32,000
	Urban Renewal Tax Increment	133,099
	Aquatic Center Pledge Obligation	55,058
	Enterprise	
	Storm Sewer User Fees	35,500
Special Revenue	Trust and Agency	
Local Option Sales Tax	Equipment Accruals	7,500

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 7. INTERFUND TRANSFERS (Continued)

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Capital Projects	Capital Projects	
Snow Removal Equipment	4 Corners Industrial	15,096
Snow Equipment Building	4 Corners Industrial	10,940
2009 Sanitary and Storm Sewer Project	Enterprise Storm Sewer User Fees	2,467
Trust and Agency Equipment Accruals	Special Revenue Local Option Sales Tax REAP Grant General	77,006 22,186 1,363

NOTE 8. RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$3,840 during the year ended June 30, 2013.

The City also approved a Commercial Interior Grant for \$1,600 to the City Attorney's law firm during the year. No payments were made on this grant until after June 30, 2013.

NOTE 9. CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$164,500. The unpaid contract balances at June 30, 2013 totaled approximately \$132,200, which will be paid as work on the projects progresses.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. LITIGATION

The City was not subject to litigation at June 30, 2013.

NOTE 12. DEFICIT BALANCES

The following funds had deficit balances at June 30, 2013:

Capital Projects - Downtown Streetscape	\$ 10,419
Special Revenue - Urban Renewal Tax Increment	4,317
Water Enterprise Fund	3,185

The deficit balance in the capital projects fund arose because project costs were incurred prior to the availability of funds. This deficit will be eliminated with available City funds and intergovernmental grant funding.

CITY OF BELLE PLAINE

Notes to Financial Statements

June 30, 2013

NOTE 12. DEFICIT BALANCES (Continued)

The deficit in the special revenue fund arose because the transfer to the Debt Service Fund exceeded actual urban renewal tax receipts through June 30, 2013. The July 2013 urban renewal tax receipt was not sufficient to cover the deficit balance. This deficit will need to be covered with available City funds.

The deficit balance in the Water Enterprise Fund arose because of ongoing repairs to the water system. It is anticipated that this deficit balance will be covered by net income of the fund in future years.

NOTE 13. RESTATED BEGINNING BALANCES

The City has determined that the Police Forfeiture Fund should be recorded and accounted for as a special revenue fund, rather than being included in the General Fund. The cash balances of the funds at the beginning of the year have been restated as follows:

<u>Fund</u>	<u>As Originally Reported</u>	<u>Restated Amounts</u>
General Fund	\$ 356,148	\$ 352,795
Special Revenue Fund - Police Forfeiture	-	3,353
Total	<u>\$ 356,148</u>	<u>\$ 356,148</u>

NOTE 14. SUBSEQUENT EVENTS

Management of the City has evaluated events through November 27, 2013, the date which the financial statements were available to be issued.

OTHER INFORMATION

CITY OF BELLE PLAINE

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, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 908,889	\$ -	\$ 908,889
Tax increment financing	128,782	-	128,782
Other city tax	214,697	-	214,697
Licenses and permits	12,761	-	12,761
Use of money and property	25,750	-	25,750
Intergovernmental	485,859	-	485,859
Charges for service	72,834	878,398	951,232
Special assessments	29,282	-	29,282
Miscellaneous	186,270	2,766	189,036
Total receipts	<u>2,065,124</u>	<u>881,164</u>	<u>2,946,288</u>
Disbursements:			
Public safety	337,811	-	337,811
Public works	380,717	-	380,717
Health and social services	8,276	-	8,276
Culture and recreation	348,600	-	348,600
Community and economic development	71,664	-	71,664
General government	242,149	-	242,149
Debt service	462,264	-	462,264
Capital projects	345,547	-	345,547
Business type activities	-	810,643	810,643
Total disbursements	<u>2,197,028</u>	<u>810,643</u>	<u>3,007,671</u>
Excess (deficiency) of receipts over (under) disbursements	(131,904)	70,521	(61,383)
Other financing sources (uses), net	37,967	(37,967)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(93,937)	32,554	(61,383)
Balances, beginning of year	<u>2,382,180</u>	<u>329,845</u>	<u>2,712,025</u>
Balances, end of year	<u>\$ 2,288,243</u>	<u>\$ 362,399</u>	<u>\$ 2,650,642</u>

There were no funds of the City not required to be budgeted during the year ended June 30, 2013.

See accompanying Independent Auditor's Report and
accompanying Notes to Other Information.

<u>Budgeted Amounts</u>		
<u>Original</u>	<u>Final</u>	<u>Final to Net Variance</u>
\$ 904,500	\$ 904,500	\$ 4,389
133,515	133,515	(4,733)
191,314	191,314	23,383
13,123	13,123	(362)
40,000	40,000	(14,250)
399,266	1,052,217	(566,358)
922,396	922,396	28,836
20,000	20,000	9,282
229,574	229,574	(40,538)
<u>2,853,688</u>	<u>3,506,639</u>	<u>(560,351)</u>
364,135	364,135	26,324
415,412	433,272	52,555
8,700	8,700	424
369,689	393,708	45,108
51,730	312,059	240,395
196,297	230,686	(11,463)
490,074	490,074	27,810
150,000	550,000	204,453
885,216	888,216	77,573
<u>2,931,253</u>	<u>3,670,850</u>	<u>663,179</u>
(77,565)	(164,211)	102,828
-	83,646	(83,646)
(77,565)	(80,565)	19,182
<u>3,906,796</u>	<u>3,906,796</u>	<u>(1,194,771)</u>
<u>\$ 3,829,231</u>	<u>\$ 3,826,231</u>	<u>\$ (1,175,589)</u>

CITY OF BELLE PLAINE

Notes to Other Information - Budgetary Reporting

June 30, 2013

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 fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements are required to be budgeted for all 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, one budget amendment increased budgeted disbursements by \$739,597. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements in the general government function exceeded the amount budgeted.

SUPPLEMENTARY INFORMATION

CITY OF BELLE PLAINE

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

As of and for the Year Ended June 30, 2013

	Special Revenue					
	Employee Benefits	Urban Renewal Tax Increment	I-JOBS	Aquatic Center Pledge Obligation	REAP Grant	Police Forfeiture
Receipts:						
Property tax	\$ 191,665	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	128,782	-	-	-	-
Other city tax	6,829	-	-	-	-	-
Use of money and property	-	-	-	-	-	1
Intergovernmental	-	-	-	-	-	250
Miscellaneous	-	-	-	67,000	-	25
Total receipts	198,494	128,782	-	67,000	-	276
Disbursements:						
Operating						
Public safety	68,640	-	-	-	-	700
Public works	40,539	-	15,858	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	54,564	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
General government	50,488	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total disbursements	214,231	-	15,858	-	-	700
Excess (deficiency) of receipts over (under) disbursements	(15,737)	128,782	(15,858)	67,000	-	(424)
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	(133,099)	-	(55,058)	(22,186)	-
Total other financing sources (uses)	-	(133,099)	-	(55,058)	(22,186)	-
Change in cash balances	(15,737)	(4,317)	(15,858)	11,942	(22,186)	(424)
Cash balances, beginning of year	149,919	-	15,865	126,160	22,186	3,353
Cash balances, end of year	\$ 134,182	\$ (4,317)	\$ 7	\$ 138,102	\$ -	\$ 2,929
Cash basis fund balances:						
Restricted for:						
Employee benefits	\$ 134,182	\$ -	\$ -	\$ -	\$ -	\$ -
Police	-	-	-	-	-	2,929
Street capital projects	-	-	7	-	-	-
Assigned for:						
Aquatic center	-	-	-	138,102	-	-
Property acquisition	-	-	-	-	-	-
Community center	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Unassigned	-	(4,317)	-	-	-	-
Total cash basis fund balances	\$ 134,182	\$ (4,317)	\$ 7	\$ 138,102	\$ -	\$ 2,929

See accompanying Independent Auditor's Report.

Capital Projects					Trust and Agency			
2009								
4 Corners Industrial	Aquatic Center	Sanitary and Storm Sewer Project	Snow Removal Equipment	Snow Equipment Building	Medical Building	Community Center	Economic Development	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,665
-	-	-	-	-	-	-	-	128,782
-	-	-	-	-	-	-	-	6,829
23	-	-	-	-	7,880	3,458	-	11,362
4,987	-	-	-	-	-	7,600	9,450	22,287
8,138	-	-	-	-	-	9,625	-	84,788
13,148	-	-	-	-	7,880	20,683	9,450	445,713
-	-	-	-	-	-	-	-	69,340
-	-	-	-	-	-	-	-	56,397
-	-	-	-	-	8,276	-	-	8,276
-	-	-	-	-	-	17,294	-	71,858
-	-	-	-	-	-	-	15,188	15,188
18,915	-	-	-	-	-	-	-	50,488
18,915	-	-	-	-	-	-	-	18,915
18,915	-	-	-	-	8,276	17,294	15,188	290,462
(5,767)	-	-	-	-	(396)	3,389	(5,738)	155,251
-	-	2,466	15,096	10,940	-	-	-	28,502
(26,036)	-	-	-	-	-	-	-	(236,379)
(26,036)	-	2,466	15,096	10,940	-	-	-	(207,877)
(31,803)	-	2,466	15,096	10,940	(396)	3,389	(5,738)	(52,626)
32,003	62,279	(2,466)	(15,096)	(10,940)	10,269	80,326	63,756	537,614
\$ 200	\$ 62,279	\$ -	\$ -	\$ -	\$ 9,873	\$ 83,715	\$ 58,018	\$ 484,988
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,182
-	-	-	-	-	-	-	-	2,929
-	-	-	-	-	-	-	-	7
-	62,279	-	-	-	-	-	-	200,381
-	-	-	-	-	9,873	-	-	9,873
-	-	-	-	-	-	83,715	-	83,715
-	-	-	-	-	-	-	58,018	58,018
200	-	-	-	-	-	-	-	(4,117)
\$ 200	\$ 62,279	\$ -	\$ -	\$ -	\$ 9,873	\$ 83,715	\$ 58,018	484,988

CITY OF BELLE PLAINE

Schedule 2

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

As of and for the Year Ended June 30, 2013

	Storm Sewer User Fees	Yard Waste	Meter Deposits	Total
Operating receipts:				
Charges for service	\$ 59,676	\$ 28,106	\$ 3,800	\$ 91,582
Operating disbursements:				
Business type activities	21,571	16,080	2,696	40,347
Excess of operating receipts over operating disbursements	38,105	12,026	1,104	51,235
Operating transfers:				
Operating transfers in	-	-	-	-
Operating transfers (out)	(37,967)	-	-	(37,967)
Net operating transfers	(37,967)	-	-	(37,967)
Change in cash balances	138	12,026	1,104	13,268
Cash balances, beginning of year	28,737	15,530	6,464	50,731
Cash balances, end of year	\$ 28,875	\$ 27,556	\$ 7,568	\$ 63,999
Cash basis fund balances:				
Unrestricted	\$ 28,875	\$ 27,556	\$ 7,568	\$ 63,999

See accompanying Independent Auditor's Report.

CITY OF BELLE PLAINE

Schedule of Indebtedness

Year Ended June 30, 2013

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Corporate Purpose Bonds, Series 2008	7/21/08	3.0-4.5	\$ 535,000
Aquatic Center Bonds, Series 2009A	9/15/09	2.5-4.75	2,100,000
Corporate Purpose Bonds, Series 2011A	5/15/11	3.0-4.0	2,000,000
Total			
Revenue Bond:			
Aquatic Center Pledge Revenue Bond	7/1/10	4.25	350,000

See accompanying Independent Auditor's Report.

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 390,000	\$ -	\$ 50,000	\$ 340,000	\$ 16,395	\$ -
1,930,000	-	90,000	1,840,000	79,625	-
1,900,000	-	100,000	1,800,000	65,697	-
<u>\$ 4,220,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 3,980,000</u>	<u>\$ 161,717</u>	<u>\$ -</u>
<u>\$ 238,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 188,000</u>	<u>\$ 9,047</u>	<u>\$ -</u>

CITY OF BELLE PLAINE

Schedule 4

Bond and Note Maturities

June 30, 2013

Year Ending June 30,	General Obligation Bonds						
	Corp. Purpose Ser. 2008 Issued July 21, 2008		Aquatic Center Ser. 2009A Issued Sept. 15, 2009		Corp. Purpose Ser. 2011A Issued May 15, 2011		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2014	4.00 %	\$ 50,000	2.50 %	\$ 90,000	3.00 %	\$ 100,000	\$ 240,000
2015	4.10	55,000	3.00	90,000	3.00	100,000	245,000
2016	4.20	55,000	3.00	95,000	3.00	105,000	255,000
2017	4.30	55,000	4.00	95,000	3.25	105,000	255,000
2018	4.40	60,000	4.00	100,000	3.25	105,000	265,000
2019	4.50	65,000	4.00	100,000	3.25	110,000	275,000
2020	-	-	4.00	105,000	3.25	115,000	220,000
2021	-	-	4.25	110,000	3.20	115,000	225,000
2022	-	-	-	-	3.40	120,000	120,000
2023	-	-	4.50	235,000	3.50	125,000	360,000
2024	-	-	-	-	3.65	130,000	130,000
2025	-	-	4.50	250,000	3.80	135,000	385,000
2026	-	-	-	-	-	-	-
2027	-	-	4.75	275,000	-	-	275,000
2028	-	-	-	-	4.00	435,000	435,000
2029	-	-	4.75	295,000	-	-	295,000
Total		<u>\$ 340,000</u>		<u>\$ 1,840,000</u>		<u>\$ 1,800,000</u>	<u>\$ 3,980,000</u>

Year Ending June 30,	Revenue Bond	
	Aquatic Center Pledge Issued July 1, 2010	
	Interest Rates	Amount
2014	4.25 %	\$ 30,000
2015	4.25	30,000
2016	4.25	32,000
2017	4.25	32,000
2018	4.25	34,000
2019	4.25	30,000
Total		<u>\$ 188,000</u>

See accompanying Independent Auditor's Report.

CITY OF BELLE PLAINE

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

For the Last Ten Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Receipts:				
Property tax	\$ 908,889	\$ 972,432	\$ 951,931	\$ 803,381
Tax increment financing	128,782	120,257	10,286	71,945
Other city tax	214,697	172,085	180,412	192,256
Licenses and permits	12,761	16,061	17,094	25,378
Use of money and property	25,750	44,348	62,557	79,819
Intergovernmental	486,109	1,253,905	391,358	379,400
Charges for service	72,834	123,699	116,062	90,153
Special assessments	29,282	21,380	31,318	14,088
Miscellaneous	186,020	343,404	447,810	970,672
Total	<u>\$ 2,065,124</u>	<u>\$ 3,067,571</u>	<u>\$ 2,208,828</u>	<u>\$ 2,627,092</u>
Disbursements:				
Operating				
Public safety	\$ 337,811	\$ 331,335	\$ 372,683	\$ 410,295
Public works	380,717	417,712	399,783	445,677
Health and social services	8,276	8,640	9,228	99,989
Culture and recreation	348,600	375,258	368,389	590,339
Community and economic development	71,664	118,421	236,419	107,241
General government	242,149	248,631	216,510	197,603
Debt service	462,264	482,522	387,011	222,234
Capital projects	345,547	2,034,703	952,735	2,632,744
Total	<u>\$ 2,197,028</u>	<u>\$ 4,017,222</u>	<u>\$ 2,942,758</u>	<u>\$ 4,706,122</u>

See accompanying Independent Auditor's Report.

Schedule 5

2009	2008	2007	2006	2005	2004
\$ 774,383	\$ 712,991	\$ 747,305	\$ 745,619	\$ 790,604	\$ 775,342
135,197	129,116	119,692	113,268	108,739	102,655
185,828	264,321	228,810	299,037	148,016	867
15,034	15,950	15,012	10,585	10,056	6,490
69,630	66,877	42,497	36,205	28,542	29,740
784,825	273,785	254,209	244,444	351,415	261,038
149,978	71,225	73,210	105,063	68,172	69,554
14,673	21,352	13,934	6,829	1,490	3,411
353,016	136,703	343,880	194,892	239,675	221,998
<u>\$ 2,482,564</u>	<u>\$ 1,692,320</u>	<u>\$ 1,838,549</u>	<u>\$ 1,755,942</u>	<u>\$ 1,746,709</u>	<u>\$ 1,471,095</u>
\$ 528,112	\$ 383,878	\$ 344,252	\$ 335,867	\$ 290,660	\$ 321,695
410,862	452,971	338,178	367,577	489,343	274,544
8,855	14,280	15,246	5,940	6,532	9,424
340,257	291,192	300,628	288,343	345,254	262,247
77,607	39,134	33,713	6,614	-	17,569
217,578	172,242	152,491	161,333	164,953	170,272
222,552	287,010	198,285	328,431	253,919	862,480
515,438	64,558	207,504	47,566	146,354	160,931
<u>\$ 2,321,261</u>	<u>\$ 1,705,265</u>	<u>\$ 1,590,297</u>	<u>\$ 1,541,671</u>	<u>\$ 1,697,015</u>	<u>\$ 2,079,162</u>

**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
City of Belle Plaine
Belle Plaine, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 Belle Plaine, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 27, 2013. 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 accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Belle Plaine'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 of Belle Plaine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Belle Plaine'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 significant deficiencies.

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 that 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 Part I of the accompanying Schedule of Findings as items I-A-13 and I-B-13 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Plaine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance and other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Belle Plaine's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures during our audit of the financial statements of the City of Belle Plaine. Since our audit was based on tests and samples, not all transactions that might have 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.

Belle Plaine's Responses to Findings

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

Winkel, Parker & Foster, CPA PC

November 27, 2013

CITY OF BELLE PLAINE

Schedule of Findings

Year Ended June 30, 2013

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

- I-A-13 **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.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. The City should review its control procedures to obtain the maximum internal control under the circumstances. The City should segregate duties to the extent possible with existing personnel and utilize other administrative personnel and City Council members to provide additional control through review of financial transactions and reports.

Response - We will consider this.

Conclusion - Response accepted. The City should strive to segregate duties whenever possible and utilize the services of as many people as possible.

- I-B-13 **Financial Statement Preparation** - The City does not employ an accounting staff with the technical expertise to prepare its financial statements, including the notes to the financial statements, in conformity with the basis of cash receipts and disbursements. Therefore, the City relies on its auditors to prepare such financial statements and the accompanying notes to the financial statements.

Recommendation - Management is responsible for the preparation and fair presentation of the financial statements, including the notes to the financial statements. The City should ensure that management personnel who are responsible for reviewing and approving the draft financial statements and notes to the financial statements have sufficient knowledge of, but not limited to, the City's financial position, transactions and internal control policies and procedures.

Response - Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the City staff it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Conclusion - Response accepted.

INSTANCES OF NONCOMPLIANCE

There were no matters which were required to be reported in accordance with *Government Auditing Standards*.

CITY OF BELLE PLAINE

Schedule of Findings

Year Ended June 30, 2013

Part II. Other Findings Related to Required Statutory Reporting

II-A-13 Certified Budget

Comment - Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the general government and capital projects functions prior to the amendment of the budget in May 2013. Disbursements during the year ended June 30, 2013 exceeded the final amount budgeted in the general government 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 sufficient amounts and in a timely manner to ensure expenditures did not exceed the amounts budgeted, in accordance with the Code of Iowa.

Response - The budget will be amended in sufficient amounts in the future. We will also review the budget to make sure expenditures do not exceed the budget amounts.

Conclusion - Response accepted.

II-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-13 Travel Expenses - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-13 Business Transactions with City Officials and Employees - Business transactions between the City and City officials or employees during the year ended June 30, 2013 were noted as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Al Dvorak, City Employee	Meter reading contract	\$ 3,840
Jennifer Zahradnik, City Attorney Kollmorgen, Schlue & Zahradnik, P.C.	Commercial interior grant	1,600

In accordance with Chapter 362.5(1) of the Code of Iowa, the amount paid to the employee for services of \$3,840 does not appear to represent a conflict of interest because the "payment and lawful compensation of a city employee holding more than one city office or position, the holding of which is not incompatible with another public office and is not prohibited by law". In addition, the incentive grant awarded to the law firm which the City Attorney is a partner of, does not appear to be a conflict of interest because it was awarded under the same rules and circumstances applicable to any other entity that qualifies to receive such a grant. The final grant amount of \$1,211 to the law firm was not paid until after June 30, 2013.

CITY OF BELLE PLAINE

Schedule of Findings

Year Ended June 30, 2013

Part II. Other Findings Related to Required Statutory Reporting (Continued)

II-E-13 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-F-13 Publication of Minutes

Comment - No transactions were found that we believe should have been approved in the Council minutes but were not. Publications of Council meeting minutes tested by us were published within 15 days as required by Chapter 372.13(6) of the Code of Iowa. We noted that none of the published minutes of the Council meetings during the year ended June 30, 2013 included a summary of receipts as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - Prior to submitting the minutes for publication, the minutes file should be reviewed by appropriate staff to ensure that all required information for publication per Chapter 372.13(6) of the Code of Iowa is included in the file being sent to the newspaper.

Response - We will start publishing receipts on a monthly basis.

Conclusion - Response accepted.

II-G-13 Deposits and Investments - No instances of noncompliance with deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy provisions were noted.

II-H-13 Revenue Bonds - No instances of noncompliance with the revenue bond resolutions or other requirements of those bonds were noted.

II-I-13 Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1, 2012 and no exceptions were noted.

II-J-13 Financial Condition

Comment - At June 30, 2013 the City had deficit balances in the following three funds: Capital Projects - Downtown Streetscape - \$10,419; Special Revenue - Urban Renewal Tax Increment - \$4,317; and Water Enterprise Fund - \$3,185.

Recommendation - It is common for the costs of construction projects and activities to be expended prior to the availability of certain funds. The City should make sure that there are adequate available City funds or other revenues, grants or other financing sources to cover these deficits in order to return the funds to a sound financial position.

Response - We will make sure there are adequate funds to cover these deficits.

Conclusion - Response accepted.

CITY OF BELLE PLAINE

Schedule of Findings

Year Ended June 30, 2013

Part II. Other Findings Related to Required Statutory Reporting (Continued)

II-K-13 Fund Balances

Comment - At June 30, 2012 and 2013, the Capital Projects - Aquatic Center Fund had a balance remaining of over \$62,000, much of which is attributable to unspent bond proceeds from the aquatic center project. Chapter 12C.9(2) states in part "earnings and interest from proceeds of indebtedness shall be used to pay the principal or interest as the principal or interest comes due on indebtedness or to fund the construction of the project for which the indebtedness was issued, or shall be credited to the capital project fund for which the indebtedness was issued".

Recommendation - The City should obtain formal written guidance from bonding or other counsel regarding how to dispose of this fund balance.

Response - The Aquatic Center fund balance will be spent in full by the end of the 2013-2014 year.

Conclusion - Response accepted.

II-L-13 Employment Forms

Comment - During our testing of payroll, we noted that all employee personnel files contained only a federal form W-4, and there were neither an INS form I-9 or a state form IA W-4 in the files. There were no indications that these forms had been completed in prior years.

Recommendation - The City should obtain current state forms IA W-4 from all employees and submit the appropriate information to the Centralized Employee Registry. All new hires should complete an I-9, a W-4 and an IA W-4 when hired. The City should also consult with legal counsel regarding these issues.

Response - This has been taken care of. We have obtained employee forms and already have filed the forms for each employee.

Conclusion - Response accepted.