

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

JUNE 30, 2014

CITY OF BELLE PLAINE, IOWA

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CITY OF BELLE PLAINE, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>MAYOR AND COUNCIL</u>		
(Through December 2013)		
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
(After December 2013)		
Dave Fish	Mayor	January 2016
Mary Pech	Mayor Pro Tem	January 2016
April McIntire	Council Member	January 2016
Judy Schlesselman	Council Member	January 2018
Mark Tegeier	Council Member	January 2018
Leah Upah	Council Member	January 2018
<u>CITY STAFF</u>		
Bill Daily	City Administrator - through March 31, 2014	Indefinite
Jeff Horne	City Administrator - started June 2, 2014	Indefinite
Kaye Buch	City Clerk - through November 27, 2013	Indefinite
Jacki McDermott	City Clerk - started March 26, 2014	Indefinite
Sue Bevins	Assistant City Clerk - through March 25, 2014	Indefinite
Sandy Walton	Assistant City Clerk - started May 19, 2014	Indefinite
Jennifer Zahradnik	City Attorney	Indefinite
James Ries	Assistant City Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of 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, 2014, 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, Iowa as of June 30, 2014, 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, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 (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 financial statements for the nine years ended June 30, 2012 (which are not 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 11 and 29 through 31 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 January 16, 2015 on our consideration of the City of Belle Plaine, Iowa'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, Iowa's internal control over financial reporting and compliance.

Winked, Parker & Foster, CPA PC

Iowa City, Iowa
January 16, 2015

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, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Receipts of the City of Belle Plaine's governmental activities increased \$108,661 from fiscal 2013 to fiscal 2014. Property tax increased \$37,194, road use tax increased \$10,359, tax increment financing receipts decreased \$2,606, intergovernmental receipts increased \$123,022, and the local option sales tax decreased \$18,785. Proceeds from bond sales totaled \$450,000. The City's business type activity receipts decreased \$18,611 from fiscal 2013 to fiscal 2014.
- Disbursements of the City's governmental activities increased \$324,291 from fiscal 2013 to fiscal 2014. Disbursements decreased in the areas of Public Works - \$26,022; Community & Economic Development - \$5,245; Health & Social Services - \$307; and Debt Service - \$28,775. Increases were in Public Safety - \$13,645; General Government - \$1,161; Capital Projects - \$348,540; and Culture & Recreation - \$21,294. Disbursements of the City's business type activities increased \$90,570, mostly due to ongoing repairs to the water system.
- As the City completed this year, its governmental funds reported a combined fund balance of \$2,430,545, an increase of \$142,302 above last year's total of \$2,288,243. The major reason for the change in fund balances of the governmental funds from the prior year is the proceeds of long-term debt have not yet been fully expended at June 30, 2014. The City's business type activities reported a combined fund balance of \$284,243, a decrease of \$78,156 from last year's balance of \$362,399.

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, state and federal grants and proceeds from the sale of bonds finance most of these activities.

- Business Type Activities include the waterworks, sanitary sewer system and garbage, yard waste and 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 to 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 for meter deposits, yard waste and storm sewer.

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 increased \$142,302 from a year ago, increasing from \$2,288,243 to \$2,430,545. The analysis that follows focuses on the changes in cash basis net position for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	Year ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for service	\$ 134,584	\$ 138,049
Operating grants, contributions and restricted interest	354,529	382,012
Capital grants, contributions and restricted interest	387,751	238,876
General receipts:		
Property tax	977,917	940,723
Tax increment financing receipts	126,176	128,782
Unrestricted investment earnings	15,211	15,071
Local option sales tax	164,078	182,863
Proceeds from sales of bonds	450,000	--
Other general receipts	13,879	38,748
Total receipts	<u>2,624,125</u>	<u>2,065,124</u>
Disbursements:		
Public safety	351,456	337,811
Public works	354,695	380,717
Health and social services	7,969	8,276
Culture and recreation	369,894	348,600
Community and economic development	66,419	71,664
General government	243,310	242,149
Debt service	433,489	462,264
Capital projects	694,087	345,547
Total disbursements	<u>2,521,319</u>	<u>2,197,028</u>
Change in cash basis net position before transfers	102,806	(131,904)
Transfers, net	39,496	37,967
Change in cash basis net position	142,302	(93,937)
Cash basis net position beginning of year	2,288,243	2,382,180
Cash basis net position end of year	<u>\$2,430,545</u>	<u>\$2,288,243</u>

The City's total receipts for governmental activities increased \$108,661. The total cost of all programs and services increased by \$324,291. The increase in property taxes was the result of increased taxable value in property. The tax rate held steady with a slight decrease from \$16.51 to \$16.45 per thousand valuation.

The increase of property tax receipts in 2014 of \$37,194 was because the property base grew. Property taxes are expected to decrease next year because of commercial property tax rollback.

The cost of all governmental activities this year was \$2,521,319 compared to \$2,197,028 last year. However, as shown in the Statement of Activities and Net Position, the amount taxpayers ultimately financed for these activities was only \$1,644,455 because some of the cost was paid by those directly benefitting from those programs (\$134,584) and by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$742,280). Debt service totaled \$433,489, compared to \$462,264 in 2013.

Changes in Cash Basis Net Assets of Business Type Activities

	Year ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for service		
Water	\$289,705	\$286,078
Sewer	246,611	251,814
Garbage	235,380	251,690
Yard Waste	28,096	28,106
Storm water	59,461	59,676
Meter deposits	3,300	3,800
Total receipts	<u>862,553</u>	<u>881,164</u>
Disbursements:		
Water	394,341	306,952
Sewer	251,476	237,776
Garbage	231,121	225,568
Yard Waste	21,610	16,080
Storm water	606	21,571
Meter deposits	2,059	2,696
Total disbursements	<u>901,213</u>	<u>810,643</u>
Change in cash basis net position before transfers	(38,660)	70,521
Transfers	<u>(39,496)</u>	<u>(37,967)</u>
Change in cash basis net position	(78,156)	32,554
Cash basis net position beginning of year	<u>362,399</u>	<u>329,845</u>
Cash basis net position end of year	<u>\$284,243</u>	<u>\$362,399</u>

Total business type activities receipts for the fiscal year were \$862,553, compared to \$881,164 last year. The cash balance decreased by \$78,156. Total disbursements for the fiscal year increased to a total of \$901,213, compared to \$810,643 last year, an increase of \$90,570.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Belle Plaine completed this fiscal year, its governmental funds reported a combined fund balance of \$2,430,545, an increase of \$142,302 from last year's total of \$2,288,243. 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 decreased \$65,457 from the prior year. There was an increase of \$22,179 in property taxes and other city taxes, an increase of \$6,841 in charges for services, a decrease of \$30,743 in intergovernmental receipts and a decrease of \$24,616 in miscellaneous receipts. Total disbursements decreased by \$29,089 from 2013 to 2014. Public safety disbursements decreased by \$22,072, public works disbursements decreased by \$26,778, culture and recreation disbursements increased by \$7,528 and general government disbursements increased by \$12,804.
- The Road Use Tax Fund cash balance decreased by \$8,476.
- The Local Option Sales Tax Fund received \$164,078 for the fiscal year 2014. The cash balance of the fund increased by \$2,103.
- The Downtown Streetscape Capital Projects Fund increased by \$23,825 during the year. Bond proceeds of \$250,000 and intergovernmental receipts of \$199,035 were used to pay for capital projects costs of \$425,210.
- Employee Benefits (Special Revenue Funds) is now a major fund in 2014 and increased by \$25,218.
- Equipment Accruals (Special Revenue Funds) is added as a major fund for fiscal year 2014, and it increased by \$40,593.
- Library Improvement (Special Revenue Funds) is added as a major fund for fiscal year 2014, and it increased by \$15,344.
- The Debt Service Fund cash balance decreased by \$8,378 from \$8,241 to \$(137).

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Proprietary Funds cash balance decreased \$78,156, with a balance at the end of the year of \$284,243. Last year's cash balance was \$362,399.

- The Water Fund cash balance decreased by \$104,636 due to ongoing repairs to the water system.
- The Sewer Fund cash balance decreased by \$4,865.
- The Garbage Fund cash balance increased by \$4,259.

BUDGETARY HIGHLIGHTS

The City Budget was not amended this year, because of major, and untimely, staff turnover. The budget was exceeded in the areas of Community and Economic Development, General Government, Debt Service, Capital Projects and Business Type Activities and therefore should have been amended.

Total actual receipts were \$155,664 more than the budgeted amounts and total actual disbursements were \$381,635 more than the budgeted amounts, primarily due to capital projects costs, and intergovernmental receipts associated with those projects being delayed in part until the next year.

DEBT ADMINISTRATION

On June 30, 2014, the City has \$4,348,000 outstanding in bonds and other long-term debt, compared to \$4,168,000 last year as shown below.

	Outstanding debt at Year End	
	Year ended June 30,	
	2014	2013
General obligation bonds	\$4,190,000	\$3,980,000
Aquatic center pledge revenue bond	158,000	188,000
Total	<u>\$4,348,000</u>	<u>\$4,168,000</u>

The City issued \$450,000 of general obligation bonds during the year ended June 30, 2014 for capital projects and economic development.

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 \$4,348,000 is below its constitutional debt limit of \$4,959,837.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Belle Plaine's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 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 4.6 percent versus 6.8 percent a year ago. This compares with the national unemployment rate of 6.1 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was .6% percent for the fiscal year 2014. Inflation has been modest here due in part to the slowing of the residential housing market and decreases in energy prices in 2014.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are \$2,714,788, an increase of \$64,146 over the final 2014 budget. Property tax and local option sales tax within the county/city are expected to help with maintaining the budget. The City will use these receipts to finance programs we currently offer. Budgeted disbursements are expected to increase because of capital projects. The city likely will need to issue revenue bonds and general obligation bonds for ongoing economic development and capital projects.

If these estimates are realized, the City's budgeted cash balance is expected to decrease by approximately \$573,773 by the close of 2015.

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 Jacki McDermott, City Clerk, 1207 8th Avenue, Belle Plaine, Iowa 52208.

BASIC FINANCIAL STATEMENTS

CITY OF BELLE PLAINE, IOWA

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

As of and for the Year Ended June 30, 2014

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 351,456	\$ 15,813	\$ 17,706	\$ -
Public works	354,695	40,659	255,070	127,716
Health and social services	7,969	7,874	-	-
Culture and recreation	369,894	57,358	80,093	61,000
Community and economic development	66,419	-	-	-
General government	243,310	12,880	1,660	-
Debt service	433,489	-	-	-
Capital projects	694,087	-	-	199,035
Total governmental activities	2,521,319	134,584	354,529	387,751
Business type activities:				
Water	394,341	289,705	-	-
Sewer	251,476	246,611	-	-
Garbage	231,121	235,380	-	-
Storm sewer user fees	606	59,461	-	-
Yard waste	21,610	28,096	-	-
Meter deposits	2,059	3,300	-	-
Total business type activities	901,213	862,553	-	-
Total	\$ 3,422,532	\$ 997,137	\$ 354,529	\$ 387,751

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
Bond proceeds
Miscellaneous
Sale of capital assets
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
\$ (317,937)	\$ -	\$ (317,937)
68,750	-	68,750
(95)	-	(95)
(171,443)	-	(171,443)
(66,419)	-	(66,419)
(228,770)	-	(228,770)
(433,489)	-	(433,489)
(495,052)	-	(495,052)
(1,644,455)	-	(1,644,455)
-	(104,636)	(104,636)
-	(4,865)	(4,865)
-	4,259	4,259
-	58,855	58,855
-	6,486	6,486
-	1,241	1,241
-	(38,660)	(38,660)
(1,644,455)	(38,660)	(1,683,115)
587,521	-	587,521
170,430	-	170,430
219,966	-	219,966
126,176	-	126,176
164,078	-	164,078
15,211	-	15,211
450,000	-	450,000
13,539	-	13,539
340	-	340
39,496	(39,496)	-
1,786,757	(39,496)	1,747,261
142,302	(78,156)	64,146
2,288,243	362,399	2,650,642
\$ 2,430,545	\$ 284,243	\$ 2,714,788
(Exhibit B)	(Exhibit C)	

CITY OF BELLE PLAINE, IOWA

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

As of and for the Year Ended June 30, 2014

Cash Basis Net Position

Restricted

Nonexpendable:

Community beautification

Expendable:

Streets

Employee benefits

Police

Street capital projects

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
7,259	-	7,259
159,400	-	159,400
3,040	-	3,040
13,413	-	13,413
520,764	-	520,764
1,302,687	284,243	1,586,930
<u>\$ 2,430,545</u>	<u>\$ 284,243</u>	<u>\$ 2,714,788</u>

CITY OF BELLE PLAINE, IOWA

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, 2014

	General Fund	Road Use Tax	Local Option Sales Tax	Special Employee Benefits
Receipts:				
Property tax	\$ 568,450	\$ -	\$ -	\$ 212,791
Tax increment financing	-	-	-	-
Other city tax	19,071	-	164,078	7,175
Licenses and permits	10,182	-	-	-
Use of money and property	10,115	-	-	-
Intergovernmental	34,126	253,030	-	-
Charges for service	79,675	-	-	-
Special assessments	14,804	-	-	-
Miscellaneous	33,080	50	-	-
Total receipts	769,503	253,080	164,078	219,966
Disbursements:				
Operating				
Public safety	241,697	-	5,529	69,242
Public works	57,049	261,556	-	36,090
Health and social services	-	-	-	-
Culture and recreation	234,478	-	10,976	48,182
Community and economic development	-	-	27,359	-
General government	202,076	-	-	41,234
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	735,300	261,556	43,864	194,748
Excess (deficiency) of receipts over (under) disbursements	34,203	(8,476)	120,214	25,218
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Sale of capital assets	340	-	-	-
Operating transfers in	62,215	-	-	-
Operating transfers (out)	(162,215)	-	(118,111)	-
Total other financing sources (uses)	(99,660)	-	(118,111)	-
Change in cash balances	(65,457)	(8,476)	2,103	25,218
Cash balances, beginning of year	402,196	15,735	304,231	134,182
Cash balances, end of year	\$ 336,739	\$ 7,259	\$ 306,334	\$ 159,400

Exhibit B

Revenue			Capital Projects	Other Nonmajor	
Equipment Accruals	Library Improvements	Debt Service	Downtown Streetscape	Governmental Funds	Total
\$ -	\$ -	\$ 165,224	\$ -	\$ -	\$ 946,465
-	-	-	-	126,176	126,176
-	-	5,206	-	-	195,530
-	-	-	-	-	10,182
2,121	2,255	-	-	11,052	25,543
-	1,565	-	199,035	121,375	609,131
-	-	-	-	-	79,675
-	-	-	-	-	14,804
5,600	48,928	-	-	78,621	166,279
<u>7,721</u>	<u>52,748</u>	<u>170,430</u>	<u>199,035</u>	<u>337,224</u>	<u>2,173,785</u>
34,972	-	-	-	16	351,456
-	-	-	-	-	354,695
-	-	-	-	7,969	7,969
21,532	37,404	-	-	17,322	369,894
38,950	-	-	-	110	66,419
-	-	-	-	-	243,310
-	-	433,489	-	-	433,489
-	-	-	425,210	268,877	694,087
<u>95,454</u>	<u>37,404</u>	<u>433,489</u>	<u>425,210</u>	<u>294,294</u>	<u>2,521,319</u>
<u>(87,733)</u>	<u>15,344</u>	<u>(263,059)</u>	<u>(226,175)</u>	<u>42,930</u>	<u>(347,534)</u>
-	-	-	250,000	200,000	450,000
-	-	-	-	-	340
138,326	-	254,681	-	150,000	605,222
(10,000)	-	-	-	(275,400)	(565,726)
<u>128,326</u>	<u>-</u>	<u>254,681</u>	<u>250,000</u>	<u>74,600</u>	<u>489,836</u>
40,593	15,344	(8,378)	23,825	117,530	142,302
<u>811,879</u>	<u>271,392</u>	<u>8,241</u>	<u>(10,419)</u>	<u>350,806</u>	<u>2,288,243</u>
<u>\$ 852,472</u>	<u>\$ 286,736</u>	<u>\$ (137)</u>	<u>\$ 13,406</u>	<u>\$ 468,336</u>	<u>\$ 2,430,545</u>

(Exhibit A)

CITY OF BELLE PLAINE, IOWA

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, 2014

	General Fund	Road Use Tax	Local Option Sales Tax	Special Employee Benefits
Cash basis fund balances:				
Nonspendable				
Community beautification	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Street operations	-	7,259	-	-
Employee benefits	-	-	-	159,400
Police	-	-	-	-
Street capital projects	-	-	-	-
Other purposes	-	-	306,334	-
Assigned for:				
Capital equipment purchases	-	-	-	-
Library improvements	-	-	-	-
Aquatic center	-	-	-	-
Property acquisition	-	-	-	-
Community center	-	-	-	-
Economic development	-	-	-	-
Unassigned	336,739	-	-	-
Total cash basis fund balances	\$ 336,739	\$ 7,259	\$ 306,334	\$ 159,400

See accompanying Notes to Financial Statements.

Exhibit B

Revenue			Capital Projects	Other Nonmajor	
Equipment Accruals	Library Improvements	Debt Service	Downtown Streetscape	Governmental Funds	Total
\$ 423,982	\$ -	\$ -	\$ -	\$ -	\$ 423,982
-	-	-	-	-	7,259
-	-	-	-	-	159,400
-	-	-	-	3,040	3,040
-	-	-	13,406	7	13,413
-	-	-	-	214,430	520,764
428,490	-	-	-	-	428,490
-	286,736	-	-	-	286,736
-	-	-	-	161,931	161,931
-	-	-	-	9,789	9,789
-	-	-	-	80,531	80,531
-	-	-	-	7,908	7,908
-	-	(137)	-	(9,300)	327,302
<u>\$ 852,472</u>	<u>\$ 286,736</u>	<u>\$ (137)</u>	<u>\$ 13,406</u>	<u>\$ 468,336</u>	<u>\$ 2,430,545</u>

CITY OF BELLE PLAINE, IOWA

Exhibit C

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

As of and for the Year Ended June 30, 2014

	Water	Sewer	Garbage	Other Nonmajor Proprietary Funds	Total
Operating receipts:					
Charges for service	\$ 289,555	\$ 246,611	\$ 235,380	\$ 90,857	\$ 862,403
Miscellaneous	150	-	-	-	150
Total operating receipts	289,705	246,611	235,380	90,857	862,553
Operating disbursements:					
Business type activities	394,341	251,476	231,121	24,275	901,213
Excess (deficiency) of operating receipts over (under) operating disbursements	(104,636)	(4,865)	4,259	66,582	(38,660)
Operating transfers:					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	(39,496)	(39,496)
Net operating transfers	-	-	-	(39,496)	(39,496)
Change in cash balances	(104,636)	(4,865)	4,259	27,086	(78,156)
Cash balances, beginning of year	(3,185)	188,968	112,617	63,999	362,399
Cash balances, end of year	\$ (107,821)	\$ 184,103	\$ 116,876	\$ 91,085	\$ 284,243
					(Exhibit A)
Cash basis fund balances:					
Unrestricted:					
Unrestricted	\$ (107,821)	\$ 184,103	\$ 116,876	\$ 91,085	\$ 284,243

See accompanying Notes to Financial Statements.

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belle Plaine, Iowa 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, Iowa 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 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, IOWA

Notes to Financial Statements

June 30, 2014

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.

The Employee Benefits Fund is used to account for this special property tax levy to provide funds to be used for payment of payroll taxes and employee benefits.

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 restricted capital donations from the public are included in the fund.

The Library Improvements Fund is used to account for restricted 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.

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.

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2014

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, 2014, disbursements exceeded the amounts budgeted in the community and economic development, general government, debt service, capital projects and business type activities functions.

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014 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, 2014 are as follows:

Year Ending June 30,	General Obligation Bonds		Aquatic Center Pledge Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 277,000	\$ 163,445	\$ 30,000	\$ 6,078
2016	296,000	152,661	32,000	4,760
2017	297,000	143,052	32,000	3,400
2018	308,000	132,148	34,000	1,998
2019	320,000	120,730	30,000	637
2020-2024	1,302,000	448,751	-	-
2025-2029	1,390,000	195,230	-	-
Total	\$ 4,190,000	\$ 1,356,017	\$ 158,000	\$ 16,873

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Year Ending June 30,	Total	
	Principal	Interest
2015	\$ 307,000	\$ 169,523
2016	328,000	157,421
2017	329,000	146,452
2018	342,000	134,146
2019	350,000	121,367
2020-2024	1,302,000	448,751
2025-2029	1,390,000	195,230
Total	\$ 4,348,000	\$ 1,372,890

Revenue Bonds

The City receives 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, \$30,000 of principal and \$7,422 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 5.95% of their annual covered compensation and the City is required to contribute 8.93% 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, 2014, 2013, and 2012 were \$58,915, \$56,544 and \$52,230, respectively, equal to the required contributions for each year.

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2014

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 0 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, 2014, 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, \$857.83 for employee/children coverage and \$1,390.75 for employee/spouse/children coverage. The same monthly premiums apply to retirees. During the year ended June 30, 2014, the City contributed \$120,686.89 and eligible plan members contributed \$12,485.59 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, 2014, primarily relating to the General Fund, is \$16,535. This liability has been computed based on pay rates as of June 30, 2014.

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, 2014, based on rates of pay as of June 30, 2014, is \$103,351.

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, 2014 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Capital Projects Aquatic Center	\$ 62,215
Debt Service	Special Revenue Local Option Sales Tax Urban Renewal Tax Increment Aquatic Center Pledge Obligation Equipment Accruals Enterprise Storm Sewer User Fees	42,000 125,832 37,353 10,000 39,496

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 7. INTERFUND TRANSFERS (Continued)

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Capital Projects	Special Revenue	
Iowa Hotel Demolition	Economic Development	50,000
	General	100,000
Special Revenue	Special Revenue	
Equipment Accruals	Local Option Sales Tax	76,111
	General	62,215

NOTE 8. RELATED PARTY TRANSACTIONS

The City had business transactions between the City and a City employee totaling \$3,920 during the year ended June 30, 2014.

The City also paid a Commercial Interior Grant for \$1,211 to the City Attorney's law firm during the year.

NOTE 9. CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$410,000. The unpaid contract balances at June 30, 2014 totaled approximately \$275,000, which will be paid as work on the projects progresses.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. LITIGATION

The City was not subject to litigation at June 30, 2014.

NOTE 12. DEFICIT BALANCES

The following funds had deficit balances at June 30, 2014:

Capital Projects - Airport Pavement Repairs	\$ 5,695
Special Revenue - Urban Renewal Tax Increment	3,973
Debt Service Fund	137
Water Enterprise Fund	107,820

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, IOWA

Notes to Financial Statements

June 30, 2014

NOTE 12. DEFICIT BALANCES (Continued)

The deficit in the special revenue fund arose because total transfers to the Debt Service Fund during the years ended June 30, 2014 and 2013 exceeded actual urban renewal tax receipts for those two years. The July 2014 urban renewal tax receipt was not sufficient to cover the deficit balance. This deficit will need to be covered with future urban renewal tax receipts.

The deficit in the Debt Service Fund arose because disbursements of the fund exceeded property tax receipts through June 30, 2014. The deficit was covered by the July 2014 property tax receipts.

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

NOTE 13. FUND CLASSIFICATION CHANGE

The Equipment Accruals, Library Improvements, Medical Building, Community Center and Economic Development Funds, reported as Trust and Agency funds in prior years, have been determined to be Special Revenue funds and have been classified as such for the year ended June 30, 2014. There were no net effects on the financial statements for the year ended June 30, 2014 as a result of this change.

NOTE 14. PROSPECTIVE ACCOUNTING CHANGE

The Government Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

NOTE 15. SUBSEQUENT EVENTS

Management of the City has evaluated events through January 16, 2015, the date which the financial statements were available to be issued.

OTHER INFORMATION

CITY OF BELLE PLAINE, IOWA

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, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 946,465	\$ -	\$ 946,465
Tax increment financing	126,176	-	126,176
Other city tax	195,530	-	195,530
Licenses and permits	10,182	-	10,182
Use of money and property	25,543	-	25,543
Intergovernmental	609,131	-	609,131
Charges for service	79,675	862,403	942,078
Special assessments	14,804	-	14,804
Miscellaneous	166,279	150	166,429
Total receipts	<u>2,173,785</u>	<u>862,553</u>	<u>3,036,338</u>
Disbursements:			
Public safety	351,456	-	351,456
Public works	354,695	-	354,695
Health and social services	7,969	-	7,969
Culture and recreation	369,894	-	369,894
Community and economic development	66,419	-	66,419
General government	243,310	-	243,310
Debt service	433,489	-	433,489
Capital projects	694,087	-	694,087
Business type activities	-	901,213	901,213
Total disbursements	<u>2,521,319</u>	<u>901,213</u>	<u>3,422,532</u>
Excess (deficiency) of receipts over (under) disbursements	(347,534)	(38,660)	(386,194)
Other financing sources (uses), net	489,836	(39,496)	450,340
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	142,302	(78,156)	64,146
Balances, beginning of year	2,288,243	362,399	2,650,642
Balances, end of year	<u>\$ 2,430,545</u>	<u>\$ 284,243</u>	<u>\$ 2,714,788</u>

There were no funds of the City not required to be budgeted during the year ended June 30, 2014.

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

Budgeted Amounts	Net to Budget Variance
\$ 940,090	\$ 6,375
131,276	(5,100)
190,203	5,327
12,973	(2,791)
34,000	(8,457)
461,301	147,830
923,828	18,250
21,000	(6,196)
166,003	426
<u>2,880,674</u>	<u>155,664</u>
370,778	19,322
436,253	81,558
11,200	3,231
374,018	4,124
50,230	(16,189)
199,659	(43,651)
423,821	(9,668)
294,280	(399,807)
880,658	(20,555)
<u>3,040,897</u>	<u>(381,635)</u>
(160,223)	(225,971)
<u>98,360</u>	<u>351,980</u>
(61,863)	126,009
<u>2,693,513</u>	<u>(42,871)</u>
<u>\$ 2,631,650</u>	<u>\$ 83,138</u>

CITY OF BELLE PLAINE, IOWA

Notes to Other Information - Budgetary Reporting

June 30, 2014

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. The budget was not amended during the year.

During the year ended June 30, 2014, disbursements in the community and economic development, general government, debt service, capital projects and business type activities functions exceeded the amounts budgeted.

SUPPLEMENTARY INFORMATION

CITY OF BELLE PLAINE, IOWA

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

As of and for the Year Ended June 30, 2014

	Special Revenue				
	Urban Renewal Tax Increment	I-JOBS	Aquatic Center Pledge Obligation	Police Forfeiture	Medical Building
Receipts:					
Tax increment financing	\$ 126,176	\$ -	\$ -	\$ -	\$ -
Use of money and property intergovernmental	-	-	-	2	7,885
Miscellaneous	-	-	61,000	125	-
Total receipts	126,176	-	61,000	127	7,885
Disbursements:					
Operating					
Public safety	-	-	-	16	-
Health and social services	-	-	-	-	7,969
Culture and recreation	-	-	(182)	-	-
Community and economic development	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	-	-	(182)	16	7,969
Excess (deficiency) of receipts over (under) disbursements	126,176	-	61,182	111	(84)
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(125,832)	-	(37,353)	-	-
Total other financing sources (uses)	(125,832)	-	(37,353)	-	-
Change in cash balances	344	-	23,829	111	(84)
Cash balances, beginning of year	(4,317)	7	138,102	2,929	9,873
Cash balances, end of year	\$ (3,973)	\$ 7	\$ 161,931	\$ 3,040	\$ 9,789
Cash basis fund balances:					
Restricted for:					
Police	\$ -	\$ -	\$ -	\$ 3,040	\$ -
Street capital projects	-	7	-	-	-
Property development and improvement	-	-	-	-	-
Airport improvements	-	-	-	-	-
Assigned for:					
Aquatic center	-	-	161,931	-	-
Property acquisition	-	-	-	-	9,789
Community center	-	-	-	-	-
Economic development	-	-	-	-	-
Unassigned	(3,973)	-	-	-	-
Total cash basis fund balances	\$ (3,973)	\$ 7	\$ 161,931	\$ 3,040	\$ 9,789

See accompanying Independent Auditor's Report.

Capital Projects								
Community Center	Economic Development	4 Corners Industrial	Aquatic Center	Iowa Hotel Demolition	Hansen Building Project	Airport Pavement Repairs	Airport Lighting Project	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,176
3,165	-	-	-	-	-	-	-	11,052
7,600	-	446	-	-	-	-	113,329	121,375
3,555	-	-	-	-	-	-	13,941	78,621
14,320	-	446	-	-	-	-	127,270	337,224
-	-	-	-	-	-	-	-	16
-	-	-	-	-	-	-	-	7,969
17,504	-	-	-	-	-	-	-	17,322
-	110	-	-	-	-	-	-	110
-	-	278	64	123,128	27,379	5,695	112,333	268,877
17,504	110	278	64	123,128	27,379	5,695	112,333	294,294
(3,184)	(110)	168	(64)	(123,128)	(27,379)	(5,695)	14,937	42,930
-	-	-	-	-	200,000	-	-	200,000
-	-	-	-	150,000	-	-	-	150,000
-	(50,000)	-	(62,215)	-	-	-	-	(275,400)
-	(50,000)	-	(62,215)	150,000	200,000	-	-	74,600
(3,184)	(50,110)	168	(62,279)	26,872	172,621	(5,695)	14,937	117,530
83,715	58,018	200	62,279	-	-	-	-	350,806
\$ 80,531	\$ 7,908	\$ 368	\$ -	\$ 26,872	\$ 172,621	\$ (5,695)	\$ 14,937	\$ 468,336
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,040
-	-	-	-	-	-	-	-	7
-	-	-	-	26,872	172,621	-	-	199,493
-	-	-	-	-	-	-	14,937	14,937
-	-	-	-	-	-	-	-	161,931
-	-	-	-	-	-	-	-	9,789
80,531	-	-	-	-	-	-	-	80,531
-	7,908	-	-	-	-	-	-	7,908
-	-	368	-	-	-	(5,695)	-	(9,300)
\$ 80,531	\$ 7,908	\$ 368	\$ -	\$ 26,872	\$ 172,621	\$ (5,695)	\$ 14,937	\$ 468,336

CITY OF BELLE PLAINE, IOWA

Schedule 2Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances - Nonmajor Proprietary Funds

As of and for the Year Ended June 30, 2014

	Storm Sewer User Fees	Yard Waste	Meter Deposits	Total
Operating receipts:				
Charges for service	\$ 59,461	\$ 28,096	\$ 3,300	\$ 90,857
Operating disbursements:				
Business type activities	606	21,610	2,059	24,275
Excess of operating receipts over operating disbursements	58,855	6,486	1,241	66,582
Operating transfers:				
Operating transfers in	-	-	-	-
Operating transfers (out)	(39,496)	-	-	(39,496)
Net operating transfers	(39,496)	-	-	(39,496)
Change in cash balances	19,359	6,486	1,241	27,086
Cash balances, beginning of year	28,875	27,556	7,568	63,999
Cash balances, end of year	\$ 48,234	\$ 34,042	\$ 8,809	\$ 91,085
Cash basis fund balances:				
Unrestricted	\$ 48,234	\$ 34,042	\$ 8,809	\$ 91,085

See accompanying Independent Auditor's Report.

CITY OF BELLE PLAINE, IOWA

Schedule of Indebtedness

Year Ended June 30, 2014

<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
General Obligation Economic Development Note, Series 2014A	4/15/14	2.60	250,000
Taxable General Obligation Building Restoration Note, Series 2014B	4/15/14	3.90	200,000
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
\$ 340,000	\$ -	\$ 50,000	\$ 290,000	\$ 14,495	\$ -
1,840,000	-	90,000	1,750,000	77,375	-
1,800,000	-	100,000	1,700,000	62,697	-
-	250,000	-	250,000	-	-
-	200,000	-	200,000	-	-
<u>\$ 3,980,000</u>	<u>\$ 450,000</u>	<u>\$ 240,000</u>	<u>\$ 4,190,000</u>	<u>\$ 154,567</u>	<u>\$ -</u>
<u>\$ 188,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 158,000</u>	<u>\$ 7,422</u>	<u>\$ -</u>

CITY OF BELLE PLAINE, IOWA

Bond and Note Maturities

June 30, 2014

Year Ending June 30,	Corp. Purpose Ser. 2008 Issued July 21, 2008		Aquatic Center Ser. 2009A Issued Sept. 15, 2009		General Obligation Bonds Corp. Purpose Ser. 2011A Issued May 15, 2011	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2015	4.10 %	\$ 55,000	3.00 %	\$ 90,000	3.00 %	\$ 100,000
2016	4.20	55,000	3.00	95,000	3.00	105,000
2017	4.30	55,000	4.00	95,000	3.25	105,000
2018	4.40	60,000	4.00	100,000	3.25	105,000
2019	4.50	65,000	4.00	100,000	3.25	110,000
2020		-	4.00	105,000	3.25	115,000
2021		-	4.25	110,000	3.20	115,000
2022		-		-	3.40	120,000
2023		-	4.50	235,000	3.50	125,000
2024		-		-	3.65	130,000
2025		-	4.50	250,000	3.80	135,000
2026		-		-		-
2027		-	4.75	275,000		-
2028		-		-	4.00	435,000
2029		-	4.75	295,000		-
Total		<u>\$ 290,000</u>		<u>\$ 1,750,000</u>		<u>\$ 1,700,000</u>

Year Ending June 30,	Revenue Bond Aquatic Center Pledge Issued July 1, 2010	
	Interest Rates	Amount
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>\$ 158,000</u>

See accompanying Independent Auditor's Report.

Schedule 4

<u>Corp. Purpose Ser. 2014A</u>		<u>Corp. Purpose Ser. 2014B</u>		
<u>Issued April 15, 2014</u>		<u>Issued April 15, 2014</u>		
<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Total</u>
2.60 %	\$ 19,000	3.90 %	\$ 13,000	\$ 277,000
2.60	23,000	3.90	18,000	296,000
2.60	24,000	3.90	18,000	297,000
2.60	24,000	3.90	19,000	308,000
2.60	25,000	3.90	20,000	320,000
2.60	26,000	3.90	21,000	267,000
2.60	26,000	3.90	22,000	273,000
2.60	27,000	3.90	22,000	169,000
2.60	28,000	3.90	23,000	411,000
2.60	28,000	3.90	24,000	182,000
	-		-	385,000
	-		-	-
	-		-	275,000
	-		-	435,000
	-		-	295,000
	<u>\$ 250,000</u>		<u>\$ 200,000</u>	<u>\$ 4,190,000</u>

CITY OF BELLE PLAINE, IOWA

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

For the Last Ten Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts:				
Property tax	\$ 946,465	\$ 908,889	\$ 972,432	\$ 951,931
Tax increment financing	126,176	128,782	120,257	10,286
Other city tax	195,530	214,697	172,085	180,412
Licenses and permits	10,182	12,761	16,061	17,094
Use of money and property	25,543	25,750	44,348	62,557
Intergovernmental	609,131	486,109	1,253,905	391,358
Charges for service	79,675	72,834	123,699	116,062
Special assessments	14,804	29,282	21,380	31,318
Miscellaneous	166,279	186,020	343,404	447,810
Total	<u>\$ 2,173,785</u>	<u>\$ 2,065,124</u>	<u>\$ 3,067,571</u>	<u>\$ 2,208,828</u>
Disbursements:				
Operating				
Public safety	\$ 351,456	\$ 337,811	\$ 331,335	\$ 372,683
Public works	354,695	380,717	417,712	399,783
Health and social services	7,969	8,276	8,640	9,228
Culture and recreation	369,894	348,600	375,258	368,389
Community and economic development	66,419	71,664	118,421	236,419
General government	243,310	242,149	248,631	216,510
Debt service	433,489	462,264	482,522	387,011
Capital projects	694,087	345,547	2,034,703	952,735
Total	<u>\$ 2,521,319</u>	<u>\$ 2,197,028</u>	<u>\$ 4,017,222</u>	<u>\$ 2,942,758</u>

See accompanying Independent Auditor's Report.

Schedule 5

2010	2009	2008	2007	2006	2005
\$ 803,381	\$ 774,383	\$ 712,991	\$ 747,305	\$ 745,619	\$ 790,604
71,945	135,197	129,116	119,692	113,268	108,739
192,256	185,828	264,321	228,810	299,037	148,016
25,378	15,034	15,950	15,012	10,585	10,056
79,819	69,630	66,877	42,497	36,205	28,542
379,400	784,825	273,785	254,209	244,444	351,415
90,153	149,978	71,225	73,210	105,063	68,172
14,088	14,673	21,352	13,934	6,829	1,490
970,672	353,016	136,703	343,880	194,892	239,675
<u>\$ 2,627,092</u>	<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>
\$ 410,295	\$ 528,112	\$ 383,878	\$ 344,252	\$ 335,867	\$ 290,660
445,677	410,862	452,971	338,178	367,577	489,343
99,989	8,855	14,280	15,246	5,940	6,532
590,339	340,257	291,192	300,628	288,343	345,254
107,241	77,607	39,134	33,713	6,614	-
197,603	217,578	172,242	152,491	161,333	164,953
222,234	222,552	287,010	198,285	328,431	253,919
2,632,744	515,438	64,558	207,504	47,566	146,354
<u>\$ 4,706,122</u>	<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>



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**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

**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, 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, 2014, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 16, 2015. 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, Iowa'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, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Belle Plaine, Iowa'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-14 and I-B-14 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Plaine, Iowa'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, Iowa's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures during our audit of the financial statements of the City of Belle Plaine, Iowa. 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, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Belle Plaine, Iowa'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, Iowa 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

Iowa City, Iowa
January 16, 2015

CITY OF BELLE PLAINE, IOWA

Schedule of Findings

Year Ended June 30, 2014

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

- I-A-14 **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 - Management feels that segregation of duties will be done to the extent possible with existing personnel and will utilize other administrative personnel and City Council members to provide additional control through review of financial transactions and reports.

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

- I-B-14 **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, IOWA

Schedule of Findings

Year Ended June 30, 2014

Part II. Other Findings Related to Required Statutory Reporting

II-A-14 Certified Budget

Comment - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the community and economic development, general government, debt service, capital projects and business type activities functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

Recommendation - The budget should have been amended in 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 was not amended due to the major, and untimely, staff turnover. Now that the office is fully staffed again, management will strive to make sure that if disbursements are expected to exceed amounts budgeted, the budget will be amended.

Conclusion - Response accepted.

II-B-14 **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-14 **Travel Expenses** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-14 **Business Transactions with City Officials and Employees** - Business transactions between the City and City officials or employees during the year ended June 30, 2014 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	\$ 3,920
Jennifer Zahradnik, City Attorney Kollmorgen, Schlue & Zahradnik, P.C.	Commercial interior grant	1,211

In accordance with Chapter 362.5(1) of the Code of Iowa, the amount paid to the employee for services of \$3,920 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.

CITY OF BELLE PLAINE, IOWA

Schedule of Findings

Year Ended June 30, 2014

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

II-E-14 **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-14 **Publication of Minutes**

Comment - No transactions were found that we believe should have been approved in the Council minutes but were not. Publications of the minutes of four regular Council meetings tested by us were published one day late. The publication of the minutes of the March 26, 2014 meeting could not be located and it appears that the minutes were not published. We noted that none of the published minutes of the Council meetings during the year ended June 30, 2014 included a summary of receipts as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - The minutes off all meetings should be published within 15 days of the meeting date in accordance with Chapter 372.13(6) of the Code of Iowa. The City should include a summary of receipts on a monthly basis. 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 - The minutes of all meetings will be published within 15 days of the meeting date in accordance with Chapter 372.13(6) of the Code of Iowa. They will include a summary of receipts on a monthly basis. Prior to submitting the minutes for publication, the minutes file will be reviewed by management to ensure that all required information for publication per Chapter 372.13(6) is included in the file being sent to the newspaper.

Conclusion - Response accepted.

II-G-14 **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-14 **Revenue Bonds** - No instances of noncompliance with the revenue bond resolutions or other requirements of those bonds were noted.

II-I-14 **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, 2013 and no exceptions were noted.

CITY OF BELLE PLAINE, IOWA

Schedule of Findings

Year Ended June 30, 2014

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

II-J-14 Financial Condition

Comment - At June 30, 2014 the City had deficit balances in the following four funds: Capital Projects - Airport Pavement Repairs - \$5,695; Special Revenue - Urban Renewal Tax Increment - \$3,973; Debt Service Fund - \$137; and Water Enterprise Fund - \$107,820.

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 - Management will ensure that there are adequate available City funds or other revenues, grants or other financing sources to cover fund deficits in order to return funds to a sound financial position.

Conclusion - Response accepted.

II-K-14 Employment Forms

Comment - During our testing of payroll, we noted that all employee personnel files of part-time parks and recreation employees 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.

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.

Response - The City will obtain current state forms IA W-4 for all employees and submit the appropriate information to the Centralized Employee Registry. All new hires will complete an I-9, a W-4 and an IA W-4 when hired.

Conclusion - Response accepted.