

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

JUNE 30, 2015

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>		
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 Tegeler	Council Member	January 2018
Leah Upah	Council Member	January 2018
<u>CITY STAFF</u>		
Jeff Horne	City Administrator	Indefinite
Jacki McDermott	City Clerk	Indefinite
Sandy Walton	Assistant City Clerk	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, 2015, 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, 2015, 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.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Belle Plaine, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other Matters*Supplementary Information and Opinion*

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 two years ended June 30, 2014 (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 seven 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 7 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.

Other Information and Disclaimer of Opinion

The other information, Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 12 and 33 through 39, 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 December 21, 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.

Winkel, Parker & Foster, CPA PC

Iowa City, Iowa
December 21, 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, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Receipts of the City of Belle Plaine's governmental activities decreased \$236,710 from fiscal 2014 to fiscal 2015. Property tax decreased \$19,960, road use tax increased \$10,462, tax increment financing receipts decreased \$6,524, other intergovernmental receipts decreased \$212,065, and the local option sales tax increased \$17,359. Proceeds from bond sales totaled \$1,691,968. The City's business type activity receipts increased \$7,010 from fiscal 2014 to fiscal 2015.
- Disbursements of the City's governmental activities decreased \$297,440 from fiscal 2014 to fiscal 2015. Disbursements decreased in the areas of Public Safety - \$12,490; Public Works - \$30,857; Health & Social Services - \$1,607; Culture & Recreation - \$2,661; Community & Economic Development - \$35,070; and Capital Projects - \$324,273. Increases were in General Government - \$46,081; and Debt Service - \$63,437. Disbursements of the City's business type activities decreased \$51,304, mostly due to fewer repairs to the water system. Debt service refunding totaled \$233,681.
- As the City completed this year, its governmental funds reported a combined fund balance of \$3,608,276, an increase of \$1,177,731 above last year's total of \$2,430,545. The major reason for the change in fund balances of the governmental funds from the prior year is net proceeds of \$1,439,072 from debt refunding have been placed in escrow for future debt service. The City's business type activities reported a combined fund balance of \$297,650, an increase of \$13,407 from last year's balance of \$284,243.

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 and information relating to the City's proportionate share of the IPERS net pension liability and City contributions to IPERS.

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 \$1,177,731 from a year ago, increasing from \$2,430,545 to \$3,608,276. 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,	
	2015	2014
Receipts:		
Program receipts:		
Charges for service	\$ 101,290	\$ 134,584
Operating grants, contributions and restricted interest	372,682	354,529
Capital grants, contributions and restricted interest	93,027	387,751
General receipts:		
Property tax	1,010,286	977,917
Tax increment financing receipts	119,652	126,176
Unrestricted investment earnings	13,847	15,211
Local option sales tax	181,437	164,078
Proceeds from sales of bonds	1,691,968	450,000
Other general receipts	44,855	13,879
Total receipts	3,629,044	2,624,125
Disbursements:		
Public safety	338,966	351,456
Public works	323,838	354,695
Health and social services	6,362	7,969
Culture and recreation	367,233	369,894
Community and economic development	31,349	66,419
General government	289,391	243,310
Debt service	730,607	433,489
Capital projects	369,814	694,087
Total disbursements	2,457,560	2,521,319
Change in cash basis net position before transfers	1,171,484	102,806
Transfers, net	6,247	39,496
Change in cash basis net position	1,177,731	142,302
Cash basis net position beginning of year	2,430,545	2,288,243
Cash basis net position end of year	\$3,608,276	\$2,430,545

The City's total receipts from governmental activities increased \$1,004,919. The total cost of all programs and services decreased by \$63,759. The increase in property taxes was the result of an increase in the tax rate from \$16.45 to \$16.84 per thousand valuation. The taxable value in property increased by approximately 0.4% from 2014 to 2015.

The cost of all governmental activities this year was \$2,457,560 compared to \$2,521,319 last year. However, as shown in the Statement of Activities and Net Position, the amount taxpayers ultimately financed for these activities was only \$1,656,880 because some of the cost was paid by those directly benefitting from those programs (\$101,290) and by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$465,709). Debt service totaled \$730,607, compared to \$433,489 in 2014.

Changes in Cash Basis Net Assets of Business Type Activities

	Year ended June 30,	
	2015	2014
Receipts:		
Program receipts:		
Charges for service		
Water	\$291,700	\$289,705
Sewer	253,978	246,611
Garbage	234,401	235,380
Yard Waste	28,405	28,096
Storm water	60,479	59,461
Meter deposits	600	3,300
Total receipts	<u>869,563</u>	<u>862,553</u>
Disbursements:		
Water	301,852	394,341
Sewer	307,528	251,476
Garbage	223,554	231,121
Yard Waste	15,600	21,610
Storm water	1,375	606
Meter deposits	--	2,059
Total disbursements	<u>849,909</u>	<u>901,213</u>
Change in cash basis net position before transfers	19,654	(38,860)
Transfers	(6,247)	(39,496)
Change in cash basis net position	<u>13,407</u>	<u>(78,156)</u>
Cash basis net position beginning of year	<u>284,243</u>	<u>362,399</u>
Cash basis net position end of year	<u>\$297,650</u>	<u>\$284,243</u>

Total business type activities receipts for the fiscal year were \$869,563, compared to \$862,553 last year. The cash balance increased by \$13,407. Total disbursements for the fiscal year decreased to a total of \$849,909, compared to \$901,213 last year, a decrease of \$51,304.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Belle Plaine completed this fiscal year, its governmental funds reported a combined fund balance of \$3,608,276, an increase of \$1,177,731 from last year's total of \$2,430,545. 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 \$8,162 from the prior year. Total receipts increased by \$72,837 from 2014 to 2015. There was a decrease of \$23,817 in property taxes and other city taxes, an increase of \$60,366 in intergovernmental receipts, and an increase of \$31,574 in use of money and property, charges for service and miscellaneous receipts. Total disbursements increased by \$105,654 from 2014 to 2015. Public safety disbursements increased by \$72,922, public works disbursements decreased by \$42,064, culture and recreation disbursements increased by \$31,295 and general government disbursements increased by \$32,221.
- The Road Use Tax Fund cash balance decreased by \$31,377.
- Employee Benefits (Special Revenue) Fund cash balance increased by \$101,553.
- Equipment Accruals (Special Revenue) Fund cash balance decreased by \$1,664.
- The Debt Service Fund cash balance increased by \$1,422,173 due to net bond refunding of \$1,458,287.
- The Hansen Building Project (Capital Projects) Fund became a major fund during the year and the cash balance decreased by \$295,139.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Proprietary Funds cash balance increased \$13,407, with a balance at the end of the year of \$297,650. Last year's cash balance was \$284,243.

- The Water Fund cash balance decreased by \$10,152.
- The Sewer Fund cash balance decreased by \$53,550 due to unexpected repairs to the sanitary sewer system.
- The Garbage Fund cash balance increased by \$10,847.

BUDGETARY HIGHLIGHTS

The City Budget was amended one time this year, and the total budgeted disbursements did not change. The budget was exceeded in the areas of Community and Economic Development, General Government, Debt Service and Capital Projects.

Total actual receipts were \$78,045 more than the budgeted amounts and total actual disbursements were \$4,209 less than the budgeted amounts.

DEBT ADMINISTRATION

On June 30, 2015, the City has \$5,521,000 outstanding in bonds and other long-term debt, compared to \$4,348,000 last year as shown below.

	Outstanding Debt at Year End	
	Year ended June 30,	
	2015	2014
General obligation bonds	\$5,393,000	\$4,190,000
Aquatic center pledge revenue bond	128,000	158,000
Total	<u>\$5,521,000</u>	<u>\$4,348,000</u>

The City issued \$1,715,000 of general obligation refunding bonds during the year ended June 30, 2015 to refund the balance of the 2008 general obligation bonds during the year and to provide for escrow funds to refund the remaining balance of \$1,370,000 of the 2009A aquatic center bonds on June 1, 2018.

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 \$5,393,000, less \$1,370,000 of escrow funds being held to redeem the same amount of the outstanding principal of the 2009A bonds on June 1, 2018, is below its constitutional debt limit of \$5,083,638.

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 2015 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 3.4 percent versus 4.6 percent a year ago. This compares with the national unemployment rate of 5.3 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was .1% percent for the fiscal year 2015. Inflation has been modest here due in part to the decline in energy prices in 2015.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are \$2,673,486, a decrease of \$55,107 over the final 2015 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 \$294,000 by the close of 2016.

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, 2015

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 338,966	\$ 11,453	\$ 16,920	\$ -
Public works	323,838	15,345	289,348	-
Health and social services	6,362	-	-	-
Culture and recreation	367,233	53,925	66,114	-
Community and economic development	31,349	-	-	-
General government	289,391	20,567	300	-
Debt service	496,926	-	-	-
Capital projects	369,814	-	-	93,027
Total governmental activities	2,223,879	101,290	372,682	93,027
Business type activities:				
Water	301,852	291,700	-	-
Sewer	307,528	253,978	-	-
Garbage	223,554	234,401	-	-
Storm sewer user fees	1,375	60,479	-	-
Yard waste	15,600	28,405	-	-
Meter deposits	-	600	-	-
Total business type activities	849,909	869,563	-	-
Total	\$ 3,073,788	\$ 970,853	\$ 372,682	\$ 93,027

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	
Refunding bond proceeds	
Refunding debt service - principal	
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
\$ (310,593)	\$ -	\$ (310,593)
(19,145)	-	(19,145)
(6,362)	-	(6,362)
(247,194)	-	(247,194)
(31,349)	-	(31,349)
(268,524)	-	(268,524)
(496,926)	-	(496,926)
(276,787)	-	(276,787)
(1,656,880)	-	(1,656,880)
-	(10,152)	(10,152)
-	(53,550)	(53,550)
-	10,847	10,847
-	59,104	59,104
-	12,805	12,805
-	600	600
-	19,654	19,654
(1,656,880)	19,654	(1,637,226)
594,284	-	594,284
186,151	-	186,151
229,851	-	229,851
119,652	-	119,652
181,437	-	181,437
13,847	-	13,847
1,691,968	-	1,691,968
(233,681)	-	(233,681)
44,854	-	44,854
1	-	1
6,247	(6,247)	-
2,834,611	(6,247)	2,828,364
1,177,731	13,407	1,191,138
2,430,545	284,243	2,714,788
\$ 3,608,276	\$ 297,650	\$ 3,905,926
(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, 2015

Cash Basis Net Position

Restricted

Nonexpendable:

Community beautification

Expendable:

Employee benefits

Police

Street capital projects

Debt service

Other purposes

Unrestricted

Total cash basis net position

See accompanying Notes to Financial Statements.

Exhibit A

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ 423,982	\$ -	\$ 423,982
260,953	-	260,953
16,829	-	16,829
13,408	-	13,408
1,422,036	-	1,422,036
373,270	-	373,270
1,097,798	297,650	1,395,448
<u>\$ 3,608,276</u>	<u>\$ 297,650</u>	<u>\$ 3,905,926</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, 2015

	Special Revenue			
	General Fund	Road Use Tax	Employee Benefits	Equipment Accruals
Receipts:				
Property tax	\$ 545,084	\$ -	\$ 203,377	\$ -
Tax increment financing	-	-	-	-
Other city tax	18,620	-	7,012	-
Licenses and permits	16,547	-	-	-
Use of money and property	25,382	-	-	-
Intergovernmental	94,492	263,492	11,507	-
Charges for service	37,116	-	-	-
Special assessments	13,153	-	-	-
Miscellaneous	91,946	2,192	-	-
Total receipts	842,340	265,684	221,896	-
Disbursements:				
Operating				
Public safety	314,619	-	23,431	-
Public works	14,985	297,061	11,792	-
Health and social services	6,362	-	-	-
Culture and recreation	265,773	-	30,026	-
Community and economic development	4,918	-	-	1,664
General government	234,297	-	55,094	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	840,954	297,061	120,343	1,664
Excess (deficiency) of receipts over (under) disbursements	1,386	(31,377)	101,553	(1,664)
Other financing sources (uses):				
Refunding bond proceeds	-	-	-	-
Refunding debt service - principal	-	-	-	-
Sale of capital assets	1	-	-	-
Operating transfers in	8,138	-	-	-
Operating transfers (out)	(1,363)	-	-	-
Total other financing sources (uses)	6,776	-	-	-
Change in cash and cash investment balances	8,162	(31,377)	101,553	(1,664)
Cash and cash investment balances, beginning of year	336,739	7,259	159,400	852,472
Cash and cash investment balances, end of year	\$ 344,901	\$ (24,118)	\$ 260,953	\$ 850,808

Exhibit B

Debt Service	Capital Projects Hansen Building Project	Other Nonmajor Governmental Funds	Total
\$ 170,754	\$ -	\$ 7,290	\$ 926,505
-	-	119,652	119,652
5,521	-	181,689	212,842
-	-	-	16,547
-	-	8,285	33,667
9,876	-	28,161	407,528
-	-	-	37,116
-	-	-	13,153
-	-	75,927	170,065
186,151	-	421,004	1,937,075
-	-	916	338,966
-	-	-	323,838
-	-	-	6,362
-	-	71,434	367,233
-	-	24,767	31,349
-	-	-	289,391
496,926	-	-	496,926
-	295,139	74,675	369,814
496,926	295,139	171,792	2,223,879
(310,775)	(295,139)	249,212	(286,804)
1,691,968	-	-	1,691,968
(233,681)	-	-	(233,681)
-	-	-	1
274,661	-	44,720	327,519
-	-	(319,909)	(321,272)
1,732,948	-	(275,189)	1,464,535
1,422,173	(295,139)	(25,977)	1,177,731
(137)	172,621	902,191	2,430,545
\$ 1,422,036	\$ (122,518)	\$ 876,214	\$ 3,608,276

(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, 2015

	General Fund	Special Revenue		
		Road Use Tax	Employee Benefits	Equipment Accruals
Cash basis fund balances:				
Nonspendable				
Community beautification	\$ -	\$ -	\$ -	\$ 423,982
Restricted for:				
Employee benefits	-	-	260,953	-
Police	-	-	-	-
Street capital projects	-	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Capital equipment purchases	-	-	-	426,826
Aquatic center	-	-	-	-
Library	-	-	-	-
Property acquisition	-	-	-	-
Community center	-	-	-	-
Economic development	-	-	-	-
Unassigned	344,901	(24,118)	-	-
Total cash basis fund balances	<u>\$ 344,901</u>	<u>\$ (24,118)</u>	<u>\$ 260,953</u>	<u>\$ 850,808</u>

See accompanying Notes to Financial Statements.

Exhibit B

Debt Service	Capital Projects Hansen Building Project	Other Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 423,982
-	-	-	260,953
-	-	16,829	16,829
-	-	13,408	13,408
1,422,036	-	-	1,422,036
-	-	373,270	373,270
-	-	-	426,826
-	-	161,931	161,931
-	-	243,341	243,341
-	-	15,035	15,035
-	-	84,320	84,320
-	-	21,561	21,561
-	(122,518)	(53,481)	144,784
<u>\$ 1,422,036</u>	<u>\$ (122,518)</u>	<u>\$ 876,214</u>	<u>\$ 3,608,276</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, 2015

	Water	Sewer	Garbage	Other Nonmajor Proprietary Funds	Total
Operating receipts:					
Charges for service	\$ 289,774	\$ 253,978	\$ 234,401	\$ 89,484	\$ 867,637
Miscellaneous	1,926	-	-	-	1,926
Total operating receipts	291,700	253,978	234,401	89,484	869,563
Operating disbursements:					
Business type activities	301,852	307,528	223,554	16,975	849,909
Excess (deficiency) of operating receipts over (under) operating disbursements	(10,152)	(53,550)	10,847	72,509	19,654
Operating transfers:					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	(6,247)	(6,247)
Net operating transfers	-	-	-	(6,247)	(6,247)
Change in cash and cash investment balances	(10,152)	(53,550)	10,847	66,262	13,407
Cash and cash investment balances, beginning of year	(107,821)	184,103	116,876	91,085	284,243
Cash and cash investment balances, end of year	\$ (117,973)	\$ 130,553	\$ 127,723	\$ 157,347	\$ 297,650
					(Exhibit A)
Cash basis fund balances:					
Unrestricted:					
Unrestricted	\$ (117,973)	\$ 130,553	\$ 127,723	\$ 157,347	\$ 297,650

See accompanying Notes to Financial Statements.

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

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, 2015

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 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.

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 - Hansen Building Project is used to account for the costs of improvements and renovation to a historical building in the City.

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

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 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, 2015

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, 2015, disbursements exceeded the amounts budgeted in the community and economic development, general government, debt service and capital projects functions.

NOTE 2. CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2015 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.

At June 30, 2015, an escrow agent held U.S. Treasury Notes for the City with a carrying amount and fair value of \$1,439,071, which mature at various dates from December 1, 2015 to June 1, 2018.

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, 2015 are as follows:

Year Ending June 30,	General Obligation Bonds		Aquatic Center Pledge Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 301,000	\$ 187,349	\$ 32,000	\$ 4,760
2017	297,000	174,299	32,000	3,400
2018	308,000	165,156	34,000	1,998
2019	440,000	155,718	30,000	637
2020	392,000	143,938	-	-
2021-2025	2,070,000	535,727	-	-
2026-2029	1,585,000	161,325	-	-
Total	<u>\$ 5,393,000</u>	<u>\$ 1,523,512</u>	<u>\$ 128,000</u>	<u>\$ 10,795</u>

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

NOTE 3. BONDS AND NOTES PAYABLE (Continued)

Year Ending June 30,	Total	
	Principal	Interest
2016	\$ 333,000	\$ 192,109
2017	329,000	177,699
2018	342,000	167,154
2019	470,000	156,355
2020	392,000	143,938
2021-2025	2,070,000	535,727
2026-2029	1,585,000	161,325
Total	<u>\$ 5,521,000</u>	<u>\$ 1,534,307</u>

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 \$6,081 of interest was paid on the bonds.

General Obligation Refunding Bonds

On April 23, 2015, the City issued \$1,715,000 of general obligation refunding bonds for the purpose of calling \$235,000 of the Series 2008 general obligation bonds for early redemption on April 23, 2015, and to provide escrow funding to pay for the portion of the semiannual interest payments of the refunding bond issue attributable to the refunding of the Series 2009A aquatic center general obligation bonds through and including the June 1, 2018 payment, and for the early redemption of the Series 2009A aquatic center general obligation bonds on June 1, 2018. The City will continue to make the regularly scheduled principal and interest payments on the 2009A bonds through and including the June 1, 2018 payment. Commencing with the December 1, 2018 interest payment on the refunding bonds, the City will be responsible for all debt service payments on the bonds. Of the total bond proceeds, \$233,681 was used for the early redemption of the Series 2008 general obligation bonds and \$19,150 was used to pay the bond issuance costs.

Remaining proceeds of \$1,439,071 were converted to U.S. government securities and, pursuant to the escrow agreement, were placed with the escrow agent to facilitate the crossover refunding of \$1,370,000 of the Series 2009A bonds on the crossover date of June 1, 2018. The escrow agent will pay the applicable interest on the refunding general obligation bonds (new debt) as noted above until the crossover date. On the crossover date, the refunded general obligation bonds (old debt) will be paid using the amounts held by the escrow agent. From that point forward, a debt service levy will be used to pay the refunding general obligation bonds (new debt). The transactions and balances of the escrow account are recorded by the City since the refunded debt is not considered extinguished.

The net present value benefit (differences between present values of the debt service payments on the old and new debts) is approximately as follows:

Series 2008 current refunding	\$ 12,826
Series 2009A advance refunding	40,568
Total	<u>\$ 53,394</u>

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

NOTE 4. PENSION PLAN

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

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

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

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

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

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

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

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

NOTE 4. PENSION PLAN (Continued)

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rates, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent, and Protection Occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.90 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$52,953.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$221,181. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.005577 percent, which was a decrease of 0.001360 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$24,227, \$14,701 and \$151,499, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

NOTE 4. PENSION PLAN (Continued)

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

Asset Class	Asset Allocation Percentage	Long-Term Expected Real Rate of Return
U.S. Equity	23	6
Non-U.S. Equity	15	7
Private Equity	13	11
Real Estate	8	4
Core Plus Fixed Income	28	2
Credit Opportunities	5	4
TIPS	5	2
Other Real Assets	2	6
Cash	1	(1)
Total	100	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

City's proportionate share of the net pension liability:

1 percent decrease (6.5%)	\$ 553,624
Discount rate (7.5%)	221,181
1 percent increase (8.5%)	(59,298)

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

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

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 14 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, 2015, the City contributed 90% of the premium and the employee was responsible for 10%. The most recent monthly premium costs are \$420.56 for single coverage, \$860.94 for employee/spouse coverage, \$789.59 for employee/children coverage and \$1,289.46 for employee/spouse/children coverage. The same monthly premiums apply to retirees. During the year ended June 30, 2015, the City contributed \$111,668 and eligible plan members contributed \$12,407 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, 2015, primarily relating to the General Fund, is \$15,642. This liability has been computed based on pay rates as of June 30, 2015.

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, 2015, based on rates of pay as of June 30, 2015, is \$98,058.

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, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue	
	Local Option Sales Tax	\$ 5,370
	Library Improvements	2,768
Capital Projects	Special Revenue	
Downtown Streetscape	Local Option Sales Tax	4,495
City Hall Roof Project		10,733
Police Car Reserve		10,733
Police Equipment Reserve		3,577
Other Capital Projects		15,182

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

NOTE 7. INTERFUND TRANSFERS (Continued)

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	General	1,363
	Special Revenue	
	Local Option Sales Tax	83,399
	Urban Renewal Tax Increment	119,652
	Aquatic Center Pledge Obligation	51,000
	Capital Projects	
	Other Capital Projects	13,000
	Enterprise	
	Storm Sewer User Fees	6,247
		<u>6,247</u>
Total		<u>\$ 327,519</u>

NOTE 8. RELATED PARTY TRANSACTIONS

The City had business transactions between the City and a City employee totaling \$3,960 during the year ended June 30, 2015.

NOTE 9. CONSTRUCTION CONTRACTS

The City has entered into various construction contracts totaling approximately \$78,400. The unpaid contract balances at June 30, 2015 totaled approximately \$60,700, 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, 2015.

NOTE 12. DEFICIT BALANCES

The following funds had deficit balances at June 30, 2015:

Special Revenue - Road Use Tax	\$ 24,118
Special Revenue - Urban Renewal Tax Increment	3,973
Capital Projects - Hansen Building Project	122,518
Capital Projects - Herring Hotel Project	31
Capital Projects - City Hall Roof Project	2,007
Capital Projects - Other Capital Projects	15,838
Capital Projects - Airport Apron Project	4,800
Capital Projects - Airport Pavement Repairs	27,200
Water Enterprise Fund	117,973

CITY OF BELLE PLAINE, IOWA

Notes to Financial Statements

June 30, 2015

NOTE 12. DEFICIT BALANCES (Continued)

The deficit balance in the Road Use Tax fund arose because current year costs exceeded available funds and current road use tax receipts. This deficit will be eliminated with future road use tax receipts or available City funds.

The deficit in the Urban Renewal Tax Increment fund arose because total transfers to the Debt Service Fund during the three years ended June 30, 2015 exceeded actual urban renewal tax receipts for those years. The July 2015 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 deficits in the capital projects funds arose because project costs were incurred prior to the availability of funds. These deficits will be eliminated with available City funds and intergovernmental grant funding.

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

NOTE 13. SUBSEQUENT EVENTS

Management of the City has evaluated events through December 21, 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, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 926,505	\$ -	\$ 926,505
Tax increment financing	119,652	-	119,652
Other city tax	212,842	-	212,842
Licenses and permits	16,547	-	16,547
Use of money and property	33,667	-	33,667
Intergovernmental	407,528	-	407,528
Charges for service	37,116	867,637	904,753
Special assessments	13,153	-	13,153
Miscellaneous	170,065	1,926	171,991
Total receipts	<u>1,937,075</u>	<u>869,563</u>	<u>2,806,638</u>
Disbursements:			
Public safety	338,966	-	338,966
Public works	323,838	-	323,838
Health and social services	6,362	-	6,362
Culture and recreation	367,233	-	367,233
Community and economic development	31,349	-	31,349
General government	289,391	-	289,391
Debt service	496,926	-	496,926
Capital projects	369,814	-	369,814
Business type activities	-	849,909	849,909
Total disbursements	<u>2,223,879</u>	<u>849,909</u>	<u>3,073,788</u>
Excess (deficiency) of receipts over (under) disbursements	(286,804)	19,654	(267,150)
Other financing sources (uses), net	<u>1,464,535</u>	<u>(6,247)</u>	<u>1,458,288</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,177,731	13,407	1,191,138
Balances, beginning of year	<u>2,430,545</u>	<u>284,243</u>	<u>2,714,788</u>
Balances, end of year	<u>\$ 3,608,276</u>	<u>\$ 297,650</u>	<u>\$ 3,905,926</u>

There were no funds of the City not required to be budgeted during the year ended June 30, 2015.

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

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 967,631	\$ 967,631	\$ (41,126)
125,832	125,832	(6,180)
201,959	201,959	10,883
12,223	12,223	4,324
28,972	28,972	4,695
300,900	300,900	106,628
970,976	970,976	(66,223)
24,050	24,050	(10,897)
96,050	96,050	75,941
<u>2,728,593</u>	<u>2,728,593</u>	<u>78,045</u>
395,173	395,173	56,207
381,652	361,652	37,814
101,031	101,031	94,669
417,535	417,535	50,302
9,480	9,480	(21,869)
231,265	251,265	(38,126)
475,512	475,512	(21,414)
160,000	160,000	(209,814)
906,349	906,349	56,440
<u>3,077,997</u>	<u>3,077,997</u>	<u>4,209</u>
(349,404)	(349,404)	82,254
-	-	1,458,288
(349,404)	(349,404)	1,540,542
<u>2,490,419</u>	<u>2,490,419</u>	<u>224,369</u>
<u>\$ 2,141,015</u>	<u>\$ 2,141,015</u>	<u>\$ 1,764,911</u>

CITY OF BELLE PLAINE, IOWA

Notes to Other Information - Budgetary Reporting

June 30, 2015

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 resulted in no net increase or decrease in budgeted disbursements.

During the year ended June 30, 2015, disbursements in the community and economic development, general government, debt service and capital projects functions exceeded the amounts budgeted.

CITY OF BELLE PLAINE, IOWA

Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year *

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.005577%
City's proportionate share of the net pension liability	\$ 221,181
City's total covered-employee payroll	
Regular	\$ 444,411
Protection occupation	<u>189,636</u>
	<u>\$ 634,047</u>
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.884007%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the City will present information for those years for which information is available.

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

CITY OF BELLE PLAINE, IOWA

Schedule of City Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Other Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution:			
Regular	\$ 34,749	\$ 39,686	\$ 37,627
Protection occupation	18,204	19,229	18,917
	<u>\$ 52,953</u>	<u>\$ 58,915</u>	<u>\$ 56,544</u>
Contributions in relation to the statutorily required contribution:			
Regular	\$ 34,749	\$ 39,686	\$ 37,627
Protection occupation	18,204	19,229	18,917
	<u>\$ 52,953</u>	<u>\$ 58,915</u>	<u>\$ 56,544</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll:			
Regular	\$ 389,127	\$ 444,411	\$ 433,997
Protection occupation	179,525	189,636	184,194
	<u>\$ 568,652</u>	<u>\$ 634,047</u>	<u>\$ 618,191</u>
Contributions as a percentage of covered-employee payroll:			
Regular	8.93%	8.93%	8.67%
Protection occupation	10.14%	10.14%	10.27%

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

2012	2011	2010	2009	2008	2007	2006
\$ 34,958	\$ 30,808	\$ 27,980	\$ 24,055	\$ 22,522	\$ 20,803	\$ 19,875
17,243	18,352	17,343	14,224	12,791	11,845	11,345
<u>\$ 52,201</u>	<u>\$ 49,160</u>	<u>\$ 45,323</u>	<u>\$ 38,279</u>	<u>\$ 35,313</u>	<u>\$ 32,648</u>	<u>\$ 31,220</u>
\$ 34,958	\$ 30,808	\$ 27,980	\$ 24,055	\$ 22,522	\$ 20,803	\$ 19,875
17,243	18,352	17,343	14,224	12,791	11,845	11,345
<u>\$ 52,201</u>	<u>\$ 49,160</u>	<u>\$ 45,323</u>	<u>\$ 38,279</u>	<u>\$ 35,313</u>	<u>\$ 32,648</u>	<u>\$ 31,220</u>
<u>\$ -</u>						
\$ 433,186	\$ 443,275	\$ 420,745	\$ 378,822	\$ 372,262	\$ 361,797	\$ 345,653
172,949	184,440	188,513	168,330	151,020	129,880	122,917
<u>\$ 606,135</u>	<u>\$ 627,715</u>	<u>\$ 609,258</u>	<u>\$ 547,152</u>	<u>\$ 523,282</u>	<u>\$ 491,677</u>	<u>\$ 468,570</u>
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%
9.97%	9.95%	9.20%	8.45%	8.47%	9.12%	9.23%

CITY OF BELLE PLAINE, IOWA

Notes to Other Information - Pension Liability

June 30, 2015

Changes of Benefit Terms

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

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

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

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

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

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

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

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

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SUPPLEMENTARY INFORMATION

CITY OF BELLE PLAINE, IOWA

Schedule 1

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

As of and for the Year Ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total
Receipts:			
Property tax	\$ 7,290	\$ -	\$ 7,290
Tax increment financing	119,652	-	119,652
Other city tax	181,689	-	181,689
Use of money and property	8,285	-	8,285
Intergovernmental	11,781	16,380	28,161
Miscellaneous	70,950	4,977	75,927
Total receipts	399,647	21,357	421,004
Disbursements:			
Operating			
Public safety	916	-	916
Culture and recreation	71,434	-	71,434
Community and economic development	24,767	-	24,767
Capital projects	-	74,675	74,675
Total disbursements	97,117	74,675	171,792
Excess (deficiency) of receipts over (under) disbursements	302,530	(53,318)	249,212
Other financing sources (uses):			
Operating transfers in	-	44,720	44,720
Operating transfers (out)	(306,909)	(13,000)	(319,909)
Total other financing sources (uses)	(306,909)	31,720	(275,189)
Change in cash and cash investment balances	(4,379)	(21,598)	(25,977)
Cash and cash investment balances, beginning of year	852,303	49,888	902,191
Cash and cash investment balances, end of year	\$ 847,924	\$ 28,290	\$ 876,214
Cash basis fund balances:			
Restricted for:			
Police	\$ 2,519	\$ 14,310	\$ 16,829
Street capital projects	7	13,401	13,408
Property development and improvement	-	26,872	26,872
Airport improvements	-	23,215	23,215
Other purposes	323,183	-	323,183
Assigned for:			
Aquatic center	161,931	-	161,931
Library	243,341	-	243,341
Property acquisition	15,035	-	15,035
Community center	84,320	-	84,320
Economic development	21,561	-	21,561
Unassigned	(3,973)	(49,508)	(53,481)
Total cash basis fund balances	\$ 847,924	\$ 28,290	876,214

See accompanying Independent Auditor's Report.

CITY OF BELLE PLAINE, IOWA

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

As of and for the Year Ended June 30, 2015

	Urban Renewal Tax Increment	I-JOBS	Local Option Sales Tax	Library Improvements
Receipts:				
Property tax	\$ -	\$ -	\$ -	\$ -
Tax increment financing	119,652	-	-	-
Other city tax	-	-	181,437	-
Use of money and property	-	-	-	-
Intergovernmental	-	-	-	2,768
Miscellaneous	-	-	-	-
Total receipts	<u>119,652</u>	<u>-</u>	<u>181,437</u>	<u>2,768</u>
Disbursements:				
Operating				
Public safety	-	-	365	-
Culture and recreation	-	-	12,984	43,395
Community and economic development	-	-	17,750	-
Total disbursements	<u>-</u>	<u>-</u>	<u>31,099</u>	<u>43,395</u>
Excess (deficiency) of receipts over (under) disbursements	<u>119,652</u>	<u>-</u>	<u>150,338</u>	<u>(40,627)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	<u>(119,652)</u>	<u>-</u>	<u>(133,489)</u>	<u>(2,768)</u>
Total other financing sources (uses)	<u>(119,652)</u>	<u>-</u>	<u>(133,489)</u>	<u>(2,768)</u>
Change in cash and cash investment balances	-	-	16,849	(43,395)
Cash and cash investment balances, beginning of year	<u>(3,973)</u>	<u>7</u>	<u>306,334</u>	<u>286,736</u>
Cash and cash investment balances, end of year	<u>\$ (3,973)</u>	<u>\$ 7</u>	<u>\$ 323,183</u>	<u>\$ 243,341</u>
Cash basis fund balances:				
Restricted for:				
Police	\$ -	\$ -	\$ -	\$ -
Street capital projects	-	7	-	-
Other purposes	-	-	323,183	-
Assigned for:				
Aquatic center	-	-	-	-
Library	-	-	-	243,341
Property acquisition	-	-	-	-
Community center	-	-	-	-
Economic development	-	-	-	-
Unassigned	<u>(3,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ (3,973)</u>	<u>\$ 7</u>	<u>\$ 323,183</u>	<u>\$ 243,341</u>

See accompanying Independent Auditor's Report.

Aquatic Center Pledge Obligation	Police Forfeiture	Medical Building	Community Center	Economic Development	Total
\$ -	\$ -	\$ -	\$ 7,290	\$ -	\$ 7,290
-	-	-	-	-	119,652
-	-	-	252	-	181,689
-	-	5,246	3,039	-	8,285
1,000	-	-	8,013	-	11,781
50,000	30	-	250	20,670	70,950
51,000	30	5,246	18,844	20,670	399,647
-	551	-	-	-	916
-	-	-	15,055	-	71,434
-	-	-	-	7,017	24,767
-	551	-	15,055	7,017	97,117
51,000	(521)	5,246	3,789	13,653	302,530
-	-	-	-	-	-
(51,000)	-	-	-	-	(306,909)
(51,000)	-	-	-	-	(306,909)
-	(521)	5,246	3,789	13,653	(4,379)
161,931	3,040	9,789	80,531	7,908	852,303
\$ 161,931	\$ 2,519	\$ 15,035	\$ 84,320	\$ 21,561	\$ 847,924
\$ -	\$ 2,519	\$ -	\$ -	\$ -	\$ 2,519
-	-	-	-	-	7
-	-	-	-	-	323,183
161,931	-	-	-	-	161,931
-	-	-	-	-	243,341
-	-	15,035	-	-	15,035
-	-	-	84,320	-	84,320
-	-	-	-	21,561	21,561
-	-	-	-	-	(3,973)
\$ 161,931	\$ 2,519	\$ 15,035	\$ 84,320	\$ 21,561	\$ 847,924

CITY OF BELLE PLAINE, IOWA

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

As of and for the Year Ended June 30, 2015

	4 Corners Industrial	Downtown Streetscape	Iowa Hotel Demolition	Herring Hotel Project	City Hall Roof Project
Receipts:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,800	\$ -
Miscellaneous	-	60	-	-	-
Total receipts	-	60	-	1,800	-
Disbursements:					
Capital projects	-	4,560	-	1,831	12,740
Excess (deficiency) of receipts over (under) disbursements	-	(4,500)	-	(31)	(12,740)
Other financing sources (uses):					
Operating transfers in	-	4,495	-	-	10,733
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	4,495	-	-	10,733
Change in cash and cash investment balances	-	(5)	-	(31)	(2,007)
Cash and cash investment balances, beginning of year	368	13,406	26,872	-	-
Cash and cash investment balances, end of year	\$ 368	\$ 13,401	\$ 26,872	\$ (31)	\$ (2,007)
Cash basis fund balances:					
Restricted for:					
Police	\$ -	\$ -	\$ -	\$ -	\$ -
Street capital projects	-	13,401	-	-	-
Property development and improvement	-	-	26,872	-	-
Airport improvements	-	-	-	-	-
Unassigned	368	-	-	(31)	(2,007)
Total cash basis fund balances	\$ 368	\$ 13,401	\$ 26,872	\$ (31)	\$ (2,007)

See accompanying Independent Auditor's Report.

Schedule 3

Police Car Reserve	Police Equipment Reserve	Other Capital Projects	Airport Apron Project	Airport Pavement Repairs	Airport Lighting Project	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,580	\$ 16,380
-	-	500	-	4,417	-	4,977
-	-	500	-	4,417	14,580	21,357
-	-	18,520	4,800	25,922	6,302	74,675
-	-	(18,020)	(4,800)	(21,505)	8,278	(53,318)
10,733	3,577	15,182	-	-	-	44,720
-	-	(13,000)	-	-	-	(13,000)
10,733	3,577	2,182	-	-	-	31,720
10,733	3,577	(15,838)	(4,800)	(21,505)	8,278	(21,598)
-	-	-	-	(5,695)	14,937	49,888
<u>\$ 10,733</u>	<u>\$ 3,577</u>	<u>\$ (15,838)</u>	<u>\$ (4,800)</u>	<u>\$ (27,200)</u>	<u>\$ 23,215</u>	<u>\$ 28,290</u>
\$ 10,733	\$ 3,577	\$ -	\$ -	\$ -	\$ -	\$ 14,310
-	-	-	-	-	-	13,401
-	-	-	-	-	-	26,872
-	-	-	-	-	23,215	23,215
-	-	(15,838)	(4,800)	(27,200)	-	(49,508)
<u>\$ 10,733</u>	<u>\$ 3,577</u>	<u>\$ (15,838)</u>	<u>\$ (4,800)</u>	<u>\$ (27,200)</u>	<u>\$ 23,215</u>	<u>\$ 28,290</u>

CITY OF BELLE PLAINE, IOWA

Schedule 4

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

As of and for the Year Ended June 30, 2015

	Storm Sewer User Fees	Yard Waste	Meter Deposits	Total
Operating receipts:				
Charges for service	\$ 60,479	\$ 28,405	\$ 600	\$ 89,484
Operating disbursements:				
Business type activities	1,375	15,600	-	16,975
Excess of operating receipts over operating disbursements	59,104	12,805	600	72,509
Operating transfers:				
Operating transfers in	-	-	-	-
Operating transfers (out)	(6,247)	-	-	(6,247)
Net operating transfers	(6,247)	-	-	(6,247)
Change in cash and cash investment balances	52,857	12,805	600	66,262
Cash and cash investment balances, beginning of year	48,234	34,042	8,809	91,085
Cash and cash investment balances, end of year	\$ 101,091	\$ 46,847	\$ 9,409	\$ 157,347
Cash basis fund balances:				
Unrestricted	\$ 101,091	\$ 46,847	\$ 9,409	\$ 157,347

See accompanying Independent Auditor's Report.

CITY OF BELLE PLAINE, IOWA

Schedule of Indebtedness

Year Ended June 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
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
General Obligation Refunding, Series 2015A	4/23/15	1.1-3.0	1,715,000
Total			
Revenue Bond:			
Aquatic Center Pledge Revenue Bond	7/1/10	4.25	350,000

See accompanying Independent Auditor's Report.

Schedule 5

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 290,000	\$ -	\$ 290,000	\$ -	\$ 11,176	\$ -
1,750,000	-	90,000	1,660,000	75,125	-
1,700,000	-	100,000	1,600,000	59,698	-
250,000	-	19,000	231,000	7,330	-
200,000	-	13,000	187,000	8,797	-
-	1,715,000	-	1,715,000	-	-
<u>\$ 4,190,000</u>	<u>\$ 1,715,000</u>	<u>\$ 512,000</u>	<u>\$ 5,393,000</u>	<u>\$ 162,126</u>	<u>\$ -</u>
<u>\$ 158,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 128,000</u>	<u>\$ 6,081</u>	<u>\$ -</u>

CITY OF BELLE PLAINE, IOWA

Bond and Note Maturities

June 30, 2015

Year Ending June 30,	Aquatic Center Ser. 2009A Issued Sept. 15, 2009		Corp. Purpose Ser. 2011A Issued May 15, 2011		General Obligation Bonds Corp. Purpose Ser. 2014A Issued April 15, 2014	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2016	3.00 %	\$ 95,000	3.00 %	\$ 105,000	2.60 %	\$ 23,000
2017	4.00	95,000	3.25	105,000	2.60	24,000
2018	4.00	100,000	3.25	105,000	2.60	24,000
2019	4.00	100,000	3.25	110,000	2.60	25,000
2020	4.00	105,000	3.25	115,000	2.60	26,000
2021	4.25	110,000	3.20	115,000	2.60	26,000
2022		-	3.40	120,000	2.60	27,000
2023	4.50	235,000	3.50	125,000	2.60	28,000
2024		-	3.65	130,000	2.60	28,000
2025	4.50	250,000	3.80	135,000		-
2026		-	4.00	140,000		-
2027	4.75	275,000	4.00	145,000		-
2028		-	4.00	150,000		-
2029	4.75	295,000		-		-
Total		<u>\$ 1,660,000</u>		<u>\$ 1,600,000</u>		<u>\$ 231,000</u>

Year Ending June 30,	Revenue Bond Aquatic Center Pledge Issued July 1, 2010	
	Interest Rates	Amount
2016	4.25 %	\$ 32,000
2017	4.25	32,000
2018	4.25	34,000
2019	4.25	30,000
Total		<u>\$ 128,000</u>

See accompanying Independent Auditor's Report.

CITY OF BELLE PLAINE, IOWA

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

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Receipts:				
Property tax	\$ 926,505	\$ 946,465	\$ 908,889	\$ 972,432
Tax increment financing	119,652	126,176	128,782	120,257
Other city tax	212,842	195,530	214,697	172,085
Licenses and permits	16,547	10,182	12,761	16,061
Use of money and property	33,667	25,543	25,750	44,348
Intergovernmental	407,528	609,131	486,109	1,253,905
Charges for service	37,116	79,675	72,834	123,699
Special assessments	13,153	14,804	29,282	21,380
Miscellaneous	170,065	166,279	186,020	343,404
Total	<u>\$ 1,937,075</u>	<u>\$ 2,173,785</u>	<u>\$ 2,065,124</u>	<u>\$ 3,067,571</u>
Disbursements:				
Operating				
Public safety	\$ 338,966	\$ 351,456	\$ 337,811	\$ 331,335
Public works	323,838	354,695	380,717	417,712
Health and social services	6,362	7,969	8,276	8,640
Culture and recreation	367,233	369,894	348,600	375,258
Community and economic development	31,349	66,419	71,664	118,421
General government	289,391	243,310	242,149	248,631
Debt service	496,926	433,489	462,264	482,522
Capital projects	369,814	694,087	345,547	2,034,703
Total	<u>\$ 2,223,879</u>	<u>\$ 2,521,319</u>	<u>\$ 2,197,028</u>	<u>\$ 4,017,222</u>

See accompanying Independent Auditor's Report.

Schedule 7

2011	2010	2009	2008	2007	2006
\$ 951,931	\$ 803,381	\$ 774,383	\$ 712,991	\$ 747,305	\$ 745,619
10,286	71,945	135,197	129,116	119,692	113,268
180,412	192,256	185,828	264,321	228,810	299,037
17,094	25,378	15,034	15,950	15,012	10,585
62,557	79,819	69,630	66,877	42,497	36,205
391,358	379,400	784,825	273,785	254,209	244,444
116,062	90,153	149,978	71,225	73,210	105,063
31,318	14,088	14,673	21,352	13,934	6,829
447,810	970,672	353,016	136,703	343,880	194,892
<u>\$ 2,208,828</u>	<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>
\$ 372,683	\$ 410,295	\$ 528,112	\$ 383,878	\$ 344,252	\$ 335,867
399,783	445,677	410,862	452,971	338,178	367,577
9,228	99,989	8,855	14,280	15,246	5,940
368,389	590,339	340,257	291,192	300,628	288,343
236,419	107,241	77,607	39,134	33,713	6,614
216,510	197,603	217,578	172,242	152,491	161,333
387,011	222,234	222,552	287,010	198,285	328,431
952,735	2,632,744	515,438	64,558	207,504	47,566
<u>\$ 2,942,758</u>	<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>



**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, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 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-15 and I-B-15 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, 2015 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
December 21, 2015

CITY OF BELLE PLAINE, IOWA

Schedule of Findings

Year Ended June 30, 2015

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

- I-A-15 **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-15 **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, 2015

Part II. Other Findings Related to Required Statutory Reporting

II-A-15 Certified Budget

Comment - Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the community and economic development, general government, debt service and capital projects 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 the functions, in accordance with the Code of Iowa.

Response - Due to software changes, further amendments to the budget were not possible. If budgeted amounts are exceeded in the future, the budget will be amended.

Conclusion - Response accepted.

II-B-15 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-15 Travel Expenses - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-15 Business Transactions with City Officials and Employees - Business transactions between the City and City officials or employees during the year ended June 30, 2015 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	\$ 3,960

In accordance with Chapter 362.5(1) of the Code of Iowa, the amount paid to the employee for services of \$3,960 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".

II-E-15 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.

CITY OF BELLE PLAINE, IOWA

Schedule of Findings

Year Ended June 30, 2015

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

II-F-15 Publication of Minutes

Comment - No transactions were found that we believe should have been approved in the Council minutes but were not. The minutes of the Council meeting of December 1, 2014 do not indicate the chapter of the Code of Iowa under which the closed session was held. In addition, the nine Council meeting minutes we tested during the period July 1, 2014 through March 31, 2015 did not include a total of disbursements by fund and a summary of receipts, as required.

Recommendation - The specific chapter of the Code of Iowa that is the basis for the closed session should be documented as required by Chapter 21 of the Code of Iowa, as well as included in the minutes and the minutes publication as required by Chapter 372.13(6) of the Code of Iowa. The minutes of all Council meetings should include a total of disbursements by fund and a summary of receipts. 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 failure of the City Clerk to cite the chapter of the Code of Iowa under which the closed session was held was an oversight and the City Clerk will ensure that this oversight does not occur again. Beginning April 6, 2015, the minutes of the second meeting each month will include the appropriate summaries of receipts and disbursements as required by law.

Conclusion - Response accepted.

II-G-15 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-15 Revenue Bonds - No instances of noncompliance with the revenue bond resolutions or other requirements of those bonds were noted.

II-I-15 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 and no exceptions were noted.

CITY OF BELLE PLAINE, IOWA

Schedule of Findings

Year Ended June 30, 2015

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

II-J-15 Financial Condition

Comment - At June 30, 2015 the City had deficit balances in the following funds:

Special Revenue - Road Use Tax	\$ 24,118
Special Revenue - Urban Renewal Tax Increment	3,973
Capital Projects - Hansen Building Project	122,518
Capital Projects - Herring Hotel Project	31
Capital Projects - City Hall Roof Project	2,007
Capital Projects - Other Capital Projects	15,838
Capital Projects - Airport Apron Project	4,800
Capital Projects - Airport Pavement Repairs	27,200
Water Enterprise Fund	117,973

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. The deficits in the special revenue funds arose because expenditures or transfers out exceeded available annual revenues. The City should cover these deficits with future revenues restricted to these funds or available City funds. The City should determine a plan to eliminate the deficit in the Water Enterprise Fund.

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-15 Excess Fund Balance

Comment - We noted that payroll taxes and benefits costs of approximately \$72,250 were charged to the General Fund and Road Use Tax Fund during the year instead of the Employee Benefits Fund. The City levies property taxes to pay for these costs, and accordingly, the costs should have been charged to the Employee Benefits Fund. The balance in the Employee Benefits Fund at June 30, 2015 (\$260,953) exceeds the total disbursements of the fund during the year.

Recommendation - The City should review the recording of these costs for the year and determine the amounts that should be transferred to the General Fund and Road Use Tax Fund.

Response - The City will review the recording of these costs for the year and determine the amounts that should be transferred to the General Fund and the Road Use Tax Fund.

Conclusion - Response accepted.