



Required Auditor Disclosure Letter

February 28, 2014

To the Honorable Mayor and
City Council Members of the
City of Mont Belvieu, Texas:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mont Belvieu, Texas (the "City") as of and for the year ended September 30, 2013, and have issued our report thereon dated February 28, 2014. Professional standards require that we provide the City Council (the "governing body") with the following information related to our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 24, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our engagement letter dated May 24, 2011.

III. Significant Audit Findings

1. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. As described in Note III. F. to the financial statements, the City changed accounting policies related to bond issuance costs by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2013. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the City's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 28, 2014.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor, City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: **City of Mont Belvieu, Texas**
 Engagement: **4.1 - Mont Belvieu 09/30/13**
 Period Ending: **9/30/2013**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report - 2**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		1.01		
To adjust interest expense based on amortization schedules; client should post as of 9/30/13 and not reverse				
02-5065712	2009 CO DEBT SRV - INT - 16		45,608.50	
02-5085712	2010 GO'S DEBT SERV - INTERE		26,975.63	
02-5045712	2006 GO DEBT SRV - INTEREST			26,975.63
02-5055712	2007 CO DEBT SRV - INTEREST			45,608.50
Total			72,584.13	72,584.13
Adjusting Journal Entries JE # 2		1.07		
To record issuance of GO Refunding Bonds, Series 2012; client should post as of 9/30/13 and not reverse				
02-5515799.01	OTHER FINANCING USE - ESCROW		3,727,807.67	
02-5515799.99	OTHER FINANCING USES ISS CSTS		52,192.33	
02-395001	OTHER FINANCING SOURCES BND			3,780,000.00
Total			3,780,000.00	3,780,000.00
Adjusting Journal Entries JE # 3		E.02a, E.02b, E.02d		
To record accounts payable. Client should post as of 9/30/13 and reverse 10/1/13				
01-4105313	ENGINEERING/PLANNING/CONS		10,355.56	
15-4105333	ELECTRIC		16,438.86	
28-5055956	CAP-MACHINERY/TOOLS/EQPT		46,382.70	
01-2000	AP PENDING (DUE TO POOLED)			10,355.56
15-2000	AP PENDING (DUE TO POOLED)			16,438.86
28-2000	AP PENDING (DUE TO POOLED)			46,382.70
Total			73,177.12	73,177.12
Adjusting Journal Entries JE # 4		2.2.02a		
Client prepared entry; To clear capital items recorded as expenditures and reclassify them as fixed assets; client should post as of 9/30/13 and not reverse				
07-1511	LAND IMPROVEMENTS		10,879.88	
07-1511	LAND IMPROVEMENTS		24,117.66	
07-1511	LAND IMPROVEMENTS		139,080.00	
07-1511	LAND IMPROVEMENTS		285,430.64	
07-1511	LAND IMPROVEMENTS		301,737.00	
07-1511	LAND IMPROVEMENTS		1,312,160.39	
07-1521	ROADS & BRIDGES		519,975.12	
07-1521	ROADS & BRIDGES		545,231.11	
07-1521	ROADS & BRIDGES		653,437.18	
07-1521	ROADS & BRIDGES		3,079,492.56	
07-1531	BUILDINGS		11,247.00	
07-1541.000	IMPROVEMENTS OTER THAN BUILDINGS		72,320.00	
07-1550	VEHICLES & EQUIPMENT		3,745.70	
07-1550	VEHICLES & EQUIPMENT		4,202.00	
07-1550	VEHICLES & EQUIPMENT		13,278.48	
07-1550	VEHICLES & EQUIPMENT		26,250.00	
07-1550	VEHICLES & EQUIPMENT		28,536.00	
07-1550	VEHICLES & EQUIPMENT		28,616.00	
07-1550	VEHICLES & EQUIPMENT		34,938.57	
07-1550	VEHICLES & EQUIPMENT		34,938.58	
07-1550	VEHICLES & EQUIPMENT		60,769.38	
07-1550	VEHICLES & EQUIPMENT		113,525.00	
07-1599.013	CONSTRUCTION IN PROG - CIP		15,080.00	
07-1599.501	CIP - PERRY ROAD EXTENSION		61,250.00	
07-1599.846	CIP - RESERVOIRS/HOLDING TANK		161,539.53	

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 Workpaper: **2.5.06 - Adjusting Journal Entries Report - 2**

Account	Description	W/P Ref	Debit	Credit
07-2710	INVESTMENT IN FIXED ASSET			24,117.66
07-2710	INVESTMENT IN FIXED ASSET			26,250.00
07-2710	INVESTMENT IN FIXED ASSET			61,250.00
07-2710	INVESTMENT IN FIXED ASSET			307,271.23
07-2710	INVESTMENT IN FIXED ASSET			725,161.89
07-2710	INVESTMENT IN FIXED ASSET			6,395,727.00
Total			<u>7,539,777.78</u>	<u>7,539,777.78</u>
Adjusting Journal Entries JE # 5		2.2.02b		
Client prepared entry; To reverse part of JE 4333; client should post as of 10/1/12 and not reverse				
07-1511	LAND IMPROVEMENTS		217,114.00	
07-1521	ROADS & BRIDGES		584,160.00	
07-2710	INVESTMENT IN FIXED ASSET		801,274.00	
07-1511	LAND IMPROVEMENTS			801,274.00
07-2710	INVESTMENT IN FIXED ASSET			801,274.00
Total			<u>1,602,548.00</u>	<u>1,602,548.00</u>
Adjusting Journal Entries JE # 6		2.3.02c		
Client prepared entry; To reclass from CIP to FA on finished projects and other FA adjustments to tie the GL to the FA master report; client should post as of 9/30/13 and not reverse				
07-1501	LAND		2,635,475.59	
07-1521	ROADS & BRIDGES		6,925,646.44	
07-1541.000	IMPROVEMENTS OTER THAN BUILDINGS		13,301,063.85	
07-1550	VEHICLES & EQUIPMENT		74,955.79	
07-1511	LAND IMPROVEMENTS			2,949,785.16
07-1531	BUILDINGS			58,529.36
07-1599.013	CONSTRUCTION IN PROG - CIP			5,249,899.40
07-1599.027	CIP - EAGLE DRIVE			880,701.08
07-1599.525	CIP-EAGLE DR WIDENING			7,515,070.48
07-1599.601	CIP - COTTON BAYOU DIVERSION			181,776.09
07-1599.846	CIP - RESERVOIRS/HOLDING TANK			417,807.19
07-1730	PARKS & RECREATION			91,048.33
07-1780	INFRASTRUCTURE			5,260,618.09
07-1790	IMPROVEMENTS			331,906.49
Total			<u>22,937,141.67</u>	<u>22,937,141.67</u>

Client: *City of Mont Belvieu, Texas*
 Engagement: *4.1 - Mont Belvieu 09/30/13*
 Period Ending: *9/30/2013*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report - 2*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 7		2.2.02d		
Client prepared entry; To record FY 2012-13 General Fixed Assets Retirement; client should post as of 9/30/13 and not reverse				
07-2710	INVESTMENT IN FIXED ASSET		1,359,473.39	
07-1531	BUILDINGS			65,561.80
07-1541.000	IMPROVEMENTS OTER THAN BUILDINGS			189,926.60
07-1550	VEHICLES & EQUIPMENT			536,591.03
07-1730	PARKS & RECREATION			567,393.96
Total			1,359,473.39	1,359,473.39
Adjusting Journal Entries JE # 8		2.2.02e		
Client prepared entry; To record correcting entry for interest earned. Also, to move 1020.000 to 1014.201; client should post as of 9/30/13 and not reverse				
01-1014.201	INVESTMENT POOLED MMKT #2		1,570.68	
01-1014.201	INVESTMENT POOLED MMKT #2		3,832,454.66	
01-3980	INTEREST INCOME		743.31	
01-1020	INVESTMENT-POOL MMKT #2			3,832,454.66
01-1020.001	PROSPERITY POOLED MMKT # 2			743.31
01-3980	INTEREST INCOME			1,570.68
Total			3,834,768.65	3,834,768.65
Adjusting Journal Entries JE # 9		2.2.02f		
Client prepared entry; To correct GL in I&S Mmkt #2 for interest earned. Also to move 1020.000 to 1020.201; client should post as of 9/30/13 and not reverse				
02-1020.002	INVESTMENTS I&S MMKT #2		1,080.54	
02-1020.002	INVESTMENTS I&S MMKT #2		1,415.89	
02-3980	INTEREST INCOME		670.06	
02-1020	INTEREST & SINKING CASH #2 PB			1,080.54
02-1020.002	INVESTMENTS I&S MMKT #2			670.06
02-3980	INTEREST INCOME			1,415.89
Total			3,166.49	3,166.49
Adjusting Journal Entries JE # 10		2.2.02g		
Client prepared entry; To record Interest earned for BOA ALLY BL CD Sep-13; client should post as of 9/30/13 and not reverse				
01-1152.085	INTEREST RECEIVABLE		33.53	
13-3980	INTEREST INCOME		33.53	
01-3980	INTEREST INCOME			33.53
13-1152.085	INTEREST RECEIVALBE			33.53
Total			67.06	67.06

Client: *City of Mont Belvieu, Texas*
 Engagement: *4.1 - Mont Belvieu 09/30/13*
 Period Ending: *9/30/2013*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report - 2*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 11				
Client prepared entry; To record Interest earned BOA Discover BK CD				
Sep-13; client should post as of 9/30/13 and not reverse				
01-1152.085	INTEREST RECEIVABLE	2.2.02h	47.34	
13-3980	INTEREST INCOME		47.34	
01-3980	INTEREST INCOME			47.34
13-1152.085	INTEREST RECEIVALBE			47.34
Total			94.68	94.68
Adjusting Journal Entries JE # 12				
Client prepared entry; To record Interest earned BOA Invest_Private B &				
T CD Sep-13; client should post as of 9/30/13 and not reverse				
01-1152.085	INTEREST RECEIVABLE	2.2.02i	144.35	
13-3980	INTEREST INCOME		144.35	
01-3980	INTEREST INCOME			144.35
13-1152.085	INTEREST RECEIVALBE			144.35
Total			288.70	288.70
Adjusting Journal Entries JE # 13				
To adjust beginning balance sheet balances per prior year report; client				
should post as of 9/30/13 and not reverse				
02-2721	UNRESERVED, UNDESIGNATED	J.01	381.90	
15-2230	DEFERRED REVENUE - MEMBERS		87,078.66	
16-1390.021	DUE FRM/TO 2006 GOB FUND		49,733.90	
16-1390.026	DUE FRM/TO 2009 GO'S FND		3,717,285.17	
21-1000	CLAIM ON CASH		16,397.37	
21-2721	UNRESERVED, UNDESIGNATED		33,336.53	
26-2721	UNRESERVED, UNDESIGNATED		1,233,953.17	
02-3980	INTEREST INCOME			381.90
15-1152.031	ACCT REC-MEMBER-CURRENT			9,606.85
15-1152.032	ACCTS REC-MEMB-UNEARNED			59,910.46
15-1152.041	ACCOUNTS RECEIVABLE - EVENTS			1,902.00
15-2721	RETAINED EARNINGS			15,659.35
16-1000	CLAIM ON CASH			16,396.87
16-1390.023	DUE TO/FROM 2009 CO VAR PURP			2,483,332.00
16-2721	RETAINED EARNINGS			32,794.89
16-2721	RETAINED EARNINGS			1,234,495.31
21-1390.016	DUE FRM/TO PUBLIC UTILITY FND			49,733.90
26-1390.016	DUE FRM/TO PUBLIC UTILITY FND			1,233,953.17
Total			5,138,166.70	5,138,166.70
Adjusting Journal Entries JE # 14				
To adjust negative cash balance through pooled cash and to adjust due				
to/from; client should post as of 9/30/13 and not reverse				
16-1004	CASH IN BANK - BANK OF AMERIC		2,483,332.00	
16-1390.023	DUE TO/FROM 2009 CO VAR PURP		2,483,332.00	
26-1390.016	DUE FRM/TO PUBLIC UTILITY FND		2,483,332.00	
16-1390.026	DUE FRM/TO 2009 GO'S FND			2,483,332.00
16-1390.026	DUE FRM/TO 2009 GO'S FND			2,483,332.00
26-1004	CASH IN BANK - BANK OF AMERIC			2,483,332.00
Total			7,449,996.00	7,449,996.00

Client: *City of Mont Belvieu, Texas*
 Engagement: *4.1 - Mont Belvieu 09/30/13*
 Period Ending: *9/30/2013*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report - 2*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 15		C.01		
To establish allowance for doubtful accounts; client should post as of 9/30/13 and not reverse				
01-2201	DEFERRED REVENUE (P.T.)		1,107.05	
02-2201	DEFERRED REVENUE PROPERTY TAX		1,112.59	
01-1152.004	ALLOWANCE FOR DOUBTFUL ACCOUNTS			1,107.05
02-1152.004	ALLOWANCE FOR DOUBTFUL ACCOUNTS			1,112.59
Total			<u>2,219.64</u>	<u>2,219.64</u>
Adjusting Journal Entries JE # 16		E.03		
To adjust beginning net position and retainage payable in the GOLF and Utility fund; client should post as of 9/30/13 and not reverse				
05-2100	ACCRUED LIABILITES		407,073.73	
16-2092	RETAINAGE PAYABLE		338,577.03	
16-2092	RETAINAGE PAYABLE		402,560.69	
05-2721	RETAINED EARNINGS			407,073.73
16-2092	RETAINAGE PAYABLE			239,499.05
16-2721	RETAINED EARNINGS			501,638.67
Total			<u>1,148,211.45</u>	<u>1,148,211.45</u>

Client: *City of Mont Belvieu, Texas*
 Engagement: *4.1 - Mont Belvieu 09/30/13*
 Period Ending: *9/30/2013*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report - 2*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 17		E.03		
To adjust retainage payable balances to actual; client should post as of 9/30/13 and reverse 10/1/13 (or upon final payment for project)				
27-5255921	CAP-ROADS/SIDEWALKS/DITCHES		441,107.44	
27-5285921	CAP - ROADS/SIDEWLKS/BRIDGES		6,997.45	
27-2092	Retainage Payable			448,104.89
Total			448,104.89	448,104.89
Adjusting Journal Entries JE # 18		E.03		
To adjust retainage payable balance to actual in Fund 28 and to adjust expenditures to Utility fund; client should post as of 9/30/13 and not reverse				
16-1550	VEHICLES AND EQUIPMENT		27,336.17	
28-4205770.016	TRANSFERS OUT		27,336.17	
28-5055956	CAP-MACHINERY/TOOLS/EQPT		27,336.17	
16-3999.028	TRANSFERS IN - GLO			27,336.17
28-2092	RETAINAGE PAYABLE			27,336.17
28-5055956	CAP-MACHINERY/TOOLS/EQPT			27,336.17
Total			82,008.51	82,008.51
Adjusting Journal Entries JE # 19		E.07a-b		
To adjust insurance withheld liability to zero; client should post as of 9/30/13 and not reverse				
01-2055	INSURANCE WH EMPLOYEE		63,182.13	
16-2055	INSURANCE WH EMPLOYEE		11,144.63	
01-4555223	EMPLR - GRP BENEFIT COSTS			63,182.13
16-2055	INSURANCE WH EMPLOYEE			11,144.63
16-4205223	GROUP INSURANCE COSTS			11,144.63
Total			74,326.76	74,326.76
Adjusting Journal Entries JE # 20		E.02d		
To transfer project expenditure to the public utility fund (due to AJE#3); client should post as of 9/30/13 and not reverse				
16-1550	VEHICLES AND EQUIPMENT		46,382.70	
28-4205770.016	TRANSFERS OUT		46,382.70	
16-3999.028	TRANSFERS IN - GLO			46,382.70
28-5055956	CAP-MACHINERY/TOOLS/EQPT			46,382.70
Total			92,765.40	92,765.40
Adjusting Journal Entries JE # 21		2.3.01		
**To adjust negative cash balances for reporting purposes; client should post as of 9/30/13 and not reverse				
01-1390.004	DUE F/T SEIZ/FORFEIT		7.55	
01-1390.031	DUE TO/FROM FEMA COTTON BAYOU DIV		70,401.07	
04-1000	CLAIM ON CASH		7.55	
13-1390.026	DUE F/T 2009 CO CONSTRUCT		364,179.63	
13-1390.027	DUE F/T 2010 GO CONSTRUCT		4,282,918.79	
13-1390.028	DUE FRM/TO GLO IKE RECOV FND		241,972.87	
13-1390.032	DUE F/T CAPITAL PROJECTS FUND		61,250.00	
26-1000.000	CLAIM ON CASH		364,179.63	
27-1000	CLAIM ON CASH		4,282,918.79	
28-1000	CLAIM ON CASH		241,972.87	
31-1000	CLAIM ON CASH		70,401.07	
32-1000	CLAIM ON CASH		61,250.00	
01-1000	CLAIM ON CASH			7.55
01-1000	CLAIM ON CASH			70,401.07

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 Engagement: *4.1 - Mont Belvieu 09/30/13*
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Account	Description	W/P Ref	Debit	Credit
04-2100	DUE TO OTHER FUNDS			7.55
13-1000	CLAIM ON CASH			4,950,321.29
26-1390.013	DUE FRM/TO CIP FUND			364,179.63
27-1390.013	DUE FRM/TO CIP FUND			4,282,918.79
28-1390.013	DUE FRM/TO CIP FUND			241,972.87
31-1390.001	DUE TO/FROM GENERAL FUND			70,401.07
32-1390.013	DUE FRM/TO CIP FUND			61,250.00
Total			<u>10,041,459.82</u>	<u>10,041,459.82</u>

Client: *City of Mont Belvieu, Texas*
 Engagement: *4.1 - Mont Belvieu 09/30/13*
 Period Ending: *9/30/2013*
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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 22		SA1.04		
**To adjust grant revenue based on SEFA; client should post as of 9/30/13 and reverse 10/1/13				
01-1152.084	POLICE BPVEST GRANT		1,407.00	
28-1152.001	IKE RECOVERY RECEIVABLE		325,419.63	
31-1152.099	FEMA CB DIVERSION GRANT		35,845.31	
01-3964.010	POLICE BPVEST GRANT			1,407.00
28-3964	FEMA IKE RECOVERY GRANT REV			325,419.63
31-3964	GRANT REV- FEMA CB DIVERSION			35,845.31
Total			362,671.94	362,671.94
Adjusting Journal Entries JE # 23		2.3.01		
To zero out interest receivable balances in public utility fund; client should post as of 9/30/13 and not reverse				
16-1152.085	INTEREST RECEIVABLE		29,092.73	
21-1000	CLAIM ON CASH		29,092.73	
16-1000	CLAIM ON CASH			29,092.73
21-1152.085	INTEREST RECEIVABLE			29,092.73
Total			58,185.46	58,185.46
Adjusting Journal Entries JE # 24		2.3.01		
To close fund 30 due to inactivity; client should post as of 9/30/13 and not reverse				
14-2721	UNRESERVED/UNDESIGNATED		23,030.00	
30-1000	CLAIM ON CASH		23,030.00	
14-1000	CLAIM ON CASH			23,030.00
30-2721	UNRESERVED, UNDESIGNATED			23,030.00
Total			46,060.00	46,060.00
Adjusting Journal Entries JE # 25		D.05		
To adjust EPRC membership receivable/deferred revenue to actual at year-end; client should post as of 9/30/13 and not reverse				
15-1152.031	ACCT REC-MEMBER-CURRENT		445,234.91	
15-1152.032	ACCTS REC-MEMB-UNEARNED			287,046.03
15-2230	DEFERRED REVENUE - MEMBERS			137,130.50
15-3310	MEMBERSHIP FEES			21,058.38
Total			445,234.91	445,234.91
Adjusting Journal Entries JE # 26		D.03a		
To adjust current year allowance for doubtful accounts to actual; client should post as of 9/30/13 and NOT reverse				
16-4205754	BAD DEBT EXPENSE		5,209.63	
16-1052.01	ALLOWANCE FOR BAD DEBT (UB)			1,142.38
16-1199.001	ALLOWANCE FOR BAD DEBT (UB)			4,067.25
Total			5,209.63	5,209.63
Adjusting Journal Entries JE # 27		H.01a		

Client: **City of Mont Belvieu, Texas**
 Engagement: **4.1 - Mont Belvieu 09/30/13**
 Period Ending: **9/30/2013**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report - 2**

Account	Description	W/P Ref	Debit	Credit
To adjust general fixed asset balances due to changes made to retainage payable at year-end; client should post as of 9/30/13 and not reverse				
07-1521	ROADS & BRIDGES		6,997.45	
07-1521	ROADS & BRIDGES		441,107.44	
07-2710	INVESTMENT IN FIXED ASSET			448,104.89
Total			448,104.89	448,104.89
Adjusting Journal Entries JE # 28				
		C.05		
To adjust transfers out in the general fund to net out to transfers in for corresponding funds; for reporting purposes; client does not need to post				
01-4555760.018	TRANSFER OUT - FARF		250,000.00	
01-4555760.005	OP TRNSFR OUT - GOLF COURSE			250,000.00
Total			250,000.00	250,000.00
Adjusting Journal Entries JE # 29				
		H.01b		
To adjust current year depreciation expense and restate beginning net position in enterprise funds due to beginning accumulated depreciation totals. For reporting purposes only; client does not need to post				
05-2721	RETAINED EARNINGS		1,117,523.63	
15-2721	RETAINED EARNINGS		1,128,014.11	
16-2721	RETAINED EARNINGS		645,762.28	
05-4105752	DEPRECIATION EXPENSE			1,117,523.63
15-4105752	DEPRECIATION EXPENSE			1,128,014.11
16-4205752	DEPRECIATION EXPENSE			645,762.28
Total			2,891,300.02	2,891,300.02
Adjusting Journal Entries JE # 30				
		H.04b		
To adjust amount recorded in capital contribution account to actual based on current year activity; for reporting purposes only; client does not need to post				
16-3995	CAPITAL CONTRIBUTION		828,115.00	
16-2721	RETAINED EARNINGS			828,115.00
Total			828,115.00	828,115.00
Adjusting Journal Entries JE # 31				
		H.01a/H.05		
To adjust general fixed assets based on disposal of land per economic development agreement; client should post as of 9/30/13 and not reverse				
07-2710	INVESTMENT IN FIXED ASSET		223,984.38	
07-1501	LAND			223,984.38
Total			223,984.38	223,984.38
Adjusting Journal Entries JE # 32				
		MAJ1.11a		
**To adjust for city's portion of construction-related expenditures; client should post as of 9/30/13 and not reverse				
13-8615760.028	TRANSFERS OUT - TDRA GRT		413,068.32	
28-1000	CLAIM ON CASH		413,068.32	
13-1000	CLAIM ON CASH			413,068.32
28-3999.013	TRANSFER IN - CIP			413,068.32
Total			826,136.64	826,136.64
Adjusting Journal Entries JE # 33				
		2.3.01		
**To close out grant fund balance; client should post as of 9/30/13 and not reverse				

Client: *City of Mont Belvieu, Texas*
Engagement: *4.1 - Mont Belvieu 09/30/13*
Period Ending: *9/30/2013*
Trial Balance: *2.2.01 - TB*
Workpaper: *2.5.06 - Adjusting Journal Entries Report - 2*

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
13-8615760.031	TRANSFER OUT-FEMA COTTON BAYOU		11,948.44	
31-1000	CLAIM ON CASH		11,948.44	
13-1000	CLAIM ON CASH			11,948.44
31-3999.013	TRANSFER IN-CIP			11,948.44
Total			<u>23,896.88</u>	<u>23,896.88</u>