

**CITY OF PLEASANTVILLE**

-----

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2008**

## TABLE OF CONTENTS

	<u>Page</u>
Officials	2
Independent Auditors' Report	3-4
Management's Discussion and Analysis	5-11
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets – Cash Basis	A 12-15
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 16-19
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Assets	C 20
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D 21
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net Assets	E 22
Notes to Financial Statements	23-29
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	30-31
Notes to Required Supplementary Information – Budgetary Reporting	32
Other Supplementary Information:	<u>Schedule</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1 33
Schedule of Indebtedness	2 34-35
Bond and Note Maturities	3 36-37
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4 38
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting	39-40
Schedule of Findings and Questioned Costs	41-43

CITY OF PLEASANTVILLE

OFFICIALS

<u>Name</u>	<u>Title</u> After December 2007	<u>Term Expires</u>
Joe Van Haalen	Mayor	January 2010
Aaron Hurt	Mayor Protem	January 2012
Jason Hinners	Council Member	January 2012
Chad DeJoode	Council Member	January 2012
John Franey	Council Member	January 2010
Nick Mosher	Council Member	January 2010
Dorothy Phipps	City Clerk	Indefinite
Gwen Miller	Deputy City Clerk	Indefinite
Robert Benton	City Attorney	Indefinite



# Shull

and Co. P.C.  
certified public accountants

## INDEPENDENT AUDITORS' REPORT

To The Honorable Mayor and  
Members of the City Council:

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 Pleasantville, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of City of Pleasantville's management. Our responsibility is to express an opinion 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 and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Pleasantville as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2008 on our consideration of the City of Pleasantville's internal control over financial reporting and 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 of internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pleasantville's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SHULL & CO., P.C.

October 29, 2008

## CITY OF PLEASANTVILLE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Pleasantville 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, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

#### **2008 FINANCIAL HIGHLIGHTS**

Revenues of the City's governmental activities increased 9%, or approximately \$75,000, from fiscal 2007 to fiscal 2008. Approximately \$53,000 of the increase was from reimbursement of costs associated with the potential ethanol plant.

Disbursements increased 11%, or approximately \$91,000, in fiscal 2008 from fiscal 2007. Public works and debt service increased approximately \$52,000 and \$38,000, respectively.

The City's total cash basis net assets increased 5%, or approximately \$115,000, from June 30, 2007 to June 30, 2008. Of this amount, the assets of the governmental activities increased approximately \$17,000 and the assets of the business type activities increased by approximately \$98,000.

#### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. 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.

## CITY OF PLEASANTVILLE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

#### **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 accounting principles generally accepted in the United States of America. 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 off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

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

The Statement of Activities and Net Assets is divided into two kinds of activities:

Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

## CITY OF PLEASANTVILLE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

#### *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 Local Option Sales Tax, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased slightly from a year ago, increasing from \$1,167,416 to \$1,184,804. The analysis that follows focuses on the changes in cash balances for governmental activities.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30	
	2008	2007
Receipts and transfers		
Program receipts		
Charges for service	\$ 64,271	101,178
Operating grants, contributions and restricted interest	208,874	129,101
General receipts		
Property tax	341,799	321,895
Local option sales tax	138,764	156,595
Utility tax replacement excise tax	13,301	10,165
Unrestricted interest on investments	62,811	31,992
Bond proceeds	-	-
Other general receipts	20,449	26,990
Transfers, net	59,400	56,275
Total receipts and transfers	<u>909,669</u>	<u>834,191</u>
Disbursements		
Public safety	280,330	267,627
Public works	150,284	98,105
Culture and recreation	10,105	21,328
Community and economic development	151,558	156,769
General government	72,927	67,887
Debt service	175,079	137,240
Capital projects	51,998	51,998
Total disbursements	<u>892,281</u>	<u>800,954</u>
Increase (decrease) in cash basis net assets	17,388	33,237
Cash basis net assets beginning of year	<u>1,167,416</u>	<u>1,134,179</u>
Cash basis net assets end of year	<u>\$1,184,804</u>	<u>1,167,416</u>

The City's total receipts for governmental activities increased by 9%, or \$75,478. The significant increase in receipts was primarily the result of a reimbursement of costs associated with the potential ethanol plant. The total cost of all programs and services increased by approximately \$91,327, or 11%.

CITY OF PLEASANTVILLE

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The cost of all governmental activities this year was \$892,281 compared to \$800,954 last year. However, as shown in the Statement of Activities and Net Assets on pages 12-15, the amount taxpayers ultimately financed for these activities was only \$619,136 because some of the cost was paid by those directly benefitting from the programs (\$64,271) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$208,874). The City paid for the remaining “public benefit” portion of governmental activities with approximately \$342,000 in tax (some of which could only be used for certain programs), local option sales tax receipts of approximately \$139,000 and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities

	Year ended June 30	
	2008	2007
Receipts and transfers		
Program receipts		
Charges for service		
Water	\$ 272,822	281,929
Sewer	232,796	232,817
Operating grants, contributions and restricted interest	-	-
General receipts		
Unrestricted interest on investment	33,387	40,753
Bond proceeds	-	-
Other general receipts	-	-
Total receipts	<u>539,005</u>	<u>555,499</u>
Disbursements		
Water	228,040	122,907
Sewer	153,821	139,593
Transfers	<u>59,400</u>	<u>56,275</u>
Total disbursements and transfers	<u>441,261</u>	<u>318,775</u>
Increase in cash balance	97,744	236,724
Cash basis net assets beginning of year	<u>935,344</u>	<u>698,620</u>
Cash basis net assets end of year	<u>\$ 1,033,088</u>	<u>935,344</u>

Total business type activities receipts for the fiscal year were \$539,005 compared to \$555,499 last year. The cash balance increased by \$97,744. Total disbursements and transfers for the fiscal year increased by 38% to a total of \$441,261.

## CITY OF PLEASANTVILLE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

As the City of Pleasantville completed the year, its governmental funds reported a combined fund balance of \$982,272, a decrease of approximately \$17,000 from last year's total of \$999,139. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund cash balance decreased \$131,245 from the prior year to \$259,852.

The Road Use Tax Fund cash balance decreased \$17,183 to \$165,389 during the fiscal year.

The Local Option Sales Tax Fund cash balance increased \$125,532 from the prior year to \$359,087.

The Debt Service Fund cash balance increased \$1,756 from the prior year to \$25,848.

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

The Water Fund cash balance decreased by \$32,590 to \$169,733 during the fiscal year.

The Sewer Fund cash balance increased by \$74,012 from the prior year to \$512,189.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved May 19, 2008 and resulted in a net increase of \$651,130 in budgeted disbursements. The increase was to provide for additional disbursements in certain City departments.

#### **DEBT ADMINISTRATION**

At June 30, 2008, the City had \$1,124,000 in general obligation bonds, capital loan notes, and special assessment bonds, compared to \$1,297,896 last year, as shown below.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	Outstanding Debt at Year-End	
	June 30,	
	2008	2007
General obligation bonds	\$ 325,000	405,000
Capital loan notes	649,000	722,376
Special assessment bonds	150,000	165,000
Other long-term debt	-	5,520
Total	\$ 1,124,000	1,297,896

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 \$495,000 is significantly below its constitutional debt limit of \$ 2.7 million.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

City of Pleasantville's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to budget constraints.

**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 Dorothy Phipps, City Clerk, 108 West Jackson Street, Pleasantville, Iowa.

## BASIC FINANCIAL STATEMENTS

CITY OF PLEASANTVILLE

Statement of Activities and Net Assets – Cash Basis  
As of and for the year ended June 30, 2008

	<u>Disbursements</u>	<u>Program</u>  <u>Charges for Service</u>
Functions / Programs		
Governmental activities		
Public safety	\$ 280,330	25,072
Public works	150,284	33,276
Culture and recreation	10,105	675
Community and economic development	151,558	-
General government	72,927	5,248
Debt service	175,079	-
Capital projects	51,998	-
Total governmental activities	<u>892,281</u>	<u>64,271</u>
Business type activities		
Water	228,040	272,822
Sewer	153,821	232,796
Total business type activities	<u>381,861</u>	<u>505,618</u>
Total	<u>\$ 1,274,142</u>	<u>569,889</u>
General Receipts		
Property tax levied for		
General purposes		
Tax increment financing		
Debt service		
Local option sales tax		
Utility tax replacement excise tax		
Unrestricted interest on investments		
Miscellaneous		
Sale of assets		
Transfers		
 Total general receipts and transfers		

Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
-	-	(255,258)	-	(255,258)
147,561	-	30,553	-	30,553
4,300	-	(5,130)	-	(5,130)
57,013	-	(94,545)	-	(94,545)
-	-	(67,679)	-	(67,679)
-	-	(175,079)	-	(175,079)
-	-	(51,998)	-	(51,998)
<u>208,874</u>	<u>-</u>	<u>(619,136)</u>	<u>-</u>	<u>(619,136)</u>
-	-	-	44,782	44,782
-	-	-	78,975	78,975
-	-	-	123,757	123,757
<u>208,874</u>	<u>-</u>	<u>(619,136)</u>	<u>123,757</u>	<u>(495,379)</u>
		212,378	-	212,378
		49,782	-	49,782
		79,639	-	79,639
		138,764	-	138,764
		13,301	-	13,301
		62,811	33,387	96,198
		20,449	-	20,449
		-	-	-
		<u>59,400</u>	<u>(59,400)</u>	<u>-</u>
		<u>636,524</u>	<u>(26,013)</u>	<u>610,511</u>

CITY OF PLEASANTVILLE

Statement of Activities and Net Assets – Cash Basis  
As of and for the year ended June 30, 2008

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted

Streets

Urban renewal purposes

Debt service

Other purposes

Unrestricted

Total cash basis net assets

See notes to financial statements.

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
17,388	97,744	115,132
<u>1,167,416</u>	<u>935,344</u>	<u>2,102,760</u>
<u><u>1,184,804</u></u>	<u><u>1,033,088</u></u>	<u><u>2,217,892</u></u>
165,389	-	165,389
359,087	-	359,087
137,394	37,770	175,164
60,550	-	60,550
<u>462,384</u>	<u>995,318</u>	<u>1,457,702</u>
<u><u>1,184,804</u></u>	<u><u>1,033,088</u></u>	<u><u>2,217,892</u></u>

CITY OF PLEASANTVILLE

Statement of Cash Receipts, Disbursements  
And Changes in Cash Balances  
Governmental Funds  
As of and for the year ended June 30, 2008

	General	Special Road Use Tax
<b>Receipts</b>		
Property tax	\$ 212,378	-
Tax increment financing collections	-	-
Other city tax	11,035	-
Licenses and permits	5,247	-
Use of money and property	55,556	-
Intergovernmental	-	147,561
Charges for service	35,338	-
Special assessments	-	-
Miscellaneous	22,296	-
Total receipts	<u>341,850</u>	<u>147,561</u>
<b>Disbursements</b>		
Operating		
Public safety	286,649	-
Public works	4,939	164,744
Culture and recreation	10,105	-
Community and economic development	35,400	-
General government	72,848	-
Debt service	11,156	-
Capital projects	-	-
Total disbursements	<u>421,097</u>	<u>164,744</u>
Excess of receipts over disbursements	<u>(79,247)</u>	<u>(17,183)</u>
<b>Other financing sources (uses)</b>		
Operating transfers in (out)	<u>(51,998)</u>	<u>-</u>

<u>Revenue</u>		Other Nonmajor Governmental Funds	<u>Total</u>
Local Option Sales Tax	<u>Debt Service</u>		
-	79,639	-	292,017
-	-	49,782	49,782
138,764	3,970	-	153,769
-	-	-	5,247
-	-	-	55,556
-	-	-	147,561
-	-	-	35,338
-	-	24,435	24,435
<u>57,013</u>	<u>-</u>	<u>-</u>	<u>79,309</u>
<u>195,777</u>	<u>83,609</u>	<u>74,217</u>	<u>843,014</u>
-	-	1,181	287,830
-	-	101	169,784
-	-	-	10,105
70,245	-	45,913	151,558
-	-	79	72,927
-	141,253	22,670	175,079
-	-	51,998	51,998
<u>70,245</u>	<u>141,253</u>	<u>121,942</u>	<u>919,281</u>
<u>125,532</u>	<u>(57,644)</u>	<u>(47,725)</u>	<u>(76,267)</u>
<u>-</u>	<u>59,400</u>	<u>51,998</u>	<u>59,400</u>

CITY OF PLEASANTVILLE

Statement of Cash Receipts, Disbursements  
And Changes in Cash Balances  
Governmental Funds  
As of and for the year ended June 30, 2008

	<u>General</u>	<u>Special Road Use Tax</u>
Net change in cash balances	(131,245)	(17,183)
Cash balances beginning of year	<u>391,097</u>	<u>182,572</u>
Cash balances end of year	<u>\$ 259,852</u>	<u>165,389</u>
Cash Basis Fund Balances		
Reserved		
Debt service	\$ -	-
Unreserved		
General fund	259,852	-
Special revenue funds	<u>-</u>	<u>165,389</u>
Total cash basis fund balances	<u>\$ 259,852</u>	<u>165,389</u>

See notes to financial statements.

<u>Revenue</u>		Other Nonmajor Governmental Funds	<u>Total</u>
Local Option Sales Tax	<u>Debt Service</u>		
125,532	1,756	4,273	(16,867)
<u>233,555</u>	<u>24,092</u>	<u>167,823</u>	<u>999,139</u>
<u>359,087</u>	<u>25,848</u>	<u>172,096</u>	<u>982,272</u>
-	25,848	111,546	137,394
-	-	-	259,852
<u>359,087</u>	<u>-</u>	<u>60,550</u>	<u>585,026</u>
<u>359,087</u>	<u>25,848</u>	<u>172,096</u>	<u>982,272</u>

CITY OF PLEASANTVILLE

Exhibit C

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash  
Balances to the Statement of Activities and Net Assets -  
Governmental Funds  
As of and for the year ended June 30, 2008

Total government funds cash balances	\$ 982,272
--------------------------------------	------------

*Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of major equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

202,532

Cash basis net assets of governmental activities

\$ 1,184,804

Net change in cash balances

\$ (16,867)

*Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of major equipment replacement to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

34,255

Change in cash balance of governmental activities

\$ 17,388

See notes to financial statements.

CITY OF PLEASANTVILLE

Exhibit D

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Proprietary Funds  
As of and for the year ended June 30, 2008

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Total	Other Nonmajor Equipment Replacement
Operating receipts				
Use of money and property	\$ 6,030	14,735	20,765	19,877
Charges for service	253,716	230,470	484,186	70,700
Miscellaneous	19,106	2,326	21,432	-
Total operating receipts	<u>278,852</u>	<u>247,531</u>	<u>526,383</u>	<u>90,577</u>
Operating disbursements				
Governmental activities				
Public safety	-	-	-	-
General government	-	-	-	-
Business type activities				
Water	262,140	-	262,140	-
Sewer	-	163,421	163,421	-
Total operating disbursements	<u>262,140</u>	<u>163,421</u>	<u>425,561</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>16,712</u>	<u>84,110</u>	<u>100,822</u>	<u>90,577</u>
Other financing sources (uses)				
Operating transfers in (out)	<u>(49,302)</u>	<u>(10,098)</u>	<u>(59,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(49,302)</u>	<u>(10,098)</u>	<u>(59,400)</u>	<u>-</u>
Net change in cash balances	(32,590)	74,012	41,422	90,577
Cash balances beginning of year	<u>202,323</u>	<u>438,177</u>	<u>640,500</u>	<u>463,121</u>
Cash balances end of year	<u>\$ 169,733</u>	<u>512,189</u>	<u>681,922</u>	<u>553,698</u>
Cash Basis Fund Balances				
Reserved for debt service	-	37,770	37,770	-
Unreserved	<u>169,733</u>	<u>474,419</u>	<u>644,152</u>	<u>553,698</u>
Total cash basis fund balances	<u>\$ 169,733</u>	<u>512,189</u>	<u>681,922</u>	<u>553,698</u>

See notes to financial statements.

CITY OF PLEASANTVILLE

Exhibit E

Reconciliation of the Statement of Cash  
 Receipts, Disbursements and Changes in Cash  
 Balances to the Statement of Activities and Net Assets -  
 Proprietary Funds  
 As of and for the year ended June 30, 2008

Total enterprise funds cash balances	\$ 681,922
--------------------------------------	------------

*Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of major equipment replacement. The assets of the Internal Service Fund are included in business type activities in the Statement of Net Assets.

351,166

Cash basis net assets of business type activities	\$ <u>1,033,088</u>
---	---------------------

Net change in cash balances	\$ 41,422
-----------------------------	-----------

*Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of major equipment replacement to individual funds. The change on net assets of the Internal Service Fund is reported with business type activities.

56,322

Change in cash balance of business type activities	\$ <u>97,744</u>
--	------------------

See notes to financial statements.

## CITY OF PLEASANTVILLE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pleasantville is a political subdivision of the State of Iowa located in Marion County. It was first incorporated in 1872 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

##### A. Reporting Entity

For financial reporting purposes, City of Pleasantville has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Pleasantville has no component units which meet the Governmental Accounting Standards Board criteria.

##### Jointly Governed Organizations

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

The City also participates in the Pleasant Grove Township Fire Department which is a jointly governed organization established pursuant to Chapter 28E of the code of Iowa.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation**

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets 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 fund 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.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for community projects financed by local option sales tax.

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

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 City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies.

**C. Measurement Focus and Basis of Accounting**

The City of Pleasantville 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.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the community and economic development, debt service and capital projects functions.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

**2. CASH AND INVESTMENTS**

The City's deposits in banks at June 30, 2008 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.

**3. BONDS AND NOTES PAYABLE**

Annual debt service requirements to maturity for general obligation bonds and other debt are as follows:

YEAR ENDING JUNE 30,	BONDS AND CAPITAL		SPECIAL ASSESSMENT		TOTAL	
	LOAN NOTES		BONDS			
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	160,000	38,545	15,000	6,855	175,000	45,400
2010	101,000	32,334	15,000	6,225	116,000	38,559
2011	107,000	28,317	20,000	5,580	127,000	33,897
2012	114,000	23,942	20,000	4,700	134,000	28,642
2013	70,000	19,195	20,000	3,800	90,000	22,995
2014	73,000	16,525	20,000	2,880	93,000	19,405
2015	74,000	13,722	20,000	1,940	94,000	15,662
2016	81,000	10,859	20,000	980	101,000	11,839
2017	83,000	7,665	-	-	83,000	7,665
2018	50,000	4,364	-	-	50,000	4,364
2019	20,000	2,623	-	-	20,000	2,623
2020	20,000	1,763	-	-	20,000	1,763
2021	21,000	903	-	-	21,000	903
Total	<u>974,000</u>	<u>200,757</u>	<u>150,000</u>	<u>32,960</u>	<u>1,124,000</u>	<u>233,717</u>

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

**3. BONDS AND NOTES PAYABLE (CONTINUED)**

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

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (3) Additional monthly transfers shall be made to a separate sewer reserve account until a specific minimum balance has been accumulated. These accounts are restricted for the purpose of paying note principal and interest payments when insufficient money is available in the sinking account.
- (4) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

**4. TAX INCREMENT FINANCING AGREEMENTS**

The City has entered into various tax increment financing development agreements. Under the terms of the agreements the developers agreed to provide minimum specified dollar amounts of improvements and infrastructure in urban renewal areas of the City prior to specified dates. The City agreed to pay certain costs to the developer under the terms of non-interest bearing tax increment revenue financing bonds which generally provide for payments equal to the incremental taxes collected on the developer improvements for a period of ten to twelve years. Commitments under the agreements are summarized as follows:

<u>DATE</u>	<u>AMOUNT</u>	<u>REMAINING COMMITMENT</u>	<u>EXPIRATION DATE</u>
August 1996	\$ 9,949	\$ -	August 2006
April 1998	150,000	91,916	April 2010
May 2002	167,050	120,823	May 2012 (may be extended to May 2014)
May 2002	231,805	208,876	May 2012 (may be extended to May 2015)
December 2003	32,080	32,080	December 2013
November 2005	125,600	125,600	June 2016
October 2007	123,000	123,000	June 2018

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

**5. PENSION AND RETIREMENT BENEFITS**

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$18,429, \$15,810 and \$13,508, respectively, equal to the required contributions for each year.

**6. COMPENSATED ABSENCES**

City employees accumulate a limited amount of earned but unused vacation, sick leave, holiday and compensatory hours for subsequent use or for payment upon termination, retirement or death. However, sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for compensated absences to employees at June 30, 2008, primarily relating to the General Fund, is as follows:

<u>TYPE OF BENEFIT</u>	<u>AMOUNT</u>
Vacation, holiday and compensating time	\$ 8,905
Sick leave	<u>19,395</u>
Total	<u>\$ 28,300</u>

This liability has been computed based on rates of pay as of June 30, 2008.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

**7. INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	General	\$ <u>51,998</u>
Debt Service	Enterprise:	
	Water	49,302
	Sewer	<u>10,098</u>
		<u>59,400</u>
		\$ <u>111,398</u>

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

**8. RISK MANAGEMENT**

The City of Pleasantville 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.

**9. CONSTRUCTION AND OTHER COMMITMENTS**

The City has entered into contracts totaling \$233,400 for engineering related to various projects. At June 30, 2008, \$55,455 of the contracts were completed. The remaining amount of the contracts will be paid as work on the projects progresses.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF PLEASANTVILLE

Budgetary Comparison Schedule of Receipts, Disbursements  
and Changes in Balances – Budget and Actual (Cash Basis) -  
All Governmental Funds and Proprietary Funds  
Required Supplementary Information  
Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to to be Budgeted
<b>Receipts</b>			
Property tax	\$ 292,017	-	-
Tax increment financing collections	49,782	-	-
Other city tax	153,769	-	-
Licenses and permits	5,247	-	-
Use of money and property	55,556	40,642	19,877
Intergovernmental	147,561	-	-
Charges for service	35,338	554,886	70,700
Special assessments	24,435	-	-
Miscellaneous	<u>79,309</u>	<u>21,432</u>	<u>-</u>
Total receipts	<u>843,014</u>	<u>616,960</u>	<u>90,577</u>
<b>Disbursements</b>			
Public safety	287,830	-	-
Public works	169,784	-	-
Culture and recreation	10,105	-	-
Community and economic development	151,558	-	-
General government	72,927	-	-
Debt service	175,079	-	-
Capital projects	51,998	-	-
Business type activities	-	<u>425,561</u>	<u>-</u>
Total disbursements	<u>919,281</u>	<u>425,561</u>	<u>-</u>
Excess of receipts over disbursements	(76,267)	191,399	90,577
Other financing sources, net	<u>59,400</u>	<u>(59,400)</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	(16,867)	131,999	90,577
Balances beginning of year	<u>999,139</u>	<u>1,103,621</u>	<u>463,121</u>
Balances end of year	<u><u>982,272</u></u>	<u><u>1,235,620</u></u>	<u><u>553,698</u></u>

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
292,017	298,839	298,839	(6,822)
49,782	64,000	64,000	(14,218)
153,769	160,352	209,802	(56,033)
5,247	3,500	4,000	1,247
76,321	35,700	44,700	31,621
147,561	146,000	162,243	(14,682)
519,524	685,800	766,800	(247,276)
24,435	31,000	44,000	(19,565)
<u>100,741</u>	<u>18,000</u>	<u>448,000</u>	<u>(347,259)</u>
<u>1,369,397</u>	<u>1,443,191</u>	<u>2,042,384</u>	<u>(672,987)</u>
287,830	289,516	319,646	31,816
169,784	161,679	591,679	421,895
10,105	15,844	125,844	115,739
151,558	101,800	101,800	(49,758)
72,927	79,453	79,453	6,526
175,079	-	-	(175,079)
51,998	-	50,000	(1,998)
<u>425,561</u>	<u>487,660</u>	<u>518,660</u>	<u>93,099</u>
<u>1,344,842</u>	<u>1,135,952</u>	<u>1,787,082</u>	<u>442,240</u>
24,555	307,239	255,302	(230,747)
<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>
24,555	307,239	305,302	(280,747)
<u>1,639,639</u>	<u>2,173,163</u>	<u>2,173,163</u>	<u>(533,524)</u>
<u><u>1,664,194</u></u>	<u><u>2,480,402</u></u>	<u><u>2,478,465</u></u>	<u><u>(814,271)</u></u>

## CITY OF PLEASANTVILLE

### Notes to Required Supplementary Information – Budgetary Reporting June 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$651,130. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the community and economic development, debt service and capital projects functions.

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF PLEASANTVILLE

Schedule 1

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds  
As of and for the year ended June 30, 2008

	Special Revenue			Debt Service
	Employee Benefits Levy	Emergency Levy	TIF Levy	West Street Paving Assessment Project Bond Fund
<b>Receipts</b>				
Tax increment financing collections	\$ -	-	49,782	
Special assessments	-	-	-	24,435
Total receipts	-	-	49,782	24,435
<b>Disbursements</b>				
Operating				
Public safety	1,181	-	-	-
Public works	101	-	-	-
Community and economic development	-	-	45,913	-
General government	79	-	-	-
Debt service	-	-	-	22,670
Capital projects	-	-	-	-
Total disbursements	1,361	-	45,913	22,670
Excess (deficiency) of receipts over (under) disbursements	(1,361)	-	3,869	1,765
<b>Other financing uses</b>				
Operating transfers in (out)	-	-	-	-
Net change in cash balances	(1,361)	-	3,869	1,765
Cash balances beginning of year	1,361	27,792	28,889	109,781
Cash balances end of year	\$ -	27,792	32,758	111,546
<b>Cash Basis Fund Balances</b>				
Reserved				
Debt service	\$ -	-	-	111,546
Unreserved				
Special revenue funds	-	27,792	32,758	-
Capital project fund	-	-	-	-
Total cash basis fund balances	\$ -	27,792	32,758	111,546

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
	49,782
-	<u>24,435</u>
-	<u>74,217</u>
-	1,181
-	101
-	45,913
-	79
-	22,670
<u>51,998</u>	<u>51,998</u>
<u>51,998</u>	<u>121,942</u>
<u>(51,998)</u>	<u>(47,725)</u>
<u>51,998</u>	<u>51,998</u>
-	4,273
-	<u>167,823</u>
-	<u>172,096</u>
-	111,546
-	60,550
-	-
<u>-</u>	<u>172,096</u>

CITY OF PLEASANTVILLE

Schedule of Indebtedness  
Year ended June 30, 2008

<u>OBLIGATION</u>	<u>DATE OF ISSUE</u>	<u>INTEREST RATES</u>	<u>AMOUNT ORIGINALLY ISSUED</u>	<u>BALANCE BEGINNING OF YEAR</u>
General Obligation Bonds				
2006 Street Improvement and Refunding	5/15/06	3.75-4.65%	\$ 455,000	<u>\$ 405,000</u>
Capital Loan Notes				
1998 Sewer Revenue	02/01/98	4.23%	436,000	283,000
1999 Essential Corporate Purpose	05/20/99	5.00%	15,000	3,613
2000 Essential Corporate Purpose	07/20/99	5.00%	5,000	1,763
2001 Sewer Revenue	08/21/01	4.30%	440,000	229,000
2002 Streets and Utilities	03/01/02	3.00-4.75%	360,000	<u>205,000</u>
				<u>722,376</u>
Special Assessment Bonds				
2006 Street Improvement	5/15/06	4.00-4.90%	177,000	<u>165,000</u>
Other Long-Term Debt				
1994 Ball Fields Loan	12/13/93	5.00%	30,815	<u>5,520</u>
				<u>\$ 1,431,672</u>

See accompanying independent auditor's report.

<u>ISSUED DURING YEAR</u>	<u>REDEEMED DURING YEAR</u>	<u>BALANCE END YEAR</u>	<u>INTEREST PAID</u>	<u>INTEREST DUE AND UNPAID</u>
<u>-</u>	<u>80,000</u>	<u>325,000</u>	<u>16,693</u>	<u>-</u>
-	21,000	262,000	11,971	-
-	3,613	-	23	-
-	1,763	-	85	-
-	12,000	217,000	9,847	-
<u>-</u>	<u>35,000</u>	<u>170,000</u>	<u>9,160</u>	<u>-</u>
<u>-</u>	<u>73,376</u>	<u>649,000</u>	<u>31,086</u>	<u>-</u>
<u>-</u>	<u>15,000</u>	<u>150,000</u>	<u>7,470</u>	<u>-</u>
<u>-</u>	<u>5,520</u>	<u>-</u>	<u>152</u>	<u>-</u>
<u>-</u>	<u>173,896</u>	<u>1,124,000</u>	<u>55,401</u>	<u>-</u>

CITY OF PLEASANTVILLE

Bond and Note Maturities  
June 30, 2008

YEAR ENDING JUNE 30,	SEWER REVENUE		SEWER REVENUE		CAPITAL
	ISSUED FEBRUARY 1, 1998		ISSUED AUGUST 21, 2001		
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT	
2009	3.00	\$ 22,000	4.30	\$ 13,000	
2010	3.00	23,000	4.30	13,000	
2011	3.00	23,000	4.30	14,000	
2012	3.00	24,000	4.30	15,000	
2013	3.00	25,000	4.30	15,000	
2014	3.00	27,000	4.30	16,000	
2015	3.00	28,000	4.30	16,000	
2016	3.00	29,000	4.30	17,000	
2017	3.00	30,000	4.30	18,000	
2018	3.00	31,000		19,000	
2019		-		20,000	
2020		-		20,000	
2021		-		21,000	
TOTAL		\$ 262,000		\$ 217,000	

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		SPECIAL ASSESSMENTS	
	STREET IMPROVEMENT AND REFUNDING		STREET IMPROVEMENT	
	ISSUED MAY 15, 2006		ISSUED MAY 15, 2006	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
2009	3.90	\$ 85,000	4.20	\$ 15,000
2010	3.95	25,000	4.30	15,000
2011	4.05	25,000	4.40	20,000
2012	4.10	30,000	4.50	20,000
2013	4.15	30,000	4.60	20,000
2014	4.25	30,000	4.70	20,000
2015	4.30	30,000	4.80	20,000
2016	4.40	35,000	4.90	20,000
2017	4.50	35,000		-
		\$ 325,000		\$ 150,000

See accompanying independent auditor's report.

LOAN NOTES

ESSENTIAL CORPORATE PURPOSE

ISSUED MARCH 1, 2002

INTEREST

<u>RATE</u>	<u>AMOUNT</u>	<u>TOTAL</u>
4.30	\$ 40,000	\$ 75,000
4.45	40,000	76,000
4.60	45,000	82,000
4.75	45,000	84,000
	-	40,000
	-	43,000
	-	44,000
	-	46,000
	-	48,000
	-	50,000
	-	20,000
	-	20,000
	-	21,000
	<u>\$ 170,000</u>	<u>\$ 649,000</u>

CITY OF PLEASANTVILLE

Schedule 4

Statement of Receipts By Source  
and Disbursements By Function -  
All Governmental Funds  
For the Last Four Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts				
Property tax	\$ 292,017	259,259	259,592	265,847
Tax increment financing collections	49,782	60,705	27,932	18,829
Other city tax	153,769	170,226	148,123	137,503
Licenses and permits	5,247	3,673	2,548	3,405
Use of money and property	55,556	25,285	29,961	20,190
Intergovernmental	147,561	128,101	128,686	128,513
Charges for service	35,338	43,086	44,120	41,528
Special assessments	24,435	57,419	68,890	-
Miscellaneous	<u>79,309</u>	<u>23,455</u>	<u>36,466</u>	<u>11,601</u>
Total	<u>\$ 843,014</u>	<u>771,209</u>	<u>746,318</u>	<u>627,416</u>
Disbursements				
Operating				
Public safety	287,830	272,627	212,849	181,349
Public works	169,784	117,605	126,231	144,215
Culture and recreation	10,105	21,328	26,224	19,035
Community and economic development	151,558	156,769	226,553	197,485
General government	72,927	67,887	210,471	73,457
Debt service	175,079	137,240	257,580	90,196
Capital projects	<u>51,998</u>	<u>51,998</u>	<u>511,011</u>	<u>-</u>
Total	<u>\$ 919,281</u>	<u>825,454</u>	<u>1,570,919</u>	<u>705,737</u>

See accompanying independent auditor's report.



# Shull

and Co. P.C.  
certified public accountants

INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council:

We have audited 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 Pleasantville, Iowa as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 29, 2008. Our report expressed unqualified opinions on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pleasantville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Pleasantville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Pleasantville's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Pleasantville's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Pleasantville's financial statements that is more than inconsequential will not be prevented or detected by the City of Pleasantville's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Pleasantville's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pleasantville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of non-compliance pr other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Pleasantville's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Pleasantville's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Pleasantville and other parties to whom the City of Pleasantville may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Pleasantville 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.

SHULL & CO., P.C.

October 29, 2008

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2008

**Part I: Summary of the Independent Auditor's Results:**

- (A) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and cash disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles of the United States of America.
- (B) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) There were no major federal programs.
- (E) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (F) The City of Pleasantville did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCY:**

II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the bank deposits and the posting of the cash receipts to the general ledger and to the utility billing system are all done by the same person.

Recommendation - We realize that with a limited staff, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances. In addition, the Mayor and Council should periodically review cash receipts information to detect errors or irregularities.

Response - We will consider this.

Conclusion - Response acknowledged.

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year ended June 30, 2008

**Part III: Findings and Questioned Costs for Federal Awards:**

Not applicable

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008, exceeded the amounts budgeted in the community and economic development, 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 accordance with Chapter 384.20 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

IV-B-08 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-08 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-08 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-08 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 coverage is adequate for current operations.

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year ended June 30, 2008

**Part IV: Other Findings Related to Required Statutory Reporting (Continued):**

IV-F-08 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of Council proceedings were published, they were not published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes as required.

Response – We will publish minutes as required.

Conclusion – Response accepted.

IV-G-08 Revenue Bonds – No violations of provisions of revenue bond resolution requirements were noted.

IV-H-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.