

CITY OF PLEASANTVILLE

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

SCHEDULE OF FINDINGS

June 30, 2014



Shull
and Co. P.C.
certified public accountants

TABLE OF CONTENTS

		<u>Page</u>
Officials		2
Independent Auditors' Report		3-5
Management's Discussion and Analysis		6-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	13-16
Governmental Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	17-20
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position	C	21
Proprietary Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D	22
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position	E	23
Notes to Financial Statements		24-32
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		33-34
Notes to Other Information – Budgetary Reporting		35
Supplementary Information:	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1	36
Schedule of Indebtedness	2	37-38
Bond and Note Maturities	3	39-40
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4	41-42
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		43-44
Schedule of Findings		45-46

CITY OF PLEASANTVILLE

OFFICIALS

Name	Title	Term Expires
	Before December 2013	
Jason Anthony	Mayor	January 2014
Aaron Hurt	Mayor Protem	January 2016
Matt Dabb	Council Member	January 2016
To July 2013		
Ruby Warren	Council Member	January 2016
From September 2013		
Nick Ellis	Council Member	January 2016
John Franey	Council Member	January 2014
Jordan Van Ness	Council Member	January 2014
Joe Mrstik	City Administrator	Indefinite
Rachel Reed	City Clerk	Indefinite
Jean McCormick	Deputy City Clerk	Indefinite
Robert Benton	City Attorney	Indefinite
	After December 2013	
Bill Moore	Mayor	January 2018
Aaron Hurt	Mayor Protem	January 2016
Ruby Warren	Council Member	January 2016
Jordan Van Ness	Council Member	January 2016
John Franey	Council Member	January 2018
Anthony McDonald	Council Member	January 2018
Joe Mrstik	City Administrator	Indefinite
Rachel Reed	City Clerk	Indefinite
Jean McCormick	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:

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 Pleasantville, Iowa, as of and for the year ended June 30, 2014, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements 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 the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards of 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 of 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 that 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 Pleasantville as of June 30, 2014, 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.

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 the generally accepted accounting principles of the United States of America. Our opinion is not modified with respect to this matter.

Supplementary and Other Information

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The 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.

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 generally accepted auditing standards of 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.

The other information, Management's Discussion and Analysis and budgetary comparison information on pages 6 through 12 and 33 through 35 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 31, 2013 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 and not to provide an opinion on 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 Pleasantville's internal control over financial reporting and compliance.

Stull & Co., P.C.

December 31, 2014

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

2014 FINANCIAL HIGHLIGHTS

Receipts of the City's governmental activities increased 3%, or approximately \$23,000, from fiscal 2013 to fiscal 2014.

Disbursements increased 18%, or approximately \$131,000, in fiscal 2014 from fiscal 2013. Public safety, public works and general government increased approximately \$75,000, \$60,000 and \$10,000, respectively. Community and economic development decreased approximately \$10,000.

The City's total cash basis net position increased 6%, or approximately \$117,000, from June 30, 2013 to June 30, 2014. Of this amount, the assets of the governmental activities increased approximately \$21,000 and the assets of the business type activities increased by approximately \$96,000.

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 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.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Supplementary Information provides detailed information about the nonmajor 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 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 Position reports information which helps answer this question.

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

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

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

Business Type Activities include the waterworks 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 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 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 statement for proprietary funds is 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

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$986,294 to \$1,007,739. 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 Position of Governmental Activities	
	Year ended June 30	
	2014	2013
Receipts and transfers		
Program receipts		
Charges for service	\$ 75,439	83,685
Operating grants, contributions and restricted interest	195,553	177,175
General receipts		
Property tax	428,965	423,238
Local option sales tax	164,570	156,579
Utility tax replacement excise tax	12,320	12,567
Unrestricted interest on investments	3,338	4,614
Other general receipts	11,804	11,206
Total receipts	<u>891,989</u>	<u>869,064</u>
Disbursements		
Public safety	274,412	199,624
Public works	221,821	161,836
Culture and recreation	102,855	105,261
Community and economic development	118,113	128,576
General government	116,983	106,498
Debt service	36,360	37,635
Capital projects	-	-
Total disbursements	<u>870,544</u>	<u>739,430</u>
Change in cash basis net position before transfers	21,445	129,634
Transfers, net	<u>-</u>	<u>-</u>
Change in cash basis net position	21,445	129,634
Cash basis net position beginning of year	<u>986,294</u>	<u>856,660</u>
Cash basis net position end of year	<u>\$1,007,739</u>	<u>986,294</u>

The City's total receipts for governmental activities increased by 3%, or \$22,925. The total cost of all programs and services increased by \$131,114, or 18%.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The cost of all governmental activities this year was \$870,544 compared to \$739,430 last year. However, as shown in the Statement of Activities and Net Position on pages 13-16, the amount taxpayers ultimately financed for these activities was only \$599,552 because some of the cost was paid by those directly benefitting from the programs (\$75,439) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$195,553). The City paid for the remaining "public benefit" portion of governmental activities with approximately \$429,000 in tax (some of which could only be used for certain programs), local option sales tax receipts of approximately \$165,000 and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Position of Business Type Activities

	Year ended June 30	
	2014	2013
Receipts and transfers		
Program receipts		
Charges for service		
Water	\$ 324,955	302,736
Sewer	326,450	258,985
Operating grants, contributions and restricted interest	-	131
Capital grants, contributions and restricted interest	-	-
General receipts		
Unrestricted interest on investment	275	541
Capital loan note proceeds	-	-
Total receipts	<u>651,680</u>	<u>562,393</u>
Disbursements		
Water	309,317	229,466
Sewer	<u>246,704</u>	<u>267,928</u>
Total disbursements	<u>556,021</u>	<u>497,394</u>
Change in cash basis net position	95,659	64,999
Cash basis net position beginning of year	<u>921,897</u>	<u>856,898</u>
Cash basis net position end of year	<u>\$1,017,556</u>	<u>921,897</u>

Total business type activities receipts for the fiscal year were \$651,680 compared to \$562,393 last year. The cash balance increased by \$95,659. Total disbursements for the fiscal year increased by 12% to a total of \$556,021.

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 \$1,011,724, an increase of approximately \$21,000 from last year's total of \$990,279. 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 \$60,986 from the prior year to \$236,705.

The Road Use Tax Fund cash balance decreased \$17,777 to \$63,468 during the fiscal year.

The Local Option Sales Tax Fund cash balance increased \$120,273 from the prior year to \$452,914.

The TIF Levy Fund cash balance decreased \$24 from the prior year to \$70,072.

The Debt Service Fund cash balance decreased \$563 from the prior year to \$27,838.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water Fund cash balance decreased by \$712 to \$316,113 during the fiscal year.

The Sewer Fund cash balance increased by \$56,171 from the prior year to \$341,441.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved June 16, 2014 and resulted in a net increase of \$92,778 in budgeted disbursements. The increase was to provide for additional disbursements in certain City departments.

Even with the budget amendment, the City exceeded the amounts budgeted in the general government function for the year ended June 30, 2014.

DEBT ADMINISTRATION

At June 30, 2014, the City had \$598,000 in general obligation bonds and capital loan notes, compared to \$683,000 last year, as shown below.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	Outstanding Debt at Year-End	
	June 30,	
	2014	2013
General obligation bonds	\$ 100,000	130,000
Capital loan notes	498,000	553,000
Total	\$ 598,000	683,000

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 \$100,000 is significantly below its constitutional debt limit of \$ 3.48 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 2015 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 Rachel Reed, City Clerk, 108 West Jackson Street, Pleasantville, Iowa.

BASIC FINANCIAL STATEMENTS

CITY OF PLEASANTVILLE

Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2014

	<u>Disbursements</u>	<u>Program</u> Charges for Service
Functions / Programs:		
Governmental activities:		
Public safety	\$ 274,412	13,951
Public works	221,821	20,991
Culture and recreation	102,855	32,850
Community and economic development	118,113	-
General government	116,983	7,647
Debt service	36,360	-
Total governmental activities	<u>870,544</u>	<u>75,439</u>
Business type activities:		
Water	309,317	324,955
Sewer	246,704	326,450
Total business type activities	<u>556,021</u>	<u>651,405</u>
Total	<u>\$ 1,426,565</u>	<u>726,844</u>
 General Receipts and Transfers:		
Property tax levied for:		
General purposes		
Tax increment financing		
Debt service		
Memorial building		
Local option sales tax		
Utility tax replacement excise tax		
Unrestricted interest on investments		
Sale of assets		
Miscellaneous		
 Total general receipts and transfers		

Receipts		Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
1,546	-	(258,915)	-	(258,915)
173,169	-	(27,661)	-	(27,661)
20,838	-	(49,167)	-	(49,167)
-	-	(118,113)	-	(118,113)
-	-	(109,336)	-	(109,336)
-	-	(36,360)	-	(36,360)
<u>195,553</u>	-	<u>(599,552)</u>	-	<u>(599,552)</u>
-	-	-	15,638	15,638
-	-	-	79,746	79,746
-	-	-	95,384	95,384
<u>195,553</u>	-	<u>(599,552)</u>	<u>95,384</u>	<u>(504,168)</u>
		311,575	-	311,575
		61,629	-	61,629
		35,797	-	35,797
		19,964	-	19,964
		164,570	-	164,570
		12,320	-	12,320
		3,338	275	3,613
		-	-	-
		<u>11,804</u>	-	<u>11,804</u>
		<u>620,997</u>	<u>275</u>	<u>621,272</u>

CITY OF PLEASANTVILLE

Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2014

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted

Streets

Urban renewal purposes

Debt service

Other purposes

Unrestricted

Total cash basis net position

See notes to financial statements.

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

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
21,445	95,659	117,104
<u>986,294</u>	<u>921,897</u>	<u>1,908,191</u>
<u>1,007,739</u>	<u>1,017,556</u>	<u>2,025,295</u>
63,468	-	63,468
70,072	-	70,072
27,838	38,804	66,642
33,292	-	33,292
<u>813,069</u>	<u>978,752</u>	<u>1,791,821</u>
<u>1,007,739</u>	<u>1,017,556</u>	<u>2,025,295</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, 2014

	<u>General</u>	<u>Special Road Use Tax</u>
Receipts		
Property tax	\$ 343,859	-
Tax increment financing collections	-	-
Other city tax	-	-
Licenses and permits	6,851	-
Use of money and property	3,838	-
Intergovernmental	2,000	169,225
Charges for service	39,294	-
Special assessments	-	-
Miscellaneous	<u>38,482</u>	<u>3,944</u>
Total receipts	<u>434,324</u>	<u>173,169</u>
Disbursements		
Operating		
Public safety	257,112	-
Public works	6,197	190,946
Culture and recreation	102,855	-
Community and economic development	12,163	-
General government	116,983	-
Debt service	-	-
Total disbursements	<u>495,310</u>	<u>190,946</u>
Excess of receipts over disbursements	<u>(60,986)</u>	<u>(17,777)</u>

Revenue			Other	
Local	TIF	Debt	Nonmajor	
Option	Levy	Service	Governmental	Total
Sales Tax			Funds	
-	-	35,797	-	379,656
-	61,629	-	-	61,629
164,570	-	-	-	164,570
-	-	-	-	6,851
-	-	-	-	3,838
-	-	-	-	171,225
-	-	-	-	39,294
-	-	-	-	-
-	-	-	22,500	64,926
<u>164,570</u>	<u>61,629</u>	<u>35,797</u>	<u>22,500</u>	<u>891,989</u>
-	-	-	17,300	274,412
-	-	-	24,678	221,821
-	-	-	-	102,855
44,297	61,653	-	-	118,113
-	-	-	-	116,983
-	-	36,360	-	36,360
<u>44,297</u>	<u>61,653</u>	<u>36,360</u>	<u>41,978</u>	<u>870,544</u>
<u>120,273</u>	<u>(24)</u>	<u>(563)</u>	<u>(19,478)</u>	<u>21,445</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, 2014

	<u>General</u>	<u>Special Road Use Tax</u>
Cash balances beginning of year	<u>297,691</u>	<u>81,245</u>
Cash balances end of year	<u>\$ 236,705</u>	<u>63,468</u>
 Cash Basis Fund Balances		
Restricted for:		
Streets	\$ -	63,468
Urban renewal purposes	-	-
Debt service	-	-
Other purposes	-	-
Committed for capital projects	-	-
Assigned for other purposes	-	-
Unassigned	<u>236,705</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 236,705</u>	<u>63,468</u>

See notes to financial statements.

Revenue				Other Nonmajor Governmental Funds	
Local Option Sales Tax	TIF Levy	Debt Service			Total
<u>332,641</u>	<u>70,096</u>	<u>28,401</u>		<u>180,205</u>	<u>990,279</u>
<u>452,914</u>	<u>70,072</u>	<u>27,838</u>		<u>160,727</u>	<u>1,011,724</u>
-	-	-		-	63,468
-	70,072	-		-	70,072
-	-	27,838		-	27,838
-	-	-		33,292	33,292
-	-	-		127,435	127,435
452,914	-	-		-	452,914
<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>236,705</u>
<u>452,914</u>	<u>70,072</u>	<u>27,838</u>		<u>160,727</u>	<u>1,011,724</u>

CITY OF PLEASANTVILLE

Exhibit C

Reconciliation of the Statement of Cash
 Receipts, Disbursements and Changes in Cash
 Balances to the Cash Basis Statement of Activities and Net Position -
 Governmental Funds
 As of and for the year ended June 30, 2014

Total government funds cash balances \$ 1,011,724

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

The Internal Service Fund is used by management to charge the costs of major equipment replacement to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position. (3,985)

Cash basis net position of governmental activities \$ 1,007,739

Change in cash balances \$ 21,445

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

The Internal Service Fund is used by management to charge the costs of major equipment replacement to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position. -

Change in cash basis net position of governmental activities \$ 21,445

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, 2014

	Enterprise Funds			Total
	Water	Sewer	Other Nonmajor Equipment Replacement	
Operating receipts				
Use of money and property	\$ -	275	-	275
Charges for service	288,009	285,898	-	573,907
Miscellaneous	4,846	952	71,700	77,498
Total operating receipts	<u>292,855</u>	<u>287,125</u>	<u>71,700</u>	<u>651,680</u>
Operating disbursements				
Governmental activities				
Public safety	-	-	-	-
Public works	-	-	-	-
Business type activities				
Water	293,567	-	15,750	309,317
Sewer	-	230,954	15,750	246,704
Total operating disbursements	<u>293,567</u>	<u>230,954</u>	<u>31,500</u>	<u>556,021</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(712)</u>	<u>56,171</u>	<u>40,200</u>	<u>95,659</u>
Cash balances beginning of year	<u>316,825</u>	<u>285,270</u>	<u>315,817</u>	<u>917,912</u>
Cash balances end of year	<u>\$ 316,113</u>	<u>341,441</u>	<u>356,017</u>	<u>1,013,571</u>
Cash Basis Fund Balances				
Restricted for debt service	-	38,804	-	38,804
Unrestricted	<u>316,113</u>	<u>302,637</u>	<u>356,017</u>	<u>974,767</u>
Total cash basis fund balances	<u>\$ 316,113</u>	<u>341,441</u>	<u>356,017</u>	<u>1,013,571</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 Cash Basis Statement of Activities and Net Position -
 Proprietary Funds
 As of and for the year ended June 30, 2014

Total enterprise funds cash balances \$ 1,013,571

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

The Internal Service Fund is used by management to charge the costs of major equipment replacement to individual funds. A portion of the cash balance of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

3,985

Cash basis net position of business type activities \$ 1,017,556

Change in cash balances \$ 95,659

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

The Internal Service Fund is used by management to charge the costs of major equipment replacement to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

-

Change in cash basis net position of business type activities \$ 95,659

See notes to financial statements.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 not meeting the definition of the preceding categories. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

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 fund are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

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

The TIF Levy Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

The City reports the following major proprietary funds:

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

The Enterprise, 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.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by 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 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. 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, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in the preceding classifications.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the general government function.

2. CASH AND INVESTMENTS

The City's deposits in banks at June 30, 2014 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2014, the City had no investments subject to interest rate risk or credit risk disclosure requirements.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

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 LOAN NOTES	
	PRINCIPAL	INTEREST
2015	\$ 86,000	16,383
2016	93,000	13,917
2017	96,000	11,160
2018	63,000	8,303
2019	34,000	7,037
2020	34,000	6,268
2021	36,000	5,497
2022	15,000	4,680
2023	16,000	4,230
2024	16,000	3,750
2025	17,000	3,270
2026	17,000	2,760
2027	18,000	2,250
2028	18,000	1,710
2029	19,000	1,170
2030	20,000	600
Total	<u>\$ 598,000</u>	<u>92,985</u>

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.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

3. BONDS AND NOTES PAYABLE (CONTINUED)

- (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>
May 2002	\$ 216,145	\$ 43,577	May 2012 (extended to May 2015)
December 2003	32,080	32,033	December 2013
November 2005	125,600	96,169	June 2016
October 2007	123,000	64,558	June 2018

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

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 5.95% of their annual covered salary and the City is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$31,585, \$30,361 and \$28,017, 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, 2014, primarily relating to the General Fund, is as follows:

<u>TYPE OF BENEFIT</u>	<u>AMOUNT</u>
Vacation, holiday and compensating time	\$ 13,865
Sick leave	<u>28,277</u>
Total	<u>\$ 42,142</u>

This liability has been computed based on rates of pay as of June 30, 2014.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

7. 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.

8. CONSTRUCTION AND OTHER COMMITMENTS

The City has entered into a contract totaling \$46,500 for wastewater treatment plant facility report, project. At June 30, 2014, \$21,600 of the contract was completed. The remaining amount of the contracts will be paid as work on the project progresses.

9. ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2014. The effect of fund type reclassifications is as follows:

	Internal Service, Equipment Replacement	Capital Projects, Equipment Replacement	Enterprise non major, Equipment Replacement
Balances June 30, 2013, as previously reported	\$ 462,730	-	-
Change in fund type classification per implementation of GASB Statement No. 54	<u>(462,730)</u>	<u>146,913</u>	<u>315,817</u>
Balances July 1, 2013, as restated	<u>\$ -</u>	<u>146,913</u>	<u>315,817</u>

OTHER 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
Other Information
Year ended June 30, 2014

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to <u>to be Budgeted</u>
Receipts			
Property tax	\$ 379,656	-	-
Tax increment financing collections	61,629	-	-
Other city tax	164,570	-	-
Licenses and permits	6,851	-	-
Use of money and property	3,838	275	-
Intergovernmental	171,225	-	-
Charges for service	39,294	573,907	-
Miscellaneous	<u>64,926</u>	<u>77,498</u>	<u>94,200</u>
Total receipts	<u>891,989</u>	<u>651,680</u>	<u>94,200</u>
Disbursements			
Public safety	274,412	-	17,300
Public works	221,821	-	24,678
Culture and recreation	102,855	-	-
Community and economic development	118,113	-	-
General government	116,983	-	-
Debt service	36,360	-	-
Business type activities	-	556,021	31,500
Total disbursements	<u>870,544</u>	<u>556,021</u>	<u>73,478</u>
Excess of receipts over disbursements	21,445	95,659	20,722
Other financing sources, net	<u>-</u>	<u>-</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	21,445	95,659	20,722
Balances beginning of year	<u>990,279</u>	<u>917,912</u>	<u>462,730</u>
Balances end of year	<u><u>1,011,724</u></u>	<u><u>1,013,571</u></u>	<u><u>483,452</u></u>

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
379,656	367,815	367,815	11,841
61,629	33,000	33,000	28,629
164,570	164,440	164,440	130
6,851	5,000	5,000	1,851
4,113	-	-	4,113
171,225	160,000	160,000	11,225
613,201	708,500	708,500	(95,299)
48,224	25,000	25,000	23,224
<u>1,449,469</u>	<u>1,463,755</u>	<u>1,463,755</u>	<u>(14,286)</u>
257,112	257,483	257,483	371
197,143	208,300	208,300	11,157
102,855	226,566	106,566	3,711
118,113	144,648	264,648	146,535
116,983	97,650	116,950	(33)
36,360	42,319	42,319	5,959
524,521	696,473	696,473	171,952
<u>1,353,087</u>	<u>1,673,439</u>	<u>1,766,217</u>	<u>413,130</u>
96,382	(209,684)	(302,462)	398,844
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
96,382	(209,684)	(302,462)	398,844
<u>1,445,461</u>	<u>1,091,634</u>	<u>1,091,634</u>	<u>353,827</u>
<u>1,541,843</u>	<u>881,950</u>	<u>789,172</u>	<u>752,671</u>

CITY OF PLEASANTVILLE

Notes to Other Information –
Budgetary Reporting
June 30, 2014

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major 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. 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. 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 required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise 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 \$92,778. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the general government function.

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, 2014

	Special Revenue		Capital Projects	Total
	Emergency Levy	Ballfield Lighting	Equipment Replacement	
Receipts				
Miscellaneous	\$ -	-	22,500	22,500
Total receipts	-	-	22,500	22,500
Disbursements				
Operating				
Public safety	-	-	17,300	17,300
Public works	-	-	24,678	24,678
Total disbursements	-	-	41,978	41,978
Excess (deficiency) of receipts over (under) disbursements	-	-	(19,478)	(19,478)
Net change in cash balances	-	-	(19,478)	(19,478)
Cash balances beginning of year	27,792	5,500	146,913	180,205
Cash balances end of year	\$ 27,792	5,500	127,435	160,727
Cash Basis Fund Balances				
Restricted for:				
Other purposes	\$ 27,792	5,500	-	33,292
Committed for capital projects	-	-	127,435	127,435
Total cash basis fund balances	\$ 27,792	5,500	127,435	160,727

See accompanying independent auditor's report.

CITY OF PLEASANTVILLE

Schedule of Indebtedness
Year ended June 30, 2014

<u>OBLIGATION</u>	<u>DATE OF ISSUE</u>	<u>INTEREST RATES</u>	<u>AMOUNT ORIGINALLY ISSUED</u>	<u>BALANCE BEGINNING OF YEAR</u>
General Obligation Bonds				
2006 Street Improvement and Refunding	5/15/06	3.75-4.65%	\$ 455,000	\$ <u>130,000</u>
Capital Loan Notes				
1998 Sewer Revenue	02/01/98	1.75%	436,000	145,000
2001 Sewer Revenue	08/21/01	1.75%	440,000	147,000
2010 Sewer Revenue	2/15/10	3.00%	294,000	<u>261,000</u>
				<u>553,000</u>
				<u>\$ 683,000</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>30,000</u>	<u>100,000</u>	<u>5,860</u>	<u>-</u>
-	27,000	118,000	2,537	-
-	16,000	131,000	2,573	-
<u>-</u>	<u>12,000</u>	<u>249,000</u>	<u>7,830</u>	<u>-</u>
<u>-</u>	<u>55,000</u>	<u>498,000</u>	<u>12,940</u>	<u>-</u>
<u>-</u>	<u>85,000</u>	<u>598,000</u>	<u>18,800</u>	<u>-</u>

CITY OF PLEASANTVILLE

Bond and Note Maturities
June 30, 2014

YEAR ENDING JUNE 30,	CAPITAL			
	SEWER REVENUE		SEWER REVENUE	
	ISSUED FEBRUARY 1, 1998		ISSUED AUGUST 21, 2001	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
2015	1.75	\$ 28,000	1.75	\$ 16,000
2016	1.75	29,000	1.75	17,000
2017	1.75	30,000	1.75	18,000
2018	1.75	31,000	1.75	19,000
2019	-	-	1.75	20,000
2020	-	-	1.75	20,000
2021	-	-	1.75	21,000
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
TOTAL		<u>\$ 118,000</u>		<u>\$ 131,000</u>

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	
	STREET IMPROVEMENT AND REFUNDING	
	ISSUED MAY 15, 2006	
	INTEREST RATE	AMOUNT
2015	4.30	\$ 30,000
2016	4.40	35,000
2017	4.50	35,000
		<u>\$ 100,000</u>

See accompanying independent auditor's report.

LOAN NOTES

SEWER REVENUE		
ISSUED FEBRUARY 15, 2010		
INTEREST		
RATE	AMOUNT	TOTAL
3.00	\$ 12,000	\$ 55,000
3.00	12,000	58,000
3.00	13,000	61,000
3.00	13,000	63,000
3.00	14,000	34,000
3.00	14,000	34,000
3.00	15,000	36,000
3.00	15,000	15,000
3.00	16,000	16,000
3.00	16,000	16,000
3.00	17,000	17,000
3.00	17,000	17,000
3.00	18,000	18,000
3.00	18,000	18,000
3.00	19,000	19,000
3.00	20,000	20,000
	<u>\$ 249,000</u>	<u>\$ 497,000</u>

CITY OF PLEASANTVILLE

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts				
Property tax	\$ 379,656	359,034	368,174	356,495
Tax increment financing collections	61,629	62,402	86,829	108,406
Other city tax	164,570	170,947	196,987	164,320
Licenses and permits	6,851	9,464	3,813	2,493
Use of money and property	3,838	5,133	4,073	7,026
Intergovernmental	171,225	169,057	162,565	146,856
Charges for service	39,294	41,262	71,743	38,034
Special assessments	-	22,389	-	646
Miscellaneous	64,926	28,058	23,547	28,707
Total	<u>\$ 891,989</u>	<u>867,746</u>	<u>917,731</u>	<u>852,983</u>
Disbursements				
Operating				
Public safety	274,412	199,324	207,855	196,856
Public works	221,821	161,836	171,129	182,263
Culture and recreation	102,855	105,261	110,067	62,089
Community and economic development	118,113	128,576	217,113	140,329
General government	116,983	98,684	72,134	74,169
Debt service	36,360	37,635	86,018	83,600
Capital projects	-	-	-	84,471
Total	<u>\$ 870,544</u>	<u>731,316</u>	<u>864,316</u>	<u>823,777</u>

See accompanying independent auditor's report.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
335,292	328,356	292,017	259,259	259,592	265,847
97,839	69,702	49,782	60,705	27,932	18,829
177,664	165,228	153,769	170,226	148,123	137,503
4,769	2,455	5,247	3,673	2,548	3,405
8,071	19,122	55,556	25,285	29,961	20,190
142,575	147,046	147,561	128,101	128,686	128,513
9,619	10,690	35,338	43,086	44,120	41,528
14,765	36,149	24,435	57,419	68,890	-
20,667	10,572	79,309	23,455	36,466	11,601
<u>811,261</u>	<u>789,320</u>	<u>843,014</u>	<u>771,209</u>	<u>746,318</u>	<u>627,416</u>
187,173	226,867	287,830	272,627	212,849	181,349
167,872	168,138	169,784	117,605	126,231	144,215
10,090	9,703	10,105	21,328	26,224	19,035
145,254	165,939	151,558	156,769	226,553	197,485
77,283	72,113	72,927	67,887	210,471	73,457
224,963	169,015	175,079	137,240	257,580	90,196
245,054	157,486	51,998	51,998	511,011	-
<u>1,057,689</u>	<u>969,261</u>	<u>919,281</u>	<u>825,454</u>	<u>1,570,919</u>	<u>705,737</u>



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 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, the 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, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2014. 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 U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pleasantville'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 Pleasantville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pleasantville'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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control 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 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 a material misstatement of the City of Pleasantville's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or combination of control deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or 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 II in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 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

The City of Pleasantville's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Pleasantville's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, 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 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.

Stull & Co., P.C.

December 31, 2014

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS

Year ended June 30, 2014

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

I-A-14 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.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget – Disbursements during the year ended June 30, 2014, exceeded the amounts budgeted in general government function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 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.

II-B-14 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.

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS (CONTINUED)

Year ended June 30, 2014

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

II-C-14 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-14 Business Transactions – No business transactions between the City and City officials or employees were noted.

II-E-14 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

II-F-14 City Council Minutes - No transactions were found that we believe should have been approved in the City Council minutes but were not.

Although minutes of City 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.

II-G-14 Revenue Bonds – No violations of provisions of revenue bond resolution requirements were noted.

II-H-14 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.