

**CITY OF PLEASANTVILLE**

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

**SCHEDULE OF FINDINGS**

**June 30, 2015**



**Shull, Schrum, McClafin  
& Co., Inc.**  
certified public accountants

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CITY OF PLEASANTVILLE

OFFICIALS

Name	Title	Term Expires
	Before December 2014	
Bill Moore	Mayor	January 2018
Aaron Hurt	Mayor Protem	January 2016
Ruby Warren	Council Member	January 2016
Jordan Van Ness	Council Member	January 2018
John Franey	Council Member	January 2018
Anthony McDonald	Council Member	January 2018
To August 2014		
Phil Ray	Council Member	January 2018
From September 2014		
Joe Mrstik	City Administrator	Indefinite
Rachel Reed	City Clerk	Indefinite
Jean McCormick	Deputy City Clerk	Indefinite
Robert Benton	City Attorney	Indefinite
	After December 2014	
Bill Moore	Mayor	January 2018
Aaron Hurt	Mayor Protem	January 2016
Ruby Warren	Council Member	January 2016
Jordan Van Ness	Council Member	January 2018
John Franey	Council Member	January 2018
Phil Ray	Council Member	January 2018
Joe Mrstik	City Administrator	Indefinite
Rachel Reed	City Clerk	Indefinite
Sharon Spaur	Deputy City Clerk	Indefinite
Robert Benton	City Attorney	Indefinite



Shull, Schrum, McClafin  
& Co., Inc.  
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, 2015, 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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, 2015, 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 opinions are not modified with respect to this matter.

### Emphasis of a Matter

As disclosed in Note 5 to the financial statements, the City of Pleasantville adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

### 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, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The 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, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 6 through 12 and 35 through 42 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 November 19, 2015 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.

*Shull, Schrum, McClellan & Co., Inc.*

November 19, 2015

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

#### **2015 FINANCIAL HIGHLIGHTS**

Receipts of the City's governmental activities increased 7%, or approximately \$65,000, from fiscal 2014 to fiscal 2015.

Disbursements decreased 3%, or approximately \$27,000, in fiscal 2015 from fiscal 2014. General government and capital projects increased approximately \$22,000 and \$11,000, respectively. Public safety, public works and community and economic development decreased approximately \$19,000, \$37,000 and \$5,000, respectively.

The City's total cash basis net position increased 6%, or approximately \$124,000, from June 30, 2014 to June 30, 2015. Of this amount, the assets of the governmental activities increased approximately \$53,000 and the assets of the business type activities increased by approximately \$71,000.

#### **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 and the City's proportionate share of the net pension liability and related contributions.

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 \$1,011,724 to \$1,064,805. 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	
	2015	2014
Receipts and transfers		
Program receipts		
Charges for service	\$ 65,441	75,439
Operating grants, contributions and restricted interest	211,747	195,553
General receipts		
Property tax	489,548	428,965
Local option sales tax	163,496	164,570
Utility tax replacement excise tax	12,183	12,320
Unrestricted interest on investments	3,855	3,338
Other general receipts	10,304	11,804
Total receipts	<u>956,574</u>	<u>891,989</u>
Disbursements		
Public safety	255,541	274,412
Public works	184,786	221,821
Culture and recreation	105,407	102,855
Community and economic development	113,243	118,113
General government	138,972	116,983
Debt service	35,055	36,360
Capital projects	11,006	-
Total disbursements	<u>844,010</u>	<u>870,544</u>
Change in cash basis net position before transfers	112,564	21,445
Transfers, net	<u>(59,483)</u>	<u>-</u>
Change in cash basis net position	53,081	21,445
Cash basis net position beginning of year	<u>1,011,724</u>	<u>990,279</u>
Cash basis net position end of year	<u>\$1,064,805</u>	<u>1,011,724</u>

The City's total receipts for governmental activities increased by 7%, or \$64,585. The total cost of all programs and services decreased by \$26,534, or 3%.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The cost of all governmental activities this year was \$844,010 compared to \$870,544 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 \$566,822 because some of the cost was paid by those directly benefitting from the programs (\$65,441) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$211,747). The City paid for the remaining "public benefit" portion of governmental activities with approximately \$490,000 in tax (some of which could only be used for certain programs), local option sales tax receipts of approximately \$163,000 and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Position of Business Type Activities

	Year ended June 30	
	2015	2014
Receipts and transfers		
Program receipts		
Charges for service		
Water	\$ 288,267	324,955
Sewer	310,338	326,450
General receipts		
Unrestricted interest on investment	-	275
Total receipts	<u>598,605</u>	<u>651,680</u>
Disbursements		
Water	294,755	309,317
Sewer	<u>292,455</u>	<u>246,704</u>
Total disbursements	<u>587,210</u>	<u>556,021</u>
Change in cash basis net position before transfers	11,395	95,659
Transfers, net	<u>59,483</u>	<u>-</u>
Change in cash basis net position	70,878	95,659
Cash basis net position beginning of year	<u>1,013,571</u>	<u>917,912</u>
Cash basis net position end of year	<u>\$1,084,449</u>	<u>1,013,571</u>

Total business type activities receipts for the fiscal year were \$598,605 compared to \$651,680 last year. The cash balance increased by \$70,878. Total disbursements for the fiscal year increased by 6% to a total of \$587,210.

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 \$1,064,805, an increase of approximately \$53,000 from last year's total of \$1,011,724. 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 \$20,764 from the prior year to \$212,941.

The Road Use Tax Fund cash balance decreased \$15,030 to \$48,438 during the fiscal year.

The Local Option Sales Tax Fund cash balance increased \$114,147 from the prior year to \$567,061.

The TIF Levy Fund cash balance remained unchanged from the prior year at \$70,072.

The Debt Service Fund cash balance increased \$717 from the prior year to \$28,555.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The Water Fund cash balance decreased by \$37,581 to \$278,532 during the fiscal year.

The Sewer Fund cash balance increased by \$40,290 from the prior year to \$381,731.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved June 15, 2015 and resulted in a net increase of \$106,984 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, 2015.

**DEBT ADMINISTRATION**

At June 30, 2015, the City had \$512,000 in general obligation bonds and capital loan notes, compared to \$598,000 last year, as shown below.

CITY OF PLEASANTVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	Outstanding Debt at Year-End	
	June 30,	
	2015	2014
General obligation bonds	\$ 70,000	100,000
Capital loan notes	442,000	498,000
Total	\$ 512,000	598,000

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 \$70,000 is significantly below its constitutional debt limit of \$3.65 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 2016 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, 2015

	<u>Disbursements</u>	<u>Program</u> Charges for Service
<b>Functions / Programs:</b>		
Governmental activities:		
Public safety	\$ 255,541	6,640
Public works	184,786	9,416
Culture and recreation	105,407	34,664
Community and economic development	113,243	9,497
General government	138,972	5,224
Debt service	35,055	-
Capital projects	<u>11,006</u>	<u>-</u>
Total governmental activities	<u>844,010</u>	<u>65,441</u>
Business type activities:		
Water	294,755	288,267
Sewer	<u>292,455</u>	<u>310,338</u>
Total business type activities	<u>587,210</u>	<u>598,605</u>
Total	<u>\$ 1,431,220</u>	<u>664,046</u>
 <b>General Receipts and Transfers:</b>		
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		
Transfers		
 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
3,838	-	(245,063)	-	(245,063)
176,871	-	1,501	-	1,501
28,548	-	(42,195)	-	(42,195)
-	-	(103,746)	-	(103,746)
2,490	-	(131,258)	-	(131,258)
-	-	(35,055)	-	(35,055)
-	-	(11,006)	-	(11,006)
<u>211,747</u>	<u>-</u>	<u>(566,822)</u>	<u>-</u>	<u>(566,822)</u>
-	-	-	(6,488)	(6,488)
-	-	-	17,883	17,883
-	-	-	11,395	11,395
<u>211,747</u>	<u>-</u>	<u>(566,822)</u>	<u>11,395</u>	<u>(555,427)</u>
		342,011	-	342,011
		72,044	-	72,044
		34,559	-	34,559
		40,934	-	40,934
		163,496	-	163,496
		12,183	-	12,183
		3,855	-	3,855
		-	-	-
		10,304	-	10,304
		(59,483)	59,483	-
		<u>619,903</u>	<u>59,483</u>	<u>679,386</u>

CITY OF PLEASANTVILLE

Cash Basis Statement of Activities and Net Position  
As of and for the year ended June 30, 2015

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>
53,081	70,878	123,959
<u>1,011,724</u>	<u>1,013,571</u>	<u>2,025,295</u>
<u>1,064,805</u>	<u>1,084,449</u>	<u>2,149,254</u>
48,438	-	48,438
70,072	-	70,072
28,555	38,935	67,490
33,292	-	33,292
<u>884,448</u>	<u>1,045,514</u>	<u>1,929,962</u>
<u>1,064,805</u>	<u>1,084,449</u>	<u>2,149,254</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, 2015

	General	Special Road Use Tax
<b>Receipts</b>		
Property tax	\$ 382,424	-
Tax increment financing collections	-	-
Other city tax	11,491	-
Licenses and permits	13,887	-
Use of money and property	6,864	-
Intergovernmental	5,450	176,146
Charges for service	40,037	-
Miscellaneous	48,238	725
Total receipts	<u>508,391</u>	<u>176,871</u>
<b>Disbursements</b>		
Operating		
Public safety	255,541	-
Public works	9,885	174,901
Culture and recreation	105,407	-
Community and economic development	11,850	-
General government	138,972	-
Debt service	-	-
Capital projects	-	-
Total disbursements	<u>521,655</u>	<u>174,901</u>
Excess of receipts over disbursements	<u>(13,264)</u>	<u>1,970</u>

Revenue			Other	
Local	TIF	Debt	Nonmajor	
Option	Levy	Service	Governmental	Total
Sales Tax			Funds	
-	-	34,559	-	416,983
-	72,044	-	-	72,044
163,496	-	1,213	-	176,200
-	-	-	-	13,887
-	-	-	-	6,864
-	-	-	-	181,596
-	-	-	-	40,037
-	-	-	-	48,963
<u>163,496</u>	<u>72,044</u>	<u>35,772</u>	<u>-</u>	<u>956,574</u>
-	-	-	-	255,541
-	-	-	-	184,786
-	-	-	-	105,407
29,349	72,044	-	-	113,243
-	-	-	-	138,972
-	-	35,055	-	35,055
-	-	-	11,006	11,006
<u>29,349</u>	<u>72,044</u>	<u>35,055</u>	<u>11,006</u>	<u>844,010</u>
<u>134,147</u>	<u>-</u>	<u>717</u>	<u>(11,006)</u>	<u>112,564</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, 2015

	<u>General</u>	<u>Special Road Use Tax</u>
Cash balances beginning of year	<u>236,705</u>	<u>63,468</u>
Cash balances end of year	<u>\$ 212,941</u>	<u>48,438</u>
 <b>Cash Basis Fund Balances</b>		
Restricted for:		
Streets	\$ -	48,438
Urban renewal purposes	-	-
Debt service	-	-
Other purposes	-	-
Committed for capital projects	-	-
Assigned for other purposes	-	-
Unassigned	<u>212,941</u>	<u>-</u>
 Total cash basis fund balances	 <u>\$ 212,941</u>	 <u>48,438</u>

See notes to financial statements.

Revenue			Other	
Local	TIF	Debt	Nonmajor	
Option	Levy	Service	Governmental	Total
Sales Tax			Funds	
<u>452,914</u>	<u>70,072</u>	<u>27,838</u>	<u>160,727</u>	<u>1,011,724</u>
<u>567,061</u>	<u>70,072</u>	<u>28,555</u>	<u>137,738</u>	<u>1,064,805</u>
-	-	-	-	48,438
-	70,072	-	-	70,072
-	-	28,555	-	28,555
-	-	-	33,292	33,292
-	-	-	104,446	104,446
567,061	-	-	-	567,061
-	-	-	-	212,941
<u>567,061</u>	<u>70,072</u>	<u>28,555</u>	<u>137,738</u>	<u>1,064,805</u>

CITY OF PLEASANTVILLE

Exhibit C

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Proprietary Funds  
As of and for the year ended June 30, 2015

	Enterprise Funds			Total
	Water	Sewer	Other Nonmajor Equipment Replacement	
<b>Operating receipts</b>				
Charges for service	\$ 282,149	310,338	-	592,487
Miscellaneous	6,118	-	-	6,118
Total operating receipts	<u>288,267</u>	<u>310,338</u>	<u>-</u>	<u>598,605</u>
<b>Operating disbursements</b>				
Business type activities				
Water	283,748	-	11,007	294,755
Sewer	-	212,874	11,007	223,881
Total operating disbursements	<u>283,748</u>	<u>212,874</u>	<u>22,014</u>	<u>518,636</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>4,519</u>	<u>97,464</u>	<u>(22,014)</u>	<u>79,969</u>
<b>Non-operating receipts (disbursements)</b>				
Debt service	-	(68,574)	-	(68,574)
Excess of receipts over disbursements	4,519	28,890	(22,014)	11,395
Transfers in (out)	<u>(42,100)</u>	<u>11,400</u>	<u>90,183</u>	<u>59,483</u>
Net change in cash balances	(37,581)	40,290	68,169	70,878
Cash balances beginning of year	<u>316,113</u>	<u>341,441</u>	<u>356,017</u>	<u>1,013,571</u>
Cash balances end of year	<u>\$ 278,532</u>	<u>381,731</u>	<u>424,186</u>	<u>1,084,449</u>
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	-	38,935	-	38,935
Unrestricted	<u>278,532</u>	<u>342,796</u>	<u>424,186</u>	<u>1,045,514</u>
Total cash basis fund balances	<u>\$ 278,532</u>	<u>381,731</u>	<u>424,186</u>	<u>1,084,449</u>

See notes to financial statements.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**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, 2015

**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, 2015

**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.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**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, 2015

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the general government function.

**2. CASH AND INVESTMENTS**

The City's deposits in banks at June 30, 2015 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Interest rate risk – The City's investment policy limits the investment of operating funds (Funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**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	\$ 598,000	92,985

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, 2015

**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	\$ 3,763	May 2012 (extended to May 2015)
December 2003	32,080	32,011	December 2013
November 2005	125,600	78,550	June 2016
October 2007	123,000	49,969	June 2018

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**5. PENSION PLAN**

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

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

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

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

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

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

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**5. PENSION PLAN (CONTINUED)**

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

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

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$32,251.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$98,884. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.0024934 percent, which was a decrease of 0.0010672 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$12,434, \$7,102 and \$81,755 respectively.

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**5. PENSION PLAN (CONTINUED)**

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

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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**5. PENSION PLAN (CONTINUED)**

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$275,855	\$ 98,884	\$(50,408)

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

**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, 2015, primarily relating to the General Fund, is as follows:

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**6. COMPENSATED ABSENCES (CONTINUED)**

<u>TYPE OF BENEFIT</u>	<u>AMOUNT</u>
Vacation, holiday and compensating time	\$ 15,632
Sick leave	<u>27,566</u>
Total	<u>\$ 43,198</u>

This liability has been computed based on rates of pay as of June 30, 2015.

**7. INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects:		
Equipment Replacement	General	\$ 10,500
	Special Revenue:	
	Road Use Tax	<u>17,000</u>
		<u>27,500</u>
Enterprise:		
Sewer	Special Revenue:	
	Local Option Sales Tax	<u>20,000</u>
Equipment Replacement	Capital Projects:	
	Equipment Replacement	39,483
	Enterprise:	
	Water	42,100
	Sewer	<u>8,600</u>
		<u>90,183</u>
		<u>\$ 137,683</u>

CITY OF PLEASANTVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

**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 \$415,800 for engineering on a wastewater treatment plant improvement project and a street feasibility study. At June 30, 2015, \$133,012 of the contracts were completed. The remaining amount of the contracts will be paid as work on the projects progress.

**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, 2015

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to to be Budgeted
<b>Receipts</b>			
Property tax	\$ 416,983	-	-
Tax increment financing collections	72,044	-	-
Other city tax	176,200	-	-
Licenses and permits	13,887	-	-
Use of money and property	6,864	-	-
Intergovernmental	181,596	-	-
Charges for service	40,037	592,487	-
Miscellaneous	<u>48,963</u>	<u>6,118</u>	-
Total receipts	<u>956,574</u>	<u>598,605</u>	<u>-</u>
<b>Disbursements</b>			
Public safety	255,541	-	-
Public works	184,786	-	-
Culture and recreation	105,407	-	-
Community and economic development	113,243	-	-
General government	138,972	-	-
Debt service	35,055	-	-
Capital projects	11,006	-	-
Business type activities	-	587,210	-
Total disbursements	<u>844,010</u>	<u>587,210</u>	<u>-</u>
Excess of receipts over disbursements	112,564	11,395	-
Other financing sources, net	<u>(59,483)</u>	<u>59,483</u>	<u>-</u>
Excess of receipts and other financing sources over disbursements and other financing uses	53,081	70,878	-
Balances beginning of year	<u>1,011,724</u>	<u>1,013,571</u>	<u>-</u>
Balances end of year	<u><u>1,064,805</u></u>	<u><u>1,084,449</u></u>	<u><u>-</u></u>

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
416,983	385,263	385,263	31,720
72,044	67,579	67,579	4,465
176,200	169,604	189,604	(13,404)
13,887	5,000	12,335	1,552
6,864	4,500	9,200	(2,336)
181,596	168,432	168,432	13,164
632,524	586,000	605,932	26,592
55,081	32,000	32,000	23,081
<u>1,555,179</u>	<u>1,418,378</u>	<u>1,470,345</u>	<u>84,834</u>
255,541	263,862	263,862	8,321
184,786	217,700	217,700	32,914
105,407	132,066	114,066	8,659
113,243	88,279	143,901	30,658
138,972	108,592	136,292	(2,680)
35,055	34,555	35,055	-
11,006	-	41,162	30,156
587,210	602,828	602,828	15,618
<u>1,431,220</u>	<u>1,447,882</u>	<u>1,554,866</u>	<u>123,646</u>
123,959	(29,504)	(84,521)	208,480
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
123,959	(29,504)	(84,521)	208,480
<u>2,025,295</u>	<u>1,415,574</u>	<u>1,415,574</u>	<u>609,721</u>
<u>2,149,254</u>	<u>1,386,070</u>	<u>1,331,053</u>	<u>818,201</u>

CITY OF PLEASANTVILLE

Notes to Other Information –  
Budgetary Reporting  
June 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major 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 \$106,984. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the general government function.

CITY OF PLEASANTVILLE

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.0024934%
City's proportionate share of the net pension liability	\$ 98,884
City's covered-employee payroll	\$ 343,539
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	28.78%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

CITY OF PLEASANTVILLE

Schedule of City Contributions

Iowa Public Employees' Retirement System  
Last 10 Fiscal Years

Other Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 32,251	31,585	30,361	28,017
Contributions in relation to the statutorily required contribution	<u>(32,251)</u>	<u>(31,585)</u>	<u>(30,361)</u>	<u>(28,017)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$343,539	338,787	330,077	321,258
Contributions as a percentage of covered-employee payroll	9.39%	9.32%	9.20%	8.72%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
20,685	17,489	17,651	18,429	15,810	13,508
<u>(20,685)</u>	<u>(17,489)</u>	<u>(17,651)</u>	<u>(18,429)</u>	<u>(15,810)</u>	<u>(13,508)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
259,042	223,822	238,313	255,070	209,529	199,583
7.99%	7.81%	7.41%	7.23%	7.55%	6.77%

## CITY OF PLEASANTVILLE

### Notes to Other Information – Pension Liability

Year ended June 30, 2015

#### Changes of benefit terms:

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

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

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

#### Changes of assumptions:

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

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

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

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

CITY OF PLEASANTVILLE

Notes to Other Information – Pension Liability (Continued)

Year ended June 30, 2015

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

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

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

**SUPPLEMENTARY INFORMATION**

CITY OF 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, 2015

	Special Revenue		Capital Projects	Total
	Emergency Levy	Ballfield Lighting	Equipment Replacement	
Receipts				
Miscellaneous	\$ -	-	-	-
Total receipts	-	-	-	-
Disbursements				
Operating				
Capital projects	-	-	11,006	11,006
Excess (deficiency) of receipts over (under) disbursements	-	-	(11,006)	(11,006)
Other financing uses				
Operating transfers in (out)	-	-	(11,983)	(11,983)
Net change in cash balances	-	-	(22,989)	(22,989)
Cash balances beginning of year	27,792	5,500	127,435	160,727
Cash balances end of year	\$ 27,792	5,500	104,446	137,738
Cash Basis Fund Balances				
Restricted for:				
Other purposes	\$ 27,792	5,500	-	33,292
Committed for capital projects	-	-	104,446	104,446
Total cash basis fund balances	\$ 27,792	5,500	104,446	137,738

See accompanying independent auditor's report.

CITY OF PLEASANTVILLE

Schedule of Indebtedness  
Year ended June 30, 2015

<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>100,000</u>
Capital Loan Notes				
1998 Sewer Revenue	02/01/98	1.75%	436,000	118,000
2001 Sewer Revenue	08/21/01	1.75%	440,000	131,000
2010 Sewer Revenue	2/15/10	3.00%	294,000	<u>249,000</u>
				<u>498,000</u>
				<u>\$ 598,000</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>70,000</u>	<u>4,555</u>	<u>-</u>
-	28,000	90,000	2,065	-
-	16,000	115,000	2,292	-
<u>-</u>	<u>12,000</u>	<u>237,000</u>	<u>7,470</u>	<u>-</u>
<u>-</u>	<u>56,000</u>	<u>442,000</u>	<u>11,827</u>	<u>-</u>
<u>-</u>	<u>86,000</u>	<u>512,000</u>	<u>16,382</u>	<u>-</u>

CITY OF PLEASANTVILLE

Bond and Note Maturities  
June 30, 2015

YEAR ENDING JUNE 30,	CAPITAL			
	SEWER REVENUE		SEWER REVENUE	
	ISSUED FEBRUARY 1, 1998		ISSUED AUGUST 21, 2001	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
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>\$ 90,000</u>		<u>\$ 115,000</u>

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS	
	STREET IMPROVEMENT AND REFUNDING	
	ISSUED MAY 15, 2006	
INTEREST RATE	AMOUNT	
2016	4.40	\$ 35,000
2017	4.50	35,000
		<u>\$ 70,000</u>

See accompanying independent auditor's report.

## LOAN NOTES

SEWER REVENUE		
ISSUED FEBRUARY 15, 2010		
INTEREST		
RATE	AMOUNT	TOTAL
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>\$ 237,000</u>	<u>\$ 442,000</u>

CITY OF PLEASANTVILLE

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Receipts</b>				
Property tax	\$ 416,983	379,656	359,034	368,174
Tax increment financing collections	72,044	61,629	62,402	86,829
Other city tax	176,200	164,570	170,947	196,987
Licenses and permits	13,887	6,851	9,464	3,813
Use of money and property	6,864	3,838	5,133	4,073
Intergovernmental	181,596	171,225	169,057	162,565
Charges for service	40,037	39,294	41,262	71,743
Special assessments	-	-	22,389	-
Miscellaneous	48,963	64,926	28,058	23,547
<b>Total</b>	<u>\$ 956,574</u>	<u>891,989</u>	<u>867,746</u>	<u>917,731</u>
<b>Disbursements</b>				
<b>Operating</b>				
Public safety	255,541	274,412	199,324	207,855
Public works	184,786	221,821	161,836	171,129
Culture and recreation	105,407	102,855	105,261	110,067
Community and economic development	113,243	118,113	128,576	217,113
General government	138,972	116,983	98,684	72,134
Debt service	35,055	36,360	37,635	86,018
Capital projects	11,006	-	-	-
<b>Total</b>	<u>\$ 844,010</u>	<u>870,544</u>	<u>731,316</u>	<u>864,316</u>

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
356,495	335,292	328,356	292,017	259,259	259,592
108,406	97,839	69,702	49,782	60,705	27,932
164,320	177,664	165,228	153,769	170,226	148,123
2,493	4,769	2,455	5,247	3,673	2,548
7,026	8,071	19,122	55,556	25,285	29,961
146,856	142,575	147,046	147,561	128,101	128,686
38,034	9,619	10,690	35,338	43,086	44,120
646	14,765	36,149	24,435	57,419	68,890
28,707	20,667	10,572	79,309	23,455	36,466
<u>852,983</u>	<u>811,261</u>	<u>789,320</u>	<u>843,014</u>	<u>771,209</u>	<u>746,318</u>
196,856	187,173	226,867	287,830	272,627	212,849
182,263	167,872	168,138	169,784	117,605	126,231
62,089	10,090	9,703	10,105	21,328	26,224
140,329	145,254	165,939	151,558	156,769	226,553
74,169	77,283	72,113	72,927	67,887	210,471
83,600	224,963	169,015	175,079	137,240	257,580
84,471	245,054	157,486	51,998	51,998	511,011
<u>823,777</u>	<u>1,057,689</u>	<u>969,261</u>	<u>919,281</u>	<u>825,454</u>	<u>1,570,919</u>



# Shull, Schrum, McClafin & Co., Inc.

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, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than 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 deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be a material weaknesses.

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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, 2015 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.

*Shull, Schrum, McCloftin & Co., Inc.*

November 19, 2015

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS

Year ended June 30, 2015

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

**INTERNAL CONTROL DEFICIENCY:**

I-A-15      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.

I-B-15      Financial Reporting - During the audit, we identified a misposting of utility collection adjustments between the Water and Sewer funds. Adjustments were subsequently made by the City to properly report these amounts in the City's financial statements.

Recommendation - The City should implement procedures to ensure all entries are properly recorded in the City's financial statements.

Response - We will double check this in the future to avoid posting errors.

Conclusion - Response acknowledged.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS (CONTINUED)  
Year ended June 30, 2015

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

II-A-15      Certified Budget – Disbursements during the year ended June 30, 2015, 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-15      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.

II-C-15      Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-15      Business Transactions – No business transactions between the City and City officials or employees were noted.

II-E-15      Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

II-F-15      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.

CITY OF PLEASANTVILLE

SCHEDULE OF FINDINGS (CONTINUED)

Year ended June 30, 2015

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

- II-G-15      Revenue Bonds – No violations of provisions of revenue bond resolution requirements were noted.
- II-H-15      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.