

City of Pleasant Hill

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2020

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**City of Pleasant Hill
OFFICIALS**

Before January 2020

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Sara Kurovski	Mayor	December 2021
Mark A. Konrad	Mayor pro tem, Council Member	December 2019
Ross Grooters	Council Member	December 2021
Dean Cooper	Council Member	December 2021
Barb Malone	Council Member	December 2019
Curt Gause	Council Member	December 2019
Benjamin Champ	City Manager	Indefinite
Dena Spooner	City Clerk/Finance Director	Indefinite
Brad Skinner	Attorney	Indefinite

After January 2020

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Sara Kurovski	Mayor	December 2021
Mark A. Konrad	Mayor pro tem, Council Member	December 2023
Ross Grooters	Council Member	December 2021
Dean Cooper	Council Member	December 2021
Leonard Murray	Council Member	December 2023
Curt Gause	Council Member	December 2023
Benjamin Champ	City Manager	Indefinite
Dena Spooner	City Clerk/Finance Director	Indefinite
Brad Skinner	Attorney	Indefinite



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Pleasant Hill
Pleasant Hill, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill, Iowa (the City), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Pleasant Hill, Iowa as of June 30, 2020, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pleasant Hill'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 eight years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the year ended June 30, 2011 (which are not presented herein) were audited by other auditors whose report dated October 31, 2011 stated that they expressed an unmodified opinion on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 6 including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 11 and 35 through 41 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 October 12, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Pleasant Hill (City) 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, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The City's governmental activities' receipts increased 156.8% or approximately \$21,139,000 from fiscal year 2019. Capital grants increased approximately \$1,825,000, total taxes increased approximately \$1,534,000, and bond proceeds increased approximately \$17,919,000.
- City program disbursements increased 82.1% or approximately \$13,631,000 from fiscal year 2019. The net increase was mostly a result of the approximate \$528,000 increase to debt service, and the approximate \$12,546,000 increase to capital projects.
- The City's total cash basis net position at June 30, 2020 increased approximately 22.3% or approximately \$4,935,000 from June 30, 2019. Of this amount, the City's governmental funds cash basis net position increased approximately \$4,331,000 (22.7%), the net position of the enterprise funds increased approximately \$562,000 (19.0%), and the net position of the internal service fund increased by approximately \$43,000 (29.3%).

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statement consists of a Statement of Activities and Net Position - Cash Basis. 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 financial statement by providing information about the most significant funds.

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

Other information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detail information about the nonmajor governmental funds, nonmajor proprietary funds, the City's indebtedness and receipts by source and disbursements by function, along with the schedule of expenditures of federal awards.

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, "How do the City's finances compare at the end of this fiscal year to the last fiscal year?". The Statement of Activities and Net Position - Cash Basis reports information which helps answer this question.

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property and other taxes finance most of these activities.
- Business Type Activities include the waterworks, the sanitary sewer, storm water and solid waste system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent 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 four Enterprise Funds to provide separate information for the Water, Sewer, Solid Waste, and Storm Water Funds. 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 propriety 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

Governmental Activities

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 from approximately \$19,189,000 to \$23,562,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 824	\$ 792
Operating grants, contributions and restricted interest	1,453	1,535
Capital grants, contributions and restricted interest	1,839	14
General receipts:		
Property tax	9,199	8,995
Hotel motel tax	143	183
Other tax	2,737	1,367
Unrestricted interest on investments	284	227
Bond proceeds	17,919	—
Other general receipts	219	365
Total receipts	<u>34,617</u>	<u>13,478</u>
Disbursements:		
Public safety	3,902	3,583
Public works	1,519	1,286
Health and social services	21	20
Culture and recreation	1,321	1,348
Community and economic development	621	662
General government	1,333	1,260
Debt service	2,565	2,037
Capital projects	18,962	6,417
Total disbursements	<u>30,244</u>	<u>16,613</u>
Change in cash basis net position before transfers	4,373	(3,135)
Transfers, net	<u>—</u>	<u>(1,000)</u>
Change in cash basis net position	4,373	(4,135)
Cash basis net position beginning of year	<u>19,189</u>	<u>23,324</u>
Cash basis net position end of year	<u>\$ 23,562</u>	<u>\$ 19,189</u>

The City's total receipts for governmental activities increased by approximately \$21,139,000 (156.8%) due to the increase in capital grants, taxes, and bond proceeds during the year ended June 30, 2020. The total cost of all programs and services increased by approximately \$13,631,000 (82.1%) primarily due to the increases in debt service and capital projects.

The cost of all governmental activities this year was approximately \$30,244,000 compared to \$16,613,000 in the prior year. However, as shown in the Statement of Activities and Net Position - Cash Basis on pages 13-14, the amount that our taxpayers ultimately financed for these activities through City taxes was \$26,127,000 because some of the cost was paid by those who directly benefit from the programs (approximately \$824,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$3,292,000). Overall, the City's governmental programs receipts, including intergovernmental aid and fees for services, was approximately \$4,116,000 compared to \$2,341,000 in the prior year. The city paid for the remaining "public benefit" portion of governmental activities with approximately \$12,079,000 of tax receipts (some of which could only be used for certain programs), with approximately \$17,919,000 in bond proceeds, with cash reserves and other receipts, such as interest and general receipts.

Business Type Activities

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)

	Year ended June 30	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 1,964	\$ 1,623
Other	751	722
General Receipts:		
Unrestricted interest on investments	39	17
Other	111	12
Total receipts	<u>2,865</u>	<u>2,374</u>
Disbursements:		
Sewer	1,780	1,436
Other	523	575
Total disbursements	<u>2,303</u>	<u>2,011</u>
Change in cash basis net position before transfers	562	363
Transfers, net	<u>—</u>	<u>1,000</u>
Change in cash basis net position	562	1,363
Cash basis net position beginning of year	<u>2,954</u>	<u>1,591</u>
Cash basis net position end of year	<u>\$ 3,516</u>	<u>\$ 2,954</u>

Total business type activities receipts for the fiscal year were approximately \$2,865,000 compared to \$2,374,000 last year. This increase was due primarily to an increase in sewer charges. The cash basis net position increased by approximately \$562,000 from the prior year mostly due to the excess of sewer charges over sewer disbursements. Total disbursements for the fiscal year increased by approximately 14.5% to a total of \$2,303,000 due to increases in the sewer disbursements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Pleasant Hill completed the year, its governmental funds reported a combined fund balance of approximately \$23,372,000, an increase of approximately \$4,331,000 from prior year's total of approximately \$19,041,000. The following are the major reasons for the changes in fund balances from the prior year for the City's major funds.

Governmental Funds

- The General Fund is the main operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was approximately \$5,134,000, an increase of approximately \$642,000 from the prior year. This increase was mainly due to the net transfers into the fund.
- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's business district. At the end of the fiscal year, the fund balance was approximately \$1,948,000, a decrease of approximately \$26,000 over the previous year. This small decrease was a result of the net outgoing transfers just slightly exceeding the net receipts in the fund.
- The Special Revenue, Road Use Tax Fund cash balance decreased by approximately \$196,000 to \$855,000 at the end of the fiscal year. The decrease was due to public works disbursements exceeding intergovernmental receipts.
- The Capital Projects Fund was established to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds. At the end of the fiscal year, the fund balance was approximately \$14,795,000, an increase of approximately \$3,484,000 from the prior year. The increase was the result of the excess of bond proceeds and receipts over capital projects disbursements.

Individual Major Proprietary Fund Analysis

- The cash balance of the Sewer Fund increased by \$1,241,000 to \$2,164,000 primarily as a result of net transfers into the fund.
- The cash balance of the Water Fund decreased by \$874,000 to \$667,000 primarily as a result of net transfers out of the fund.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. This amendment was approved to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were approximately \$7,900,000 less than budgeted. This was primarily due to amounts budgeted for intergovernmental collections.

With the budget amendment, total disbursements were approximately \$22,400,000 less than the amended budget. This was primarily due to capital projects disbursements being far less than the amended budget. Actual disbursements for the capital project fund were \$20,665,000 less than the amended budget.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$21,120,000 in bonds outstanding compared to \$6,555,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30	
	2020	2019
General obligation bonds	\$ <u>21,120</u>	\$ <u>6,555</u>

The increase in debt obligations is due primarily to issuance of general obligation bonds during the fiscal year.

The City carries a general obligation bond rating of Aa3 assigned by a national rating agency to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed valuation of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$21,120,000 plus its tax increment financing rebate agreements of \$25,000 are below the City's \$64.32 million legal debt limit. The outstanding general obligation debt is 32.87% of the legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3 and 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2021 fiscal year budget, tax rates and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 2010 census is estimated at 14%. Unemployment in the metro area as of June, 2020 stands at 9.3%. This compares with the state unemployment rate of 8.4%.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for June, 2020 was 257.797. For the 12 month period that ended in June, 2020 the CPI-U increased .65%.

These indicators were taken into account when adopting the budget for 2021. Budgeted disbursements are expected to increase by approximately \$23.6 million and budgeted receipts are expected to increase approximately \$14.3 million. Increases are related primarily to budgeted capital project expenditures and corresponding debt proceeds as well as intergovernmental receipts.

If these estimates are realized, the City's budgeted cash balance is expected to decrease by approximately \$22,300,000 by the close of fiscal year 2021.

The coronavirus pandemic was declared a public emergency by the Governor of the State of Iowa on March 17, 2020, shortly after the City approved its FY 2021 budget. The coronavirus pandemic has resulted in economic uncertainties throughout the local economy which may have adverse effects on the City's financial condition. However, the significance and nature of these effects are not known at this time. The City is closely monitoring the effects of the pandemic on its financial condition and may amend its budget forecast accordingly.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers 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 any questions about this report or need additional financial information contact Benjamin Champ, City Manager, 515-262-9368.

BASIC FINANCIAL STATEMENTS

City of Pleasant Hill
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS
As of and for the year ended June 30, 2020

		Program receipts		
		Charges	Operating grants,	Capital grants,
	<u>Disbursements</u>	<u>for service</u>	<u>contributions, and</u>	<u>contributions, and</u>
			<u>restricted interest</u>	<u>restricted interest</u>
FUNCTIONS/PROGRAMS				
Governmental activities				
Public safety	\$ 3,901,717	\$ 411,352	\$ 284,686	\$ —
Public works	1,518,893	—	1,129,210	—
Health and social services	21,053	—	—	—
Culture and recreation	1,321,396	53,833	39,431	—
Community and economic development	620,832	235,650	—	—
General government	1,333,413	123,154	—	—
Debt service	2,564,745	—	—	—
Capital projects	<u>18,962,013</u>	<u>—</u>	<u>—</u>	<u>1,838,906</u>
Total governmental activities	<u>30,244,062</u>	<u>823,989</u>	<u>1,453,327</u>	<u>1,838,906</u>
Business type activities				
Sewer	1,780,100	1,963,920	—	—
Other	<u>522,730</u>	<u>751,047</u>	<u>—</u>	<u>—</u>
Total business type activities	<u>2,302,830</u>	<u>2,714,967</u>	<u>—</u>	<u>—</u>
Total	<u>\$32,546,892</u>	<u>\$3,538,956</u>	<u>\$1,453,327</u>	<u>\$1,838,906</u>

GENERAL RECEIPTS

Property and other city tax levied for
 General purposes
 Debt service
Tax increment financing
Hotel motel tax
Other tax
Commercial/industrial tax replacement
Unrestricted investment earnings
Bond proceeds
Miscellaneous
 Total general receipts
Change in cash basis net assets

CASH BASIS NET POSITION, beginning of year

CASH BASIS NET POSITION, end of year

CASH BASIS NET POSITION

Restricted
 Nonexpendable
 Cemetery perpetual care
 Expendable
 Streets
 Urban renewal purposes
 Capital projects
 Debt service
 Other purposes
Unrestricted

Total cash basis net assets

See Notes to Financial Statements.

Exhibit A

**Net (disbursements) receipts and
changes in cash basis net position**

Governmental activities	Business type activities	Total
\$ (3,205,679)	\$ —	\$ (3,205,679)
(389,683)	—	(389,683)
(21,053)	—	(21,053)
(1,228,132)	—	(1,228,132)
(385,182)	—	(385,182)
(1,210,259)	—	(1,210,259)
(2,564,745)	—	(2,564,745)
<u>(17,123,107)</u>	<u>—</u>	<u>(17,123,107)</u>
<u>(26,127,840)</u>	<u>—</u>	<u>(26,127,840)</u>
—	183,820	183,820
<u>—</u>	<u>228,317</u>	<u>228,317</u>
<u>—</u>	<u>412,137</u>	<u>412,137</u>
<u>(26,127,840)</u>	<u>412,137</u>	<u>(25,715,703)</u>
5,045,918	—	5,045,918
308,224	—	308,224
3,647,483	—	3,647,483
142,762	—	142,762
2,736,834	—	2,736,834
197,258	—	197,258
284,123	38,875	322,998
17,919,311	—	17,919,311
<u>219,604</u>	<u>111,088</u>	<u>330,692</u>
<u>30,501,517</u>	<u>149,963</u>	<u>30,651,480</u>
4,373,677	562,100	4,935,777
<u>19,188,753</u>	<u>2,953,847</u>	<u>22,142,600</u>
<u>\$23,562,430</u>	<u>\$3,515,947</u>	<u>\$27,078,377</u>
\$ 89,688	\$ —	\$ 89,688
855,125	—	855,125
1,947,647	—	1,947,647
14,795,128	—	14,795,128
63,225	—	63,225
487,511	24,315	511,826
<u>5,324,106</u>	<u>3,491,632</u>	<u>8,815,738</u>
<u>\$23,562,430</u>	<u>\$3,515,947</u>	<u>\$27,078,377</u>

City of Pleasant Hill
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the year ended June 30, 2020

		Special revenue	
	General	Urban Renewal Tax Increment	Road Use Tax
RECEIPTS			
Property tax	\$3,786,576	\$ —	\$ —
Tax increment financing	—	3,647,483	—
Other city tax	1,255,225	—	—
Licenses and permits	309,966	—	—
Use of money and property	108,891	23,282	—
Intergovernmental	387,326	107,084	1,129,210
Charges for service	465,185	—	—
Miscellaneous	164,707	10,369	—
Total receipts	<u>6,477,876</u>	<u>3,788,218</u>	<u>1,129,210</u>
DISBURSEMENTS			
Operating			
Public safety	3,489,718	—	—
Public works	194,010	—	1,324,883
Health and social services	21,053	—	—
Culture and recreation	1,262,164	—	—
Community and economic development	611,546	9,286	—
General government	1,333,413	—	—
Debt service	—	—	—
Capital projects	—	—	—
Total disbursements	<u>6,911,904</u>	<u>9,286</u>	<u>1,324,883</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(434,028)</u>	<u>3,778,932</u>	<u>(195,673)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	—	—	—
Operating transfers in	1,489,449	2,500,000	—
Operating transfers out	<u>(412,996)</u>	<u>(6,305,050)</u>	<u>—</u>
Total other financing sources (uses)	<u>1,076,453</u>	<u>(3,805,050)</u>	<u>—</u>
Net change in cash balances	642,425	(26,118)	(195,673)
CASH BALANCES, beginning of year	<u>4,491,472</u>	<u>1,973,765</u>	<u>1,050,798</u>
CASH BALANCES, end of year	<u>\$5,133,897</u>	<u>\$1,947,647</u>	<u>\$ 855,125</u>
CASH BASIS FUND BALANCES			
Nonspendable - cemetery perpetual care	\$ —	\$ —	\$ —
Restricted for			
Urban renewal purposes	—	1,947,647	—
Debt service	—	—	—
Streets	—	—	855,125
Other purposes	—	—	—
Unassigned	<u>5,133,897</u>	<u>—</u>	<u>—</u>
Total cash basis fund balances	<u>\$5,133,897</u>	<u>\$1,947,647</u>	<u>\$ 855,125</u>

See Notes to Financial Statements.

Exhibit B

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 308,224	\$ —	\$1,259,342	\$ 5,354,142
—	—	—	3,647,483
42,374	—	1,581,997	2,879,596
—	—	—	309,966
1,691	185,731	8,115	327,710
5,887	1,838,906	21,078	3,489,491
—	—	—	465,185
—	1,619	29,570	206,265
<u>358,176</u>	<u>2,026,256</u>	<u>2,900,102</u>	<u>16,679,838</u>
—	—	39	3,489,757
—	—	—	1,518,893
—	—	—	21,053
—	—	—	1,262,164
—	—	—	620,832
—	—	—	1,333,413
2,564,745	—	—	2,564,745
—	18,962,013	—	18,962,013
<u>2,564,745</u>	<u>18,962,013</u>	<u>39</u>	<u>29,772,870</u>
(2,206,569)	(16,935,757)	2,900,063	(13,093,032)
—	17,919,311	—	17,919,311
2,214,155	2,500,000	—	8,703,604
—	—	(2,481,273)	(9,199,319)
<u>2,214,155</u>	<u>20,419,311</u>	<u>(2,481,273)</u>	<u>17,423,596</u>
7,586	3,483,554	418,790	4,330,564
<u>55,639</u>	<u>11,311,574</u>	<u>158,409</u>	<u>19,041,657</u>
<u>\$ 63,225</u>	<u>\$14,795,128</u>	<u>\$ 577,199</u>	<u>\$23,372,221</u>
\$ —	\$ —	\$ 89,688	\$ 89,688
—	—	—	1,947,647
63,225	—	—	63,225
—	—	—	855,125
—	14,795,128	487,511	15,282,639
<u>—</u>	<u>—</u>	<u>—</u>	<u>5,133,897</u>
<u>\$ 63,225</u>	<u>\$14,795,128</u>	<u>\$ 577,199</u>	<u>\$23,372,221</u>

See Notes to Financial Statements.

City of Pleasant Hill
**RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCES
 TO THE STATEMENT OF ACTIVITIES AND NET POSITION – CASH BASIS
 GOVERNMENTAL FUNDS
 As of and for the year ended June 30, 2020**

Total governmental funds cash balances (pages 15-16)	\$23,372,221
---	---------------------

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

The Internal Service Fund is used by management to charge the costs of funding equipment replacement to individual funds. The cash balance of the Internal Service Fund is included in governmental activities in the Statement of Activities and Net Position - Cash Basis.

190,209

Cash basis net position of governmental activities (pages 13-14)	<u>\$23,562,430</u>
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Net change in cash balances (pages 15-16)	\$ 4,330,564
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***Amounts reported for governmental activities in the Statement of Activities
and Net Position - Cash Basis are different because:***

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

43,113

Change in cash basis net position of governmental activities (pages 13-14)	<u>\$ 4,373,677</u>
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City of Pleasant Hill
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCES
 PROPRIETARY FUNDS**
 As of and for the year ended June 30, 2020

	<u>Enterprise Funds</u>				<u>Internal Service Fund Equipment Replacement</u>
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
OPERATING RECEIPTS					
Charges for service	<u>\$1,963,920</u>	<u>\$ —</u>	<u>\$ 751,047</u>	<u>\$2,714,967</u>	<u>\$ —</u>
OPERATING DISBURSEMENTS					
Governmental Activities					
Public safety	—	—	—	—	411,960
Culture and recreation	—	—	—	—	59,232
Business type activities	<u>1,497,466</u>	<u>—</u>	<u>522,730</u>	<u>2,020,196</u>	<u>—</u>
Total operating disbursements	<u>1,497,466</u>	<u>—</u>	<u>522,730</u>	<u>2,020,196</u>	<u>471,192</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>466,454</u>	<u>—</u>	<u>228,317</u>	<u>694,771</u>	<u>(471,192)</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)					
Intergovernmental	—	108,163	—	108,163	—
Interest on investments	14,707	17,505	6,663	38,875	5,251
Miscellaneous	350	—	2,575	2,925	13,339
Debt service	<u>(282,634)</u>	<u>—</u>	<u>—</u>	<u>(282,634)</u>	<u>—</u>
Net nonoperating receipts (disbursements)	<u>(267,577)</u>	<u>125,668</u>	<u>9,238</u>	<u>(132,671)</u>	<u>18,590</u>
Excess (deficiency) of receipts over (under) disbursements	198,877	125,668	237,555	562,100	(452,602)
TRANSFERS IN	1,542,500	1,000,000	—	2,542,500	495,715
TRANSFERS OUT	<u>(500,000)</u>	<u>(2,000,000)</u>	<u>(42,500)</u>	<u>(2,542,500)</u>	<u>—</u>
Net change in cash balances	1,241,377	(874,332)	195,055	562,100	43,113
CASH BALANCES, beginning of year	<u>922,940</u>	<u>1,541,649</u>	<u>489,258</u>	<u>2,953,847</u>	<u>147,096</u>
CASH BALANCES, end of year	<u>\$2,164,317</u>	<u>\$ 667,317</u>	<u>\$ 684,313</u>	<u>\$3,515,947</u>	<u>\$ 190,209</u>
CASH BASIS FUND BALANCES					
Restricted for meter deposits	\$ —	\$ 24,315	\$ —	\$ 24,315	\$ —
Unrestricted	<u>2,164,317</u>	<u>643,002</u>	<u>684,313</u>	<u>3,491,632</u>	<u>190,209</u>
Total cash basis fund balances	<u>\$2,164,317</u>	<u>\$ 667,317</u>	<u>\$ 684,313</u>	<u>\$3,515,947</u>	<u>\$ 190,209</u>

See Notes to Financial Statements.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pleasant Hill (the City) is a political subdivision of the State of Iowa located in Polk County. It was incorporated in 1956 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, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer, water, storm water, and solid waste utilities for its citizens.

Reporting Entity

For financial reporting purposes, the City of Pleasant Hill 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 has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Venture

The City participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA). The WRA, a joint venture, was developed as the result of an agreement between the City of Des Moines and surrounding municipalities. (See Note 4)

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:

- Polk County Emergency Management Commission
- Polk County Joint E911 Service Board
- Des Moines Area Metropolitan Planning Organization
- Des Moines Regional Transit Authority
- Metro Waste Authority
- Metro Advisory Council
- Central Iowa Regional Drinking Water Commission
- BRAVO Greater Des Moines

Basis of Presentation

Government-wide Financial Statement

The Statement of Activities and Net Position—Cash Basis 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 service.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Government-wide Financial Statement (continued)

The Statement of Activities and Net Position—Cash Basis 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, including the City's Permanent Fund.

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. Enabling legislation did not result in any restricted net position.

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 Statement of Activities and Net Position—Cash Basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. All remaining enterprise funds are aggregated and reported as nonmajor enterprise funds.

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies 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 not paid from other funds.

Special Revenue Funds

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

Sewer Fund

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

Water Fund

The Enterprise, Water Fund accounts for the operation of the City's water services.

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 on a cost reimbursement basis. This is composed of the equipment replacement fund. This proprietary fund is reported with governmental activities in the government wide Statement of Activities and Net Position – Cash Basis.

Measurement Focus and Basis of Accounting

The City of Pleasant Hill 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.

Under the terms of grant agreements, the City may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the 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.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

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

Property Taxes

Property tax receipts recognized in these financial statements become due and collectible in September and March of the current fiscal year with a 1.5 percent per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable

Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted

Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned

All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020 disbursements did not exceed the amounts budgeted in any function.

NOTE 2 CASH AND INVESTMENTS

The City's deposits in banks at June 30, 2020, 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.

**City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 CASH AND INVESTMENTS (continued)

At June 30, 2020, the City had investments in certificates of deposit valued at \$254,093.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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.

NOTE 3 GENERAL OBLIGATION BONDS AND OTHER LONG-TERM DEBT

A summary of changes in general obligation bonds for the year ended June 30, 2020 is as follows:

	<u>Balance June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
Governmental activities					
General obligation bonds	\$6,425,000	\$16,500,000	\$1,870,000	\$21,055,000	\$1,940,000
Business type activities					
General obligation bonds	<u>130,000</u>	<u>—</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
	<u>\$6,555,000</u>	<u>\$16,500,000</u>	<u>\$1,935,000</u>	<u>\$21,120,000</u>	<u>\$2,005,000</u>

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

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,005,000	\$ 790,571	\$ 2,795,571
2022	1,980,000	698,256	2,678,256
2023	2,055,000	606,756	2,661,756
2024	900,000	547,507	1,447,507
2025	940,000	509,131	1,449,131
2026-2030	4,130,000	1,950,781	6,080,781
2031-2035	4,760,000	1,033,706	5,793,706
2036-2039	<u>4,350,000</u>	<u>287,838</u>	<u>4,637,838</u>
	<u>\$21,120,000</u>	<u>\$6,424,546</u>	<u>\$27,544,546</u>

The Code of Iowa requires principal and interest on general obligation bonds to be paid from the Debt Service Fund.

Total bond debt repayments were \$1,935,000 and interest expense paid was \$627,945 for the year ended June 30, 2020. Interest rates on debt range from 2.00% to 5.00%.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 4 JOINT VENTURE

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004, with the second amended and restated agreement becoming effective on June 11, 2014. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2013B and 2015E include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

In May of 2013, the WRA issued Sewer Revenue Bonds Series 2013B for the purpose of refunding Series 2004B. The WRA Agreement requires the debt service of these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2020, the Series 2013B bonds had a balance of \$44,540,000 and the City of Pleasant Hill's estimated future allocation based on the WRA flows is currently \$514,395.

In May of 2015, the WRA issued Sewer Revenue Bonds Series 2015E for the purpose of refunding Series 2006A. The WRA Agreement requires the debt service of these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2020, the Series 2015E bonds had a balance of \$27,235,000 and the City of Pleasant Hill's estimated future allocation based on the WRA flows is currently \$291,169.

The WRA Agreement requires the debt service on all State Revolving Loans issued after July 1, 2004 to be allocated to the participating communities based on the WRA flow of the core communities and expansion communities of each calendar year. As of June 30, 2020, the outstanding balance of State Revolving Loan issues totaled \$344,358,376 and the City of Pleasant Hill's estimated future allocation is currently \$4,978,658.

The WRA agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. The City retains a reversionary interest percentage in the net position of the WRA redeemable only in the event the WRA is dissolved. Since there is no specific and measurable equity interest in the WRA agreement, no investment in the joint venture has been reported by the City. During the year ended June 30, 2020, the City paid the WRA \$718,838 for operations, maintenance, equipment replacements and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 5 DEVELOPMENT AGREEMENTS

The City has entered into various tax increment financing development rebate agreements. These agreements call for the City to make economic development tax rebate payments each year out of increment taxes received by the City. These arrangements are payable through the fiscal year ending June 30, 2021. Payments totaling \$58,717 were made during the year ended June 30, 2020 under these agreements.

The outstanding balance of these development rebate agreements was approximately \$25,000 at June 30, 2020. The obligations are considered a general obligation of the City for purposes of determining the City's debt limit.

NOTE 6 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 the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time 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.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (continued)

Protection occupation members may retire at normal retirement age, which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-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% 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% 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.

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

The contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's total contributions to IPERS for the year ended June 30, 2020 were \$418,827.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (continued)

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City's liability for its proportionate share of the net pension liability totaled \$1,535,430. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the 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. The following table summarizes the change in the City's proportionate share:

	June 30		
	2019	2018	Change
City's proportionate share	0.026516%	0.025639%	0.000877%

For the year ended June 30, 2020 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$591,309, \$983,587 and \$489,315, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 6 PENSION PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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>
Core plus fixed income	27.0%	1.71%
Domestic equity	22.0	5.60
International equity	15.0	6.08
Private equity	11.0	10.13
Private real assets	7.5	4.76
Public real assets	7.0	2.81
Public credit	3.5	3.32
Private credit	3.0	3.01
Global smart beta equity	3.0	5.82
Cash	<u>1.0</u>	(0.21)
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' 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 IPERS' 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 7.0%, 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% lower (6.0%) or 1% higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$3,970,311</u>	<u>\$1,535,430</u>	<u>\$ (505,373)</u>

IPERS' Fiduciary Net Position

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS' financial report which is available on IPERS' website at www.ipers.org.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 7 COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement, or death. Employees who have accrued 30 days of sick leave may elect, only once during the month of July, to sell back, at fifty percent value, any days in excess of 30 days payable during the month of December. The retirement fund consists of previously accrued sick hours which were allocated for use by the employee upon retirement under a former City policy. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of benefit</u>	<u>Amount</u>
Vacation	\$ 223,592
Sick leave	164,449
Compensatory time	63,805
Retirement fund	<u>52,204</u>
Total	<u>\$ 504,050</u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

NOTE 8 RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$107,097.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 8 RISK MANAGEMENT (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk Pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation insurance. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City has issued a total of approximately \$21,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which approximately \$15,170,000 is outstanding at June 30, 2020. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

NOTE 10 COMMITMENTS

The City has entered into various construction contracts totaling approximately \$35,977,000. The unpaid contract balances as of June 30, 2020 totaled approximately \$13,604,000 which will be paid primarily from cash reserves and federal and state road construction grants.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 11 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General fund	Nonmajor governmental Employee benefits fund	\$ <u>1,489,449</u>
Capital projects fund	Special revenue Urban renewal tax increment fund	<u>2,500,000</u>
Special revenue Urban renewal tax increment fund	Enterprise Water fund Sewer fund	2,000,000 <u>500,000</u> <u>2,500,000</u>
Debt service fund	Special revenue Urban renewal tax increment fund Nonmajor special revenue Local option sales tax fund	1,305,050 <u>909,105</u> <u>2,214,155</u>
Internal service fund Equipment replacement fund	General fund Nonmajor special revenue Local option sales tax fund	412,996 <u>82,719</u> <u>495,715</u>
Enterprise Water fund Sewer fund	Urban renewal tax increment fund Storm water fund Urban renewal tax increment fund	1,000,000 42,500 <u>1,500,000</u> <u>2,542,500</u>
Total		<u>\$11,741,819</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources and for interfund loans for capital improvement projects.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$417 for single coverage and \$1,278 for family coverage. For the year ended June 30, 2020 the City contributed approximately \$560,000 and plan members eligible for benefits contributed approximately \$90,000 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2020, 50 active employees and -0- inactive employees were covered by the benefit terms.

The City has entered into agreements with the City Manager, Police Chief and Fire Chief which formally identifies the financial obligation of the City to them in the event of an involuntary employment termination. The severance agreements provide for termination benefits of up to nine months of wages and medical insurance benefits. The terms of the severance agreements vary by position and length of service. The compensation rate is based upon the compensation paid to the applicable employees at the time of termination.

NOTE 13 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Urban Renewal Tax Increment	\$ 230,933
Water	Urban Renewal Tax Increment	2,000,000
Sewer	Urban Renewal Tax Increment	<u>500,000</u>
		<u>\$2,730,933</u>

This balance results from an interfund loan to finance projects. Repayments will be made from future revenues.

City of Pleasant Hill
NOTES TO FINANCIAL STATEMENTS

NOTE 14 SALE OF EXCESS WATER CAPACITY

The City entered into an agreement on September 24, 2013 to sell 700,000 gallons of purchased water capacity to the City of Bondurant for \$1,257,000 up front and \$500,000 payable over 10 years at 2 percent interest. The total future payments receivable under the agreement is as follows:

Year ending June 30

2021	\$ 55,638
2022	55,610
2023	55,662
2024	<u>55,692</u>
Total	\$ <u>222,602</u>

NOTE 15 TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant, or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, \$940 of property tax was diverted from the City under the urban renewal and economic development projects.

NOTE 16 SUBSEQUENT EVENTS

In July 2020, the Pleasant Hill City Council approved the issuance of \$7,900,000 in General Obligations Bonds, which will be used for various urban renewal projects.

OTHER INFORMATION

City of Pleasant Hill
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, 2020

	Governmental funds actual	Proprietary funds actual	Total
RECEIPTS			
Property tax	\$ 5,354,142	\$ —	\$ 5,354,142
Tax increment financing collections	3,647,483	—	3,647,483
Other city tax	2,879,596	—	2,879,596
Licenses and permits	309,966	—	309,966
Use of money and property	327,710	44,126	371,836
Intergovernmental	3,489,491	108,163	3,597,654
Charges for service	465,185	2,714,967	3,180,152
Special assessments	—	—	—
Miscellaneous	<u>206,265</u>	<u>16,264</u>	<u>222,529</u>
Total receipts	<u>16,679,838</u>	<u>2,883,520</u>	<u>19,563,358</u>
DISBURSEMENTS			
Public safety	3,489,757	—	3,489,757
Public works	1,518,893	—	1,518,893
Health and social services	21,053	—	21,053
Culture and recreation	1,262,164	—	1,262,164
Community and economic development	620,832	—	620,832
General government	1,333,413	—	1,333,413
Debt service	2,564,745	—	2,564,745
Capital projects	18,962,013	—	18,962,013
Business type activities	<u>—</u>	<u>2,774,022</u>	<u>2,774,022</u>
Total disbursements	<u>29,772,870</u>	<u>2,774,022</u>	<u>32,546,892</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(13,093,032)</u>	<u>109,498</u>	<u>(12,983,534)</u>
OTHER FINANCING SOURCES, net	<u>17,423,596</u>	<u>495,715</u>	<u>17,919,311</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	4,330,564	605,213	4,935,777
BALANCES, beginning of year	<u>19,041,657</u>	<u>3,100,943</u>	<u>22,142,600</u>
BALANCES, end of year	<u>\$23,372,221</u>	<u>\$3,706,156</u>	<u>\$27,078,377</u>

See accompanying independent auditor's report.

Budgeted amounts		Final to actual variance- positive (negative)
Original	Final	
\$ 5,380,620	\$ 5,380,620	\$ (26,478)
3,608,909	3,608,909	38,574
2,879,371	2,879,371	225
233,750	233,750	76,216
123,171	123,171	248,665
9,827,837	10,686,737	(7,089,083)
2,893,211	2,893,211	286,941
1,500	1,500	(1,500)
<u>169,850</u>	<u>1,656,598</u>	<u>(1,434,069)</u>
<u>25,118,219</u>	<u>27,463,867</u>	<u>(7,900,509)</u>
3,978,397	4,010,397	520,640
1,659,553	1,664,553	145,660
22,000	22,000	947
1,399,648	1,599,648	337,484
622,982	632,982	12,150
1,358,324	1,426,824	93,411
2,685,128	2,685,128	120,383
37,906,378	39,627,378	20,665,365
<u>2,930,996</u>	<u>3,309,996</u>	<u>535,974</u>
<u>52,563,406</u>	<u>54,978,906</u>	<u>22,432,014</u>
<u>(27,445,187)</u>	<u>(27,515,039)</u>	<u>14,531,505</u>
<u>16,725,000</u>	<u>16,725,000</u>	<u>1,194,311</u>
<u>(10,720,187)</u>	<u>(10,790,039)</u>	<u>15,725,816</u>
<u>23,727,491</u>	<u>23,727,491</u>	<u>(1,584,891)</u>
<u>\$13,007,304</u>	<u>\$12,937,452</u>	<u>\$14,140,925</u>

City of Pleasant Hill
NOTE TO OTHER INFORMATION - BUDGETARY REPORTING
June 30, 2020

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. 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 Fund, Permanent Fund, Enterprise Funds and Internal Service Fund. 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 \$2,415,500. This budget amendment is reflected in the final budgeted amounts.

City of Pleasant Hill
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
For the Last Six Years*
(In Thousands)
Other Information

	June 30					
	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.026516%	0.025639%	0.025076%	0.026642%	0.019275%	0.013841%
City's proportionate share of the net pension liability	\$1,535	\$1,623	\$1,670	\$1,677	\$952	\$548
City's covered employee payroll	\$4,335	\$4,055	\$3,520	\$3,361	\$3,243	\$3,178
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	35.42%	40.01%	47.44%	49.90%	29.36%	17.24%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

City of Pleasant Hill
SCHEDULE OF CITY CONTRIBUTIONS
Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)
Other Information

	Year ended June 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 419	\$ 397	\$ 331	\$ 325
Contributions in relation to the statutorily required contribution	<u>419</u>	<u>397</u>	<u>331</u>	<u>325</u>
Contribution deficiency (excess)	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>
City's covered employee payroll	\$4,335	\$4,055	\$3,520	\$3,361
Contributions as a percentage of covered employee payroll	9.7%	9.8%	9.4%	9.7%

See accompanying independent auditor's report.

Year ended June 30					
<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 313	\$ 300	\$ 268	\$ 246	\$ 227	\$ 188
<u>313</u>	<u>300</u>	<u>268</u>	<u>246</u>	<u>227</u>	<u>188</u>
\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
\$3,243	\$3,178	\$3,092	\$2,848	\$2,876	\$2,380
9.7%	9.4%	8.7%	8.6%	7.9%	7.9%

See accompanying independent auditor's report.

City of Pleasant Hill
NOTES TO OTHER INFORMATION – PENSION LIABILITY
Year ended June 30, 2020

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

CHANGES OF ASSUMPTIONS

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

SUPPLEMENTARY INFORMATION

City of Pleasant Hill
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
Nonmajor Governmental Funds
As of and for the year ended June 30, 2020

		Special revenue		
	Employee Benefit Tax	Drug Enforcement Agency	Avenue of Flags	Park & Recreation Complex
RECEIPTS				
Property tax	\$1,259,342	\$ —	\$ —	\$ —
Other city tax	215,139	—	—	—
Use of money and property	1,135	263	28	756
Intergovernmental	21,078	—	—	—
Miscellaneous	—	2,317	—	25,799
Total receipts	<u>1,496,694</u>	<u>2,580</u>	<u>28</u>	<u>26,555</u>
DISBURSEMENTS				
Operating				
Public safety	—	39	—	—
Total disbursements	<u>—</u>	<u>39</u>	<u>—</u>	<u>—</u>
Excess of receipts over disbursements	<u>1,496,694</u>	<u>2,541</u>	<u>28</u>	<u>26,555</u>
OTHER FINANCING (USES)				
Operating transfers out	(1,489,449)	—	—	—
Total other financing (uses)	<u>(1,489,449)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in cash balances	7,245	2,541	28	26,555
CASH BALANCES , beginning of year	<u>4,049</u>	<u>22,120</u>	<u>2,316</u>	<u>28,784</u>
CASH BALANCES , end of year	<u>\$ 11,294</u>	<u>\$ 24,661</u>	<u>\$ 2,344</u>	<u>\$ 55,339</u>
CASH BASIS FUND BALANCES				
Nonspendable, cemetery perpetual care	\$ —	\$ —	\$ —	\$ —
Restricted for other purposes	<u>11,294</u>	<u>24,661</u>	<u>2,344</u>	<u>55,339</u>
Total cash basis fund balances	<u>\$ 11,294</u>	<u>\$ 24,661</u>	<u>\$ 2,344</u>	<u>\$ 55,339</u>

Schedule 1

<u>Special revenue</u>			<u>Permanent Cemetery Perpetual Care</u>	
<u>Library</u>	<u>Memorial</u>	<u>Local Option Sales Tax</u>		<u>Total</u>
\$ —	\$ —	\$ —	\$ —	\$1,259,342
—	—	1,366,858	—	1,581,997
226	16	4,609	1,082	8,115
—	—	—	—	21,078
—	—	—	1,454	29,570
<u>226</u>	<u>16</u>	<u>1,371,467</u>	<u>2,536</u>	<u>2,900,102</u>
—	—	—	—	39
—	—	—	—	39
<u>226</u>	<u>16</u>	<u>1,371,467</u>	<u>2,536</u>	<u>2,900,063</u>
—	—	(991,824)	—	(2,481,273)
—	—	(991,824)	—	(2,481,273)
226	16	379,643	2,536	418,790
<u>12,689</u>	<u>1,299</u>	<u>—</u>	<u>87,152</u>	<u>158,409</u>
\$ <u>12,915</u>	\$ <u>1,315</u>	\$ <u>379,643</u>	\$ <u>89,688</u>	\$ <u>577,199</u>
\$ —	\$ —	\$ —	\$ 89,688	\$ 89,688
<u>12,915</u>	<u>1,315</u>	<u>379,643</u>	<u>—</u>	<u>487,511</u>
\$ <u>12,915</u>	\$ <u>1,315</u>	\$ <u>379,643</u>	\$ <u>89,688</u>	\$ <u>577,199</u>

See accompanying independent auditor's report

City of Pleasant Hill
**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCES**
 Nonmajor Proprietary Funds
 As of and for the year ended June 30, 2020

	<u>Solid Waste</u>	<u>Storm Water</u>	<u>Total</u>
OPERATING RECEIPTS			
Charges for services	\$ <u>507,978</u>	\$ <u>243,069</u>	\$ <u>751,047</u>
OPERATING DISBURSEMENTS			
Business type activities	<u>460,388</u>	<u>62,342</u>	<u>522,730</u>
Excess of operating receipts over operating disbursements	<u>47,590</u>	<u>180,727</u>	<u>228,317</u>
NONOPERATING RECEIPTS			
Interest on investments	1,998	4,665	6,663
Miscellaneous	<u>—</u>	<u>2,575</u>	<u>2,575</u>
Net nonoperating receipts	<u>1,998</u>	<u>7,240</u>	<u>9,238</u>
Excess of receipts over disbursements	49,588	187,967	237,555
TRANSFERS OUT	<u>—</u>	<u>(42,500)</u>	<u>(42,500)</u>
Net change in cash balances	49,588	145,467	195,055
CASH BALANCES , beginning of year	<u>140,020</u>	<u>349,238</u>	<u>489,258</u>
CASH BALANCES , end of year	\$ <u>189,608</u>	\$ <u>494,705</u>	\$ <u>684,313</u>
CASH BASIS FUND BALANCES			
Unrestricted	\$ <u>189,608</u>	\$ <u>494,705</u>	\$ <u>684,313</u>

City of Pleasant Hill
SCHEDULE OF INDEBTEDNESS
For the year ended June 30, 2020

<u>Obligation</u>	<u>Date of issue</u>	<u>Interest rates</u>	<u>Amount Originally issued</u>
General Obligation Bonds			
Sewer Improvement, Series 2009B	December 15, 2009	4.10%	\$ 620,000
Corporate Purpose, Series 2015	July 8, 2015	2.00 to 2.50%	2,120,000
Street Improvement, Series 2016	November 28, 2016	2.00 to 5.00%	8,000,000
Public Safety Facility/Library Improvement, Series 2019	October 22, 2019	2.50 to 5.00%	16,500,000

See accompanying independent auditor's report.

Schedule 3

<u>Balance beginning of year</u>	<u>Issued during year</u>	<u>Redeemed during year</u>	<u>Balance end of year</u>	<u>Interest paid</u>
\$ 130,000	\$ —	\$ 65,000	\$ 65,000	\$ 5,265
1,820,000	—	240,000	1,580,000	39,325
4,605,000	—	1,110,000	3,495,000	194,550
<u>—</u>	<u>16,500,000</u>	<u>520,000</u>	<u>15,980,000</u>	<u>388,805</u>
<u>\$6,555,000</u>	<u>\$16,500,000</u>	<u>\$1,935,000</u>	<u>\$21,120,000</u>	<u>\$ 627,945</u>

City of Pleasant Hill
BOND MATURITIES
June 30, 2020

General Obligation Bonds						
Year ending June 30	Sewer Improvement Bonds Series 2009B		Street Improvement Bond Series 2016		Public Safety Facility/ Library Improvement Bonds Series 2019	
	Issued December 15, 2009		Issued November 28, 2016		Issued October 22, 2019	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2021	4.10%	\$ 65,000	5.00%	\$1,150,000	5.00%	\$ 545,000
2022		—	5.00%	1,155,000	5.00%	575,000
2023		—	2.00%	1,190,000	5.00%	605,000
2024		—		—	5.00%	635,000
2025		—		—	5.00%	665,000
2026-2030		—		—	4.00-5.00%	3,845,000
2031-2035		—		—	2.50-4.00%	4,760,000
2036-2039		—		—	2.50-2.60%	4,350,000
Totals		<u>\$ 65,000</u>		<u>\$3,495,000</u>		<u>\$15,980,000</u>

General Obligation Bonds			
Year ending June 30	Corporate Purpose Bond Series 2015		
	Issued July 8, 2015		
	Interest Rates	Amount	Total
2021	2.00%	\$ 245,000	\$ 2,005,000
2022	2.00%	250,000	1,980,000
2023	2.00%	260,000	2,055,000
2024	2.50%	265,000	900,000
2025	2.50%	275,000	940,000
2026-2030	2.50%	285,000	4,130,000
2031-2035		—	4,760,000
2036-2039		—	4,350,000
Totals		<u>\$1,580,000</u>	<u>\$21,120,000</u>

See accompanying independent auditor's report.

City of Pleasant Hill
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the last ten years

	Year ended June 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
RECEIPTS				
Property and other city tax	\$ 8,233,738	\$ 6,870,124	\$ 6,533,480	\$ 6,151,911
Tax increment financing collections	3,647,483	3,471,578	3,146,648	3,854,476
Licenses and permits	309,966	328,395	398,824	290,812
Use of money and property	327,710	289,817	132,960	96,795
Intergovernmental	3,489,491	1,752,259	2,002,577	2,081,127
Charges for services	465,185	399,262	356,650	341,183
Special assessments	—	—	—	35,505
Miscellaneous	<u>206,265</u>	<u>364,993</u>	<u>236,160</u>	<u>188,614</u>
Total receipts	<u>\$16,679,838</u>	<u>\$13,476,428</u>	<u>\$12,807,299</u>	<u>\$13,040,423</u>
DISBURSEMENTS				
Operating				
Public safety	\$ 3,489,757	\$ 3,397,583	\$ 2,985,705	\$ 2,959,476
Public works	1,518,893	1,229,464	1,137,515	1,350,308
Health and social services	21,053	19,945	14,950	10,723
Culture and recreation	1,262,164	1,241,618	1,187,062	1,054,144
Community and economic development	620,832	640,325	526,011	541,036
General government	1,333,413	1,260,093	1,258,915	1,128,677
Debt service	2,564,745	2,036,917	3,433,216	1,020,447
Capital projects	<u>18,962,013</u>	<u>6,416,885</u>	<u>3,250,016</u>	<u>2,574,669</u>
Total disbursements	<u>\$29,772,870</u>	<u>\$16,242,830</u>	<u>\$13,793,390</u>	<u>\$10,639,480</u>

See accompanying independent auditor's report.

Schedule 5

Year ended June 30					
2016	2015	2014	2013	2012	2011
\$ 5,776,150	\$ 5,441,744	\$ 5,293,621	\$ 4,826,850	\$ 4,673,562	\$ 4,261,584
3,827,119	4,299,527	4,410,520	4,581,527	4,513,164	4,758,779
319,180	180,312	117,608	93,131	120,838	65,175
80,930	75,353	88,690	103,701	109,420	100,538
1,629,602	1,278,771	1,173,062	1,245,467	1,198,255	1,359,347
294,199	391,375	374,398	332,239	362,370	293,963
—	—	—	—	—	—
<u>126,856</u>	<u>116,466</u>	<u>165,238</u>	<u>142,813</u>	<u>148,183</u>	<u>153,401</u>
<u>\$12,054,036</u>	<u>\$11,783,548</u>	<u>\$11,623,137</u>	<u>\$11,325,728</u>	<u>\$11,125,792</u>	<u>\$10,992,787</u>
\$ 2,790,107	\$ 2,720,339	\$ 2,502,611	\$ 2,312,097	\$ 2,301,054	\$ 1,970,745
1,132,235	1,105,337	936,782	818,383	938,896	835,004
10,423	6,849	3,449	—	3,056	25
974,014	922,443	916,644	885,493	864,297	796,184
1,321,359	907,038	810,365	816,212	825,945	691,156
1,065,090	1,020,329	1,073,006	914,961	961,909	919,745
658,907	624,142	4,860,416	8,894,747	2,885,161	2,875,520
<u>3,989,106</u>	<u>3,658,029</u>	<u>2,977,953</u>	<u>9,142,974</u>	<u>1,394,099</u>	<u>2,210,587</u>
<u>\$11,941,241</u>	<u>\$10,964,506</u>	<u>\$14,081,226</u>	<u>\$23,784,867</u>	<u>\$10,174,417</u>	<u>\$10,298,966</u>

See accompanying independent auditor's report.

City of Pleasant Hill
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA number	Agency or Pass-through Number	Federal expenditures
U.S. Department of Transportation			
Passed through the Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-A-6102(614)--22-77	\$ 56,535
Highway Planning and Construction	20.205	STP-U-6102(613)--70-77	<u>4,047,476</u>
Total Highway Planning and Construction			<u>4,104,011</u>
 Passed through the Iowa Department of Public Safety			
State and Community Highway Safety	20.600	Unknown	<u>13,760</u>
Total U.S. Department of Transportation			<u>4,117,771</u>
 Executive Office of the President			
Passed through the Iowa Department of Public Safety			
High Intensity Drug Trafficking Areas Program	95.001	G19MW0002A	<u>88,419</u>
 Total Federal Awards			<u>\$4,206,190</u>

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City it is not intended to and does not present the financial position, change in net position, or cash flows of the City.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10% de minimus indirect costs rate as allowed under the Uniform Guidance.



**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**

Honorable Mayor and
Members of the City Council
City of Pleasant Hill
Pleasant Hill, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Pleasant Hill, Iowa (the City) as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 12, 2020. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 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.

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 results 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.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 12, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of City Council
City of Pleasant Hill
Pleasant Hill, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of Pleasant Hill, Iowa's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2020. The City's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Pleasant Hill, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 12, 2020

City of Pleasant Hill
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION 1 – SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the cash basis of accounting:

Unmodified opinion

Internal control over financial reporting:

- | | | |
|---|-----------|----------------------------|
| ➤ Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| ➤ Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None Reported |

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- | | | |
|---|-----------|----------------------------|
| ➤ Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| ➤ Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None Reported |

Type of auditor's report issued on compliance for major federal programs:

Unmodified opinion

- | | | |
|--|-----------|-----------------|
| ➤ Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ Yes | <u> X </u> No |
|--|-----------|-----------------|

Identification of major federal programs:

**CFDA Number 20.205 –
Highway Planning and Construction**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

City of Pleasant Hill
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2020

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS

INSTANCES OF NONCOMPLIANCE

No matters were reported.

INTERNAL CONTROL DEFICIENCY

No matters were reported.

City of Pleasant Hill
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2020

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

INTERNAL CONTROL DEFICIENCIES

No material weaknesses in internal control over the major program were noted.

INSTANCES OF NONCOMPLIANCE

No matters were reported.

City of Pleasant Hill
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2020

SECTION IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

II-A-20 CERTIFIED BUDGET

Disbursements during the year ended June 30, 2020 did not exceed budgeted amounts, as amended.

II-B-20 QUESTIONABLE DISBURSEMENTS

No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-20 TRAVEL EXPENSE

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-20 BUSINESS TRANSACTIONS

We noted no transactions between the City and City officials or employees in excess of \$1,500.

II-E-20 RESTRICTED DONOR ACTIVITY

No transactions were noted between the City, City officials, City employees and related donors in compliance with Chapter 68B of the Code of Iowa.

II-F-20 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 insure that the coverage is adequate for current operations.

II-G-20 COUNCIL MINUTES

We noted no transactions requiring Council approval which had not been approved in the Council minutes.

II-H-20 DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposits and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

II-I-20 ANNUAL URBAN RENEWAL REPORT

The annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.