



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill, Iowa for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our audit planning letter on September 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements relate to disclosures of compensated absences and net pension liabilities.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of post employment benefits in Note 12 to the financial statements relating to the estimated liability for retiree benefits and the disclosure of net pension liabilities in Note 6 to the financial statements relating to the estimated liability for future pension obligations.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedules summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the supplementary information included in schedules 1 through 6, which accompany the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information which includes management's discussion and analysis, the budgetary comparison information, the City proportionate share of the net pension liability and the schedule of City contributions, which accompany the financial statements but is not required supplementary information. Such information 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.

Restriction on Use

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 12, 2020

Governmental Unit:

Financial Statement Date:

Opinion Unit:

A Listing of Known Audit Differences Over: \$

| Description (Nature) of Audit Difference (AD) | Factual (F), Judgmental (J), or Projected (P) | Financial Statement Effect—Amount of Over- (Under-) statement of: | | | | | | |
|---|---|---|-------------------|--------------|---------------------------|------------|------------|-------------------------------------|
| | | Total Assets | Total Liabilities | Working Cap. | Fund Balance/Net Position | Revenues | Expen. | Change in Fund Balance/Net Position |
| Held check recorded as outstanding check | F | \$ (37,782) | | | \$ (37,782) | | \$ 37,782 | \$ (37,782) |
| | | | | | | | | |
| | | | | | | | | |
| Total | | -37,782 | 0 | 0 | -37,782 | 0 | 37,782 | -37,782 |
| Less audit adjustments subsequently booked | | | | | | | | |
| Net unadjusted AD—current year (iron curt | | -37,782 | 0 | 0 | -37,782 | 0 | 37,782 | -37,782 |
| Effect of unadjusted AD—prior years | | | | | | | | |
| Combined current year and prior year AD (| | -37,782 | 0 | 0 | -37,782 | 0 | 37,782 | -37,782 |
| Financial statement caption totals | | 23,562,430 | 0 | 0 | 23,562,430 | 34,617,739 | 30,244,062 | 4,373,677 |
| Current year AD as % of F/S captions (iron | | -0.16% | 0.00% | 0.00% | -0.16% | 0.00% | 0.12% | -0.86% |
| Current and prior year AD as % of F/S capt | | -0.16% | 0.00% | 0.00% | -0.16% | 0.00% | 0.12% | -0.86% |

Governmental Unit:

Financial Statement Date:

Opinion Unit:

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|---|---|---|-------------------|--------------|---------------------------|-----------|-----------|-------------------------------------|
| | | Total Assets | Total Liabilities | Working Cap. | Fund Balance/Net Position | Revenues | Expen. | Change in Fund Balance/Net Position |
| Held check recorded as outstanding check | F | \$ (10,195) | | | \$ (10,195) | | \$ 10,195 | \$ (10,195) |
| | | | | | | | | |
| | | | | | | | | |
| Total | | -10,195 | 0 | 0 | -10,195 | 0 | 10,195 | -10,195 |
| Less audit adjustments subsequently booked | | | | | | | | |
| Net unadjusted AD—current year (iron curt | | -10,195 | 0 | 0 | -10,195 | 0 | 10,195 | -10,195 |
| Effect of unadjusted AD—prior years | | | | | | | | |
| Combined current year and prior year AD (| | -10,195 | 0 | 0 | -10,195 | 0 | 10,195 | -10,195 |
| Financial statement caption totals | | 5,133,897 | 0 | 0 | 5,133,897 | 7,967,325 | 7,324,900 | 642,425 |
| Current year AD as % of F/S captions (iron | | -0.20% | 0.00% | 0.00% | -0.20% | 0.00% | 0.14% | -1.59% |
| Current and prior year AD as % of F/S capt | | -0.20% | 0.00% | 0.00% | -0.20% | 0.00% | 0.14% | -1.59% |

Governmental Unit:

Financial Statement Date:

Opinion Unit:

A Listing of Known Audit Differences Over: \$

| Description (Nature) of Audit Difference (AD) | Factual (F), Judgmental (J), or Projected (P) | Financial Statement Effect—Amount of Over- (Under-) statement of: | | | | | | Change in Fund Balance/ Net Position |
|---|---|---|-------------------|--------------|---------------------------|------------|------------|--------------------------------------|
| | | Total Assets | Total Liabilities | Working Cap. | Fund Balance/Net Position | Revenues | Expn. | |
| Held check recorded as outstanding check | F | \$ (27,587) | | | \$ (27,587) | | \$ 27,587 | \$ (27,587) |
| | | | | | | | | |
| | | | | | | | | |
| Total | | -27,587 | 0 | 0 | -27,587 | 0 | 27,587 | -27,587 |
| Less audit adjustments subsequently booked | | | | | | | | |
| Net unadjusted AD—current year (iron curt | | -27,587 | 0 | 0 | -27,587 | 0 | 27,587 | -27,587 |
| Effect of unadjusted AD—prior years | | | | | | | | |
| Combined current year and prior year AD (| | -27,587 | 0 | 0 | -27,587 | 0 | 27,587 | -27,587 |
| Financial statement caption totals | | 14,795,128 | 0 | 0 | 14,795,128 | 22,445,567 | 18,962,013 | 3,483,554 |
| Current year AD as % of F/S captions (iron | | -0.19% | 0.00% | 0.00% | -0.19% | 0.00% | 0.15% | -0.79% |
| Current and prior year AD as % of F/S capt | | -0.19% | 0.00% | 0.00% | -0.19% | 0.00% | 0.15% | -0.79% |