

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____

July 8, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Pleasantville Emergency Services Association, Pleasantville, Iowa for the year ended June 30, 2012.

The Pleasantville Emergency Services Association was formed in 2003 as a non-profit corporation to assist the Pleasantville Emergency Services Department in the execution and performance of responsibilities to the citizens in and around Pleasantville, Iowa.

The Pleasantville Emergency Services Association had total receipts of \$278,641 for the year ended June 30, 2012. The receipts included charges for service of \$135,424, township contributions of \$71,777 and City contributions of \$52,316.

Disbursements for the year totaled \$239,982, and included \$70,968 for salaries, \$55,920 for buildings and equipment and \$25,542 for maintenance and repair.

A copy of the audit report is available for review in the Pleasantville Emergency Services Association's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1233-0039-B000.pdf>.

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PLEASANTVILLE EMERGENCY SERVICES ASSOCIATION

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT
SCHEDULE OF FINDINGS**

JUNE 30, 2012

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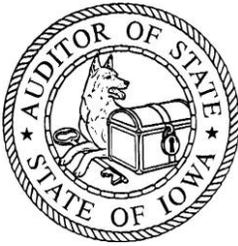
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Pleasantville Emergency Services Association

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Matt Dabb	Board Member	City of Pleasantville
Nick Ellis	Board Member	City of Pleasantville
Steve Trude	Board Member	Pleasant Grove Township
Paul Gasparovich	Board Member/Chief	
Joe Van Haalen	Assistant Chief – Fire Operations	
Jordan Van Ness	Assistant Chief – EMS Operations	
Mark Clifton	Officer	
Kevin Fallis	Officer	
Kerry McDaniel	Officer	

Pleasantville Emergency Services Association



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Independent Auditor's Report

To the Members of the Pleasantville Emergency Services Association:

We have audited the accompanying financial statement of the Pleasantville Emergency Services Association as of and for the year ended June 30, 2012. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Pleasantville Emergency Services Association as of June 30, 2012, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2013 on our consideration of the Pleasantville Emergency Services Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 19, 2013

Financial Statement

Pleasantville Emergency Services Association
 Statement of Cash Receipts, Disbursements and
 Change in Cash Balance

Year ended June 30, 2012

Operating receipts:	
Charges for service	\$ 135,424
Township contributions	71,777
City contributions	52,316
Donations	7,308
Fundraisers	11,125
Total operating receipts	<u>277,950</u>
Operating disbursements:	
Salaries	70,968
Contractual services	12,534
Maintenance and repair	25,542
Supplies	24,466
Utilities	6,727
Insurance	23,754
Communications	4,375
Training	3,117
Buildings and equipment	10,393
Fundraising supplies	10,951
Miscellaneous	1,628
Total operating disbursements	<u>194,455</u>
Excess of operating receipts over operating disbursements	<u>83,495</u>
Non-operating receipts (disbursements):	
Interest on investments	691
Debt service	(45,527)
Net non-operating receipts (disbursements)	<u>(44,836)</u>
Change in cash balance	38,659
Cash balance beginning of year	<u>90,282</u>
Cash balance end of year - restricted	<u>\$ 128,941</u>
See notes to financial statement.	

Pleasantville Emergency Services Association

Notes to Financial Statement

June 30, 2012

(1) Summary of Significant Accounting Policies

The Pleasantville Emergency Services Association (Association), Marion County, Iowa, was formed in 2003 under the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. The purpose of the Association is to assist the Pleasantville Emergency Services Department in the execution and performance of responsibilities to the citizens in and around Pleasantville, Iowa.

The governing body of the Association, the Pleasantville Emergency Services Board, is comprised of two City Council Members from the City of Pleasantville, two Trustees from Pleasant Grove Township and the Pleasantville Emergency Services Association Chief.

A. Related Organizations

The Pleasantville Fire Rescue Association (Association) was formed in 2003 under the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. The purpose of the Association is to hold title to the Pleasantville Emergency Services Association building and act as obligor for the United States Department of Agriculture (USDA) loan secured by the Pleasantville Emergency Services Association.

The Pleasantville Emergency Services Association is party to a joint agreement entered into pursuant to Chapter 28E of the Code of Iowa between the City of Pleasantville, Pleasant Grove Township and the Pleasantville Fire Rescue Association. The purpose of the agreement is to provide emergency fire and medical services to all areas commonly known as the Pleasantville School District, which encompass the City of Pleasantville, the City of Swan, Pleasant Grove Township, Union Township, Franklin Township and Union Township (located in Warren County, Iowa).

This agreement also establishes the Pleasantville Emergency Services Board for the purpose of providing oversight over the Pleasantville Emergency Services Association finances and budget.

B. Fund Accounting

The Association accounts for all resources over which it has discretionary control to use in carrying out the operations of the organization in accordance with the limitations of its charter and bylaws.

C. Basis of Accounting

The Association maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Association is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and other accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Association in accordance with U. S. generally accepted accounting principles.

D. Basis of Presentation

The cash balance, receipts and disbursements are classified based on the existence or absence of donor restrictions.

(2) Cash and Investments

The Association's deposits in banks at June 30, 2012 were covered by federal depository insurance at the maximum amount allowed.

At June 30, 2012, the Association had the following investments:

Investment	Carrying Amount	Fair Value
Edward Jones money market funds	\$ 7,334	7,334
Common stock	- *	2,995

* The carrying amount of the common stock is not readily available. The Association carries (reports) the stock at fair value.

Interest rate risk – Because the Association has no policy regarding the investment of operating funds, there are no limits on the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt).

(3) Long-Term Debt

A summary of long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance			Balance End of Year	Due Within One Year
	Beginning of Year	Increases	Decreases		
Ambulance loan	\$ 91,713	-	14,215	77,498	15,440
USDA building loan #97-02	171,649	-	2,768	168,881	2,507
USDA building loan #97-03	257,474	-	4,152	253,322	3,754
Total	\$ 520,836	-	21,135	499,701	21,701

Annual debt service requirements to maturity for these loans are as follows:

Year Ending June 30,	Ambulance Loan		USDA Building Loan #97-02		USDA Building Loan #97-03		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 15,440	4,000	2,507	7,129	3,754	10,694	21,701	21,823
2014	16,352	3,088	2,616	7,020	3,917	10,531	22,885	20,639
2015	17,317	2,123	2,729	6,907	4,087	10,361	24,133	19,391
2016	18,340	1,100	2,847	6,789	4,264	10,184	25,451	18,073
2017	10,049	148	2,971	6,665	4,449	9,999	17,469	16,812
2018-2022	-	-	16,900	31,280	25,308	46,932	42,208	78,212
2023-2027	-	-	20,893	27,287	31,289	40,951	52,182	68,238
2028-2032	-	-	25,830	22,350	38,682	33,558	64,512	55,908
2033-2037	-	-	31,934	16,246	47,823	24,417	79,757	40,663
2038-2042	-	-	39,481	8,700	59,124	13,116	98,605	21,816
2043-2045	-	-	20,173	991	30,625	1,522	50,798	2,513
Total	\$ 77,498	10,459	168,881	141,364	253,322	212,265	499,701	364,088

Ambulance Loan

On December 22, 2009 the Pleasantville Emergency Services Association entered into a bank loan for \$110,000 to purchase an ambulance. The loan bears interest at 6.125% per annum and is payable in monthly installments of \$1,620 through December 16, 2016. During the year ended June 30, 2012, the Association paid principal of \$14,215 and interest of \$5,225 on the loan.

On May 3, 2012, the Association refinanced the ambulance loan to reduce the interest rate from 6.125% to 5.75%. The refinancing will result in a savings of \$2,080 over the next five years.

United States Department of Agriculture (USDA) Loans

Pursuant to requirements of the USDA, on May 7, 2003, the Pleasantville Fire Rescue Association was formed for the purpose of obtaining loans for the Pleasantville Emergency Services Association's fire and ambulance building.

On May 4, 2005, the Pleasantville Fire Rescue Association entered into two loan agreements with the USDA for \$180,000 and \$270,000, respectively, for a new fire and ambulance building. Both loans bear interest at 4.25% per annum and are payable in monthly installments of \$9,636 and \$14,448, respectively, through August 2044. During the year ended June 30, 2012, principal of \$2,768 and \$4,152, respectively, and interest payments of \$7,667 and \$11,500, respectively, were made on the USDA loans.

(4) Risk Management

The Association is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year.

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of a Financial Statement Performed in Accordance with
Government Auditing Standards**

Pleasantville Emergency Services Association



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Independent Auditor's Report on Internal Control
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Based on an Audit of a Financial Statement Performed in Accordance with
Government Auditing Standards

To the Members of the Pleasantville
Emergency Services Association:

We have audited the accompanying financial statement of the Pleasantville Emergency Services Association as of and for the year ended June 30, 2012 and have issued our report thereon dated June 19, 2013. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the Pleasantville Emergency Services Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Pleasantville Emergency Services Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Pleasantville Emergency Services Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pleasantville Emergency Services Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Pleasantville Emergency Services Association's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (H) to be significant deficiencies.

Compliance and Other Matters

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

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

This report, a public record by law, is intended solely for the information and use of the members and customers of the Pleasantville Emergency Services Association and other parties to whom the Association may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Pleasantville Emergency Services Association during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 19, 2013

Pleasantville Emergency Services Association

Schedule of Findings

Year ended June 30, 2012

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. For the Association, one person had control over the following areas:

- (1) Investments – investing, recording, reconciling and custody.
- (2) Receipts – collecting, depositing, reconciling and recording.
- (3) Disbursements – check writing, signing processing and recording.

In addition, independent reviews are not performed of the reconciliations prepared.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be evidenced by the signature or initials of the reviewer and the date of the review.

Response – We are adding more checks and balances to the system. The Assistant Chief and Chief will split most of the duties while adding in other officers for monthly review. We feel the less people we have that are capable to log in and access the information the better due to things being changed, edited or some other mishap that results in a back track to correct information.

Conclusion – Response accepted.

B) Ambulance Billings and Reconciliations – The Association has an agreement with Pella Community Ambulance for billing and collection for ambulance services. The Association does not have procedures in place to identify the amounts which should be collected for ambulance services and to reconcile expected collections to actual collections. This should be done through analyzing billing reports and delinquent account listings and reconciling collections, billings and delinquent accounts. Also, there is no evidence the Association is reviewing the ambulance billings list received from Pella Community Ambulance.

Recommendation – Procedures should be established to reconcile ambulance billings, collections and delinquent accounts monthly. The Association should review the reconciliations and monitor delinquencies.

Pleasantville Emergency Services Fire District

Schedule of Findings

Year ended June 30, 2012

Response – A review of the collected funds and accounts that are billed (3) times and are considered delinquent are reviewed as they are collected and remitted to our billing provider. Revenues vary from call to call as they are prorated according to the care provided. This makes it harder to gauge revenue as it varies frequently. Reports on collections, delinquencies and write-offs are available semi annually and are also available upon request. Explanation of Medical Benefits (EOBS) are received by the EMS service to match up with each claim and can be referenced back to match up to ensure claims are accounted for. Pella EMS also matches these claims to their EOB's for later reference.

Conclusion – Response acknowledged. Documentation of the Association's review of collections, billings, delinquent accounts and write-offs should be maintained and the review should be evidence by the signature or initials of the reviewer and the date of the review.

- (C) Receipts – An independent person does not open the mail and prepare an initial listing of collections.

Pre-numbered receipts are not issued for all collections, including collections from fundraisers and donations.

Two of ten receipts tested were not properly supported.

Recommendation – An independent person should open the mail and prepare an initial listing of receipts. This listing should be reconciled to daily deposits by an independent person.

Pre-numbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all money received. To substantiate the amount collected, donations and fundraising receipts should be accompanied by supporting documentation.

Response – We will look at this in future meetings. We have had multiple people doing different roles in the past and with a mostly volunteer group things don't always get done or get done timely. We are compiling receipts with a listing in the meeting minutes for the body to see along with a copy of the ledger so all members are up to date on what is paid. Donations and fundraising items are being logged and copies are made of all checks. These funds are kept separate from all tax monies. We have talked with our CPA about the implementation process and procedures for a receipt book.

Conclusion – Response accepted.

- (D) Disbursements – No evidence exists to show disbursements were authorized and approved for payment.

Three of the twenty-four disbursements tested were not properly supported by an invoice, contract or other documentation.

While not material in amount, two of the twenty-four disbursements tested were not charged to the proper account.

Pleasantville Emergency Services Association

Schedule of Findings

Year ended June 30, 2012

Recommendation – All disbursements should be reviewed and approved by the Board prior to disbursement and should be supported by a contract, original invoice or other supporting documentation. All disbursements should be charged to the proper account.

Response – We are working to make sure all disbursements are being coded appropriately. Our coding is vague in spots so we are working to add codes which break things down further and allow us to better show what is being added to each coding area. We are currently implementing or adding more to our Articles of Incorporation along with standard operating procedures to secure up any issues that would arise with coding questions. We are also working to make sure every invoice is approved and accounted for and documentation supporting the claim is obtained prior to paying the claim.

Conclusion – Response accepted.

- (E) Restrictive Endorsement – A restrictive endorsement was not placed on checks received until deposits were prepared.

Recommendation – A restrictive endorsement should be placed on all checks when received to provide protection in case of theft or loss.

Response – We have spoken with our CPA and a restrictive endorsement will be placed on all checks when received.

Conclusion – Response accepted.

- (F) Accounting Procedures Manual – We encourage the development of an office procedures and standardized accounting manual for the Association. This manual should provide the following benefits:

- (1) Aid to training additional or replacement personnel.
- (2) Help achieve uniformity in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Recommendation – An office procedures and accounting manual should be prepared for the Association.

Response – We have spoken with our CPA and we are developing this through our standard operating procedures. We will implement a manual so all accounting procedures are maintained in case of staff changes or should other things arise.

Conclusion – Response accepted.

Pleasantville Emergency Services Fire District

Schedule of Findings

Year ended June 30, 2012

- (G) Computer Systems – The following weaknesses in the Association’s computer systems were noted:

The Association does not have written policies for:

- password privacy and confidentiality.
- restricting physical access to computer facilities to authorized personnel.
- testing and installing new software on computers.
- ensuring only software licensed to the Association is installed on computers.
- usage of the internet.

Also, the Association does not have a written disaster recovery plan. Login names and passwords are not used for the accounting system.

Recommendation – The Association should develop policies and procedures addressing the above items in order to improve the Association’s control over its computer systems. A written disaster recovery plan should be developed. Login names and passwords should be used when accessing the accounting system.

Response – This will be implemented when developing/expanding our standard operating procedures. Passwords have been added to Quickbooks and a disaster recovery plan will be established as per the City disaster recovery plan.

Conclusion – Response accepted.

- (H) Fuel Cards – The Association has fuel cards for use by various employees while on business. The Association has not adopted a policy to regulate the use of fuel cards.

Recommendation – The Association should adopt a written policy regulating the use of fuel cards. The policy, at a minimum, should address who controls fuel cards, who is authorized to use fuel cards and for what purpose, as well as the types of supporting documentation required to substantiate the charges.

Response – A written fuel policy was adopted in June 2012. All fuel cards are kept inside of the convenience store where face to face contact is made on camera with a signature needed on receipts. All receipts are turned in upon return to the station and receipts are matched to the statement upon receiving it.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pleasantville Emergency Services Association

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor II

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State