CITY OF MOVILLE
INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT
FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2013

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CITY OF MOVILLE

OFFICIALS

Name	Title	Term Expires
Jim Fisher	Mayor	January, 2016
George Allan	Council Member	January, 2014
Kirk Lubbers	Council Member	January, 2014
Nate Bauer	Council Member	January, 2016
Russ Spotts	Council Member	January, 2016
Al Wingert	Council Member	January, 2016
Jackie Stender	City Clerk	Indefinite
Glen Metcalf	Attorney	Indefinite

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

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Independent Accountant's Examination Report

To the Honorable Mayor
and Members of City Council:

We have performed an examination of the City of Moville pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Moville for the period July 1, 2012 through June 30, 2013. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.

2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.

3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.

4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.

5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. We reviewed the City's fiscal year 2013 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.

7. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.

8. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.

9. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa

10. We reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.

11. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.

12. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.

13. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.

14. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the operations of the City of Moville, the objective of which is the expression of opinions on financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Moville, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Moville and other parties to whom the City of Moville may report. This report is not intended to be and should not be used by anyone other than these specified parties.

Hunzelman, Putzier & Co., PLC

March 27, 2014

DETAILED RECOMMENDATIONS

(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. Generally, one individual has control over each of the following areas for the City:

1. Cash – handling, reconciling and recording.
2. Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
3. Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
4. Payroll – recordkeeping, preparation and distribution.
5. Utilities – billing, collecting, depositing and posting.
6. Financial reporting – preparing and reconciling.
7. Journal entries – preparing and journalizing.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.

(B) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year. We also noted various employees with delinquent accounts at June 30, 2013.

Recommendation –Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or other independent person designated by the City Council should review the reconciliations, document their review and monitor delinquent accounts.

(C) Monthly Bank Reconciliations – The cash balances in the City's general ledger did not properly reconcile to the bank account balances for one of the months reviewed. In addition, it was noted the reconciliations were not reviewed by an independent person.

Recommendation – The City should ensure bank account balances are reconciled to the general ledger monthly. Variances, if any, should be reviewed and resolved timely. The City should implement a procedure to have an independent person review and authorize monthly bank reconciliations prepared by the City Clerk such as the Mayor or member of the City Council. Authorization should be documented by the initials of the reviewer as well as the date of the review.

(D) Petty Cash – The City's petty cash funds were not included in the City's accounting records and resulting fund balances.

Petty Cash –(Continued)

Recommendation – Chapter 384.20 of the Code of Iowa states, in part, "A City shall keep accounts which show an accurate detailed statement of all public funds collected, received, or expended for any City purpose." For better accountability, financial and budgetary control, the financial activity and balances of all City funds and accounts, including petty cash, should be included in the Clerk's accounting system.

(E) City Council Minutes – Chapter 372.13(6) of the Code of Iowa requires minutes of all City Council proceedings be published within fifteen days of the meeting. We were unable to locate publication of minutes for one of the meetings tested. In addition, minutes for meetings were not properly signed as required by Chapter 380.7 and did not include a summary of all receipts required by Chapter 372.13(6).

Recommendation – The City should ensure that minutes are properly signed and published as required by the Code of Iowa.

(F) Approval of Disbursements – We were unable to locate the list of claims which were approved by the City Council for payment for two meetings tested.

Recommendation – The City should implement procedures to ensure all disbursements are included on the list provided to the City Council for approval as well as the list submitted to the newspaper for publication.

(G) Payroll – City employees are required to complete time cards. The City Council approves all pay increases. The following were identified:

- Although time cards are maintained for all employees, there was no indication the time cards had been reviewed by appropriate supervisory personnel prior to preparation of the payroll.

- Annual salary increases for all City employees were approved during the budget process; however the actual approved wages were not documented in the City Council minutes.

Recommendation – Time cards should be reviewed and approved by appropriate supervisory personnel prior to preparation of payroll. The approval should be evidenced by the signature or initials of the reviewer and the date of the review. Wages of employees should be adequately documented in the City Council minutes.

(H) Form 1099s – The IRS requires entities to file a Form 1099 for each person or entity, with the exception of corporations, to whom you have paid at least $600 during the year for rents and services. The City did not file the required From 1099s for the calendar year 2012.

Recommendation – The City should file all required IRS tax form, including Form 1099s, for applicable payments made during the year

(I) Annual Financial Report – Chapter 384.22 of the Code of Iowa requires the City's Annual Financial Report contain a "summary for the preceding fiscal year of all collections and receipts, all accounts due to the City, and all expenditures" The City's Annual Financial Report included receipts, disbursements, and balances which do not agree with City's records.

Recommendation – The City should ensure that amounts included in the Annual Financial Reports are supported by City's records.