

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

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# Officials

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Name	Title	Term Expires
<b>Elected Officials</b>		
Aaron Boyken	Mayor	December 31, 2015
Gail Hamilton	Council Member (September, 2012 - current)	December 31, 2013
Katie Countryman	Council Member (July, 2012 - August, 2012)	December 31, 2013
Burdette Petersen	Council Member	December 31, 2013
Arnold Johnson	Council Member	December 31, 2015
Ben Lee	Council Member	December 31, 2015
Michelle Conrad	Council Member (July, 2012 - September, 2012)	December 31, 2015
Mike Etherington	Council Member (October, 2012 - current)	December 31, 2015
<b>Appointed Officials</b>		
Barbara Zwiefel	City Clerk (July, 2012 - March, 2013)	Indefinite
Karen Hamilton	City Clerk (March, 2013 - current)	Indefinite

## **Independent Accountant's Examination Report**

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To the Honorable Mayor and  
Members of the City Council  
City of Titonka, Iowa

We have performed an examination of the City of Titonka 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 Titonka 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 investments to determine compliance with Chapter 12B of the Code of Iowa.
8. 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.

9. We reviewed debt, including general obligation and revenue bonds, 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.
10. 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.
11. 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.
12. We reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
13. 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.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
16. 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 noncompliance 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 Titonka, 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 Titonka, 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 Titonka and other parties to whom the City of Titonka may report. This report is not intended to be and should not be used by anyone other than these specified parties.

*HOGAN - HANSEN*

HOGAN - HANSEN

Algona, Iowa  
January 24, 2014

**Detailed Recommendations**

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## Detailed Recommendations

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For the Period July 1, 2012 through June 30, 2013

- (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. We noted that several incompatible duties are being performed by the same employee.

**Recommendation** - We realize that 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.

- (B) **Reconciliation of Utility Billings, Collections and Delinquent Accounts** - Utility billings, collections and delinquent accounts were not reconciled throughout the fiscal year and a delinquent account listing was not prepared monthly.

**Recommendation** - We recommend that the City establish procedures to reconcile utility billings, collections and delinquent accounts for each billing period, as well as, preparing a listing of delinquent accounts on a monthly basis. The City Council or other independent person designated by the City Council should review the reconciliations and monitor delinquent accounts.

- (C) **Journal Entries and Transfers** - The City Clerk makes journal entries to the general ledger and transfers between funds as needed. The journal entries are not consistently reviewed by a second person or by the City Council and lacked supporting documentation. Transfers into the Debt Service Fund and Special Revenue Funds and out of the Debt Service Fund exceeded the amounts approved by the City Council during the budgeting process.

**Recommendation** - We recommend that the City establish procedures to review journal entries on a monthly basis, as well as, obtaining approval for all transfers by the City Council. We also recommend that the City maintain supporting documentation for journal entries.