

MCGREGOR MUNICIPAL UTILITIES
INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT
ON APPLYING AGREED UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2013

**MCGREGOR MUNICIPAL UTILITIES
MCGREGOR, IOWA**

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**MCGREGOR MUNICIPAL UTILITIES
MCGREGOR, IOWA**

OFFICIALS

Name -----	Title -----	Term Expires -----
Charles Zahn	Chairman	December 2013
Dennis Regal	Secretary	December 2015
Craig Strutt	Trustee	December 2015
Tammy Kinley	Trustee	December 2017
Linda Bocke	Trustee	December 2016
Kris Eulberg	Office Administrator	Indefinite
Greg Schiller (Jan. 2013 – June 2013)	Attorney	Indefinite
Stephen Saunders (July 2012 – Dec. 2012)	Attorney	

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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S.H. ROBERTS, CPA
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INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Board Chairman and
Members of the Board of Trustees

We have performed an examination of the McGregor Municipal Utilities 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 McGregor Municipal Utilities 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 Board of Trustees meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the Utility'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 Office Administrator'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 Board of Trustees.
5. We reviewed Utility 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 investments to determine compliance with Chapter 12B of the Code of Iowa.

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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.
8. We reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
9. 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.
10. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
11. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
12. 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 Utility. 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 McGregor Municipal Utilities, the objective of which is the expression of opinions on financial statements. Accordingly, we do not express opinions on the Utility's financial statements. Had we performed additional procedures, or had we performed an audit of the McGregor Municipal Utilities, 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 McGregor Municipal Utilities and other parties to whom the McGregor Municipal Utilities may report. This report 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 McGregor Municipal Utilities during the course of our examination. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

O'Connor Brooks & Co., P.C.

Dubuque, Iowa
November 25, 2013

DETAILED RECOMMENDATIONS

MCGREGOR MUNICIPAL UTILITIES

DETAILED RECOMMENDATIONS

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. It was noted that one employee performs most duties over the areas of cash, receipts, disbursements, payroll, utility billing, and financial reporting.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the Utility should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including board trustees.

- B. Bank Reconciliation - Cash is being reconciled from the Utility's bank statements to the cash subsidiary ledger, however the reconciled cash balance is not being compared to the general ledger balance.

Recommendation - A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to make sure they are in agreement and to determine that all cash transactions have been recorded properly and to discover bank errors.

- C. Approved Wage Rates - While the Utility Board of Trustees is approving wage increases, they are currently approving a percentage increase instead of an hourly wage or salary.

Recommendation - Wage increases should be approved by the Utility Board of Trustees as an hourly rate or salary and not just a percentage increase.

- D. Time Card Approval - Our review of timecards revealed that there is no documented approval of hours worked on timecards submitted.

Recommendation - Timecards should be initialed or signed by a member of the Utility Board of Trustees documenting approval of hours worked

- E. Investment Policy - The Utility has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation - The Utility Board of Trustees should adopt a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.

MCGREGOR MUNICIPAL UTILITIES

DETAILED RECOMMENDATIONS

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

- F. Official Depositories – The Utility has a resolution in place naming official depositories as required by Chapter 12C.2 of the Code of Iowa. However, the anticipated approved balance at an approved depository was insufficient to the actual balance.

Recommendation – The Utility Board of Trustees by resolution should update the official depositories resolution to include sufficient anticipated amount to cover all balances.