

**CITY OF WOODWARD, IOWA
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2013 THROUGH JUNE 30, 2014**

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Officials

Name	Title	Term Expires
Elected Officials		
(Before December, 2013)		
Brian Devick	Mayor	December 30, 2015
Paul Thompson	Mayor Pro-Tem/Council Member	December 30, 2013
David Luke	Council Member	December 30, 2015
Craig DeHoet	Council Member, Personnel	December 30, 2013
Richard Hartwig	Council Member	December 30, 2013
Jesse Purvis	Council Member	December 30, 2015
(After December, 2013)		
Brian Devick	Mayor	December 30, 2015
Paul Thompson	Mayor Pro-Tem/Council Member	December 30, 2017
David Luke	Council Member	December 30, 2015
Craig DeHoet	Council Member, Personnel	December 30, 2017
Richard Hartwig	Council Member	December 30, 2017
Jesse Purvis	Council Member	December 30, 2015
Appointed Officials		
Christina Perkins	City Clerk, Chief Financial Officer	Indefinite

Independent Accountant's Report on Applying Agreed-Upon Procedures —

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

We have performed an agreed-upon procedures engagement of the City of Woodward pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Woodward for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 surety 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.

8. 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.
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 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 City of Woodward, the objective of which is the expression of opinions on the City's 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 Woodward, 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 Woodward and other parties to whom the City of Woodward 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 9, 2015

Detailed Recommendations

Detailed Recommendations

For the Period July 1, 2013 through June 30, 2014

- (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 incompatible duties are being performed by the same person.

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) **Tax Increment Financing Certification** - Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness. Although the City appropriately used Form 1 to report certifiable outstanding debt, \$2,670 of the total outstanding debt certified related to development agreements could not be recalculated based on available documentation.

Recommendation - The City should be sure to maintain all required supporting documentation related to tax increment financing outstanding debt certified.

- (C) **Journal Entries** - While journal entries are reviewed and approved by an independent individual, no written documentation is made of the review and approval.

Recommendation - Review and approval of journal entries should be documented by signing or initialing and dating the journal entries.

- (D) **Payroll** - While we noted that timesheets were being recalculated by an independent individual, only one of the timesheets selected for testing included evidence of supervisory review.

Recommendation - All timesheets should be reviewed and approved by supervisory personnel prior to processing payroll. Approval should include signing or initialing each timesheet.

- (E) **Utility Collections** - While we noted that monthly reconciliations of utility billings and collections are being prepared, we noted a variance of \$214 in the amount reported for collections on the reconciliation and the amount of revenue recorded to the general ledger for the month of June, 2014.

Recommendation - Utility collections reconciled and reported in the accounts receivable audit report should also be reconciled to revenue recorded in the general ledger.