

**CITY OF DANVILLE**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD  
JULY 1, 2013 THROUGH JUNE 30, 2014**

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**City of Danville**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>(Before December 2013)</u>		
Trent Henkelvig	Mayor	Dec 2013
Bob Hesler	Council Member	Dec 2013
Doug Fraise	Council Member	Dec 2013
Duane Worthy	Council Member	Dec 2015
Jerry Strause	Council Member	Dec 2015
Shaun Langan	Council Member	Dec 2015
Sue Rogers	City Clerk	Indefinite
Jerry Goddard	City Attorney	Indefinite
<u>(After December 2013)</u>		
Trent Henkelvig	Mayor	Dec 2015
Kenton Cole	Council Member	Dec 2017
Doug Fraise	Council Member	Dec 2017
Duane Worthy	Council Member	Dec 2015
Jerry Strause	Council Member	Dec 2015
Shaun Langan	Council Member	Dec 2015
Sue Rogers	City Clerk	Indefinite
Jerry Goddard	City Attorney	Indefinite

# **TED M. WIEGAND, CPA**

606 East Madison Street  
Mount Pleasant, Iowa 52641

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

To the Honorable Mayor  
and Members of the City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Danville for the period July 1, 2013 through June 30, 2014. The City of Danville's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

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 sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I 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. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I 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. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2013 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I 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. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.

10. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
11. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
12. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My 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.

I was not engaged to and did not conduct an audit of the City of Danville, the objective of which is the expression of opinions on the City's financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Danville, additional matters might have come to my 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 Danville and other parties to whom the City of Danville may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Danville during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

February 16, 2015

City of Danville

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. I noted that segregation of duties was inadequate in the cash, investments, long term debt, receipts, disbursements, payroll, and financial reporting areas.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. 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 bank reconciliations and reviews of employee timesheets should be conducted and evidenced by the signature or initials of the reviewer and the date of the review.

- (B) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City did not receive and retain an image of the back of each cancelled check for its bank accounts until December of 2013.

Recommendation – The City should continue to obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

- (C) Reconciliation of Utility Billings, Collections and Delinquent Accounts - Utility billings, collections and delinquent accounts were not reconciled throughout the year.

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 and monitor delinquent accounts. The review should be documented by the signature or initials of the reviewer and the date of the review.

- (D) General Ledger Control of Cash and Investments – The computerized general ledger does not accurately track the City’s cash and investment balances. The City Clerk accurately tracks fund balances separately from the computerized general ledger. The City anticipates the implementation of a new general ledger accounting system within the next couple of years, and plans to ensure accurate cash and investment tracking at that time.

Recommendation – The City should take steps to ensure accurate general ledger tracking of the City’s cash and investment balances.

- (E) Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the culture and recreation and capital project functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under annual or continuing appropriation.”

Recommendation – The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements exceed the budget.