

CITY OF LONG GROVE, IOWA

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

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

CITY OF LONG GROVE, IOWA
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CITY OF LONG GROVE, IOWA

OFFICIALS

June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Michael Limberg	Mayor	Dec 2015
Donald Abington, Jr.	Council Member	Dec 2015
Cindy Blinkinsop	Council Member	Dec 2017
Nancy Dalton	Council Member	Dec 2015
Cynthia Davis	Council Member	Dec 2015
Don Thiessen	Council Member	Dec 2017
Jackie Wilcox	Clerk/Treasurer	Indefinite

TOM ENGELMANN, CPA

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Independent Accountant's Examination Report

To the Mayor and City Council
City of Long Grove, Iowa
Long Grove, Iowa

I have performed an examination of the City of Long Grove, Iowa, pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Long Grove, Iowa 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.

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 security 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 (CFC) recommended uniform chart of accounts 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 (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. 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.
8. I 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.

9. I reviewed and tested selected receipts for accurate accounting, and consistency with the CFC recommended chart of accounts.
10. I 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.
11. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
12. I reviewed the annual certified annual budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I have 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 the specific procedures listed above.

I was not engaged to and did not perform an audit of the operations of the City of Long Grove, Iowa, the objective of which is the expression of opinions on the 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 Long Grove, Iowa, 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 Long Grove, Iowa, and other parties to whom the City of Long Grove, Iowa, may report. This report is not intended to 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 Long Grove, Iowa, during the course of my examination. Should you have any questions concerning any of the above matters I shall be pleased to discuss them with you at your convenience.

Tom Engelmann CPA
Davenport, Iowa
December 23, 2014

**CITY OF LONG GROVE, IOWA
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. 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 – I realize segregation of duties is difficult with a limited number of employees. However, with the hiring of a deputy clerk, 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 referenced by the signature or initials of the reviewer and the date of the review.

(B) Investment policy

The City's investment policy is within the requirements of Chapter 12B.10B of the Code of Iowa, but it needs to be updated.

Recommendation – The City's investment policy should require separate investment instruments for each fund.

(C) Approval of time sheets

The periodic time sheets maintained by employees and submitted for payroll purposes are not approved by supervisory personnel.

Recommendation – Department heads should sign or initial and date approval of subordinates' time sheets, and the Public Works director and Clerk should sign and approve each others' time sheets before payroll.

CITY OF LONG GROVE, IOWA
DETAILED RECOMMENDATIONS

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

(D) Social media policy

The City currently maintains no formal social media policy allowing confusion over who is authorized to speak officially for the City.

Recommendation – The City should create and adopt a social media policy, similar to a policy on press relations addressing all existing Code of Iowa limits, and designating who may speak on behalf of the City in any social media context. This would not necessarily be complex, but should be clear.

CITY OF LONG GROVE, IOWA
STAFF

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

This examination was performed by:

Tom Engelmann, CPA Owner

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