

**CITY OF ROLFE, IOWA
INDEPENDENT ACCOUNTANT'S
EXAMINATION REPORT
FOR THE PERIOD
JULY 1, 2013 THROUGH JUNE 30, 2014**

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Officials

Name	Title	Term Expires
(Before January, 2014)		
Elected Officials		
Michael Hayek	Mayor	January 1, 2014
Joni Ham	Mayor Pro-Tem/Council Member	January 1, 2014
Al Kuchenreuther	Council Member	January 1, 2016
Lana Pratt	Council Member	January 1, 2014
Joe Ramaekers	Council Member	January 1, 2016
David Thoren	Council Member	January 1, 2014
Appointed Officials		
Angela Schneider	City Clerk	Indefinite
De Sindergard	City Treasurer	January 1, 2015
(After January, 2014)		
Elected Officials		
Julie Lancaster	Mayor	January 1, 2016
Tom Anderson	Council Member	January 1, 2018
Al Kuchenreuther	Council Member	January 1, 2016
Dan Allen	Council Member	January 1, 2018
Joe Ramaekers	Council Member	January 1, 2016
Carl Struve	Council Member	January 1, 2018
Appointed Officials		
Angela Schneider	City Clerk	Indefinite
De Sindergard	City Treasurer	January 1, 2015

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

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

We have performed an agreed-upon procedures engagement of the City of Rolfe 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 Rolfe 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 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 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.
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 Rolfe, 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 Rolfe, 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 Rolfe and other parties to whom the City of Rolfe 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
July 28, 2014

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) **City Council Minutes** - Chapter 372.13(6) of the Code of Iowa requires the City publish the minutes within 15 days of the meeting. We noted that the City did not begin publishing the minutes timely on two different occasions.

Recommendation - The minutes should be published in a timely manner.

- (C) **Depository Resolution** - The City could not locate a depository resolution until one was passed on December 10, 2013.

Recommendation - The City should consult with its attorney and maintain a depository resolution that is in accordance with the Code of Iowa Chapter 12C.2.

- (D) **Journal Entries** - The City Clerk makes journal entries to the City's records but they are not reviewed by anyone else.

Recommendation - We recommend the City Treasurer review the journal entries on a monthly basis.

- (E) **City Council Resolutions** - A resolution was passed approving a transfer from the Street Fund to the Debt Service Fund of \$58,690.50. This transfer was incorrectly included in the resolution; however, the transfer was never made. This amount was advanced from the City's General Obligation Capital Loan Note.

Recommendation - When a resolution is passed containing an error or when the action is not taken, it should be rescinded or amended by the City Council.

- (F) **Unclaimed Property** - Chapter 556.11 of the Code of Iowa requires all cities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. We noted one check for \$16 that has been outstanding for more than two years.

Recommendation - Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State annually, as required.

Detailed Recommendations

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

(G) **Financial Condition** - At June 30, 2014, the City had deficit balances in the following funds:

Fund	Amount
General	\$ 319,744
Special Revenue	
Economic Development	63,885
Debt Service	981
Capital Projects	
CDBG Housing Rehab	2,856
Sewer Lining	6,322
New Well Project	20,877
Enterprise	
Sewer	25,879

Recommendation - The City should take immediate steps to reduce and eventually eliminate these deficits to return the funds to a sound financial condition.