

CITY OF LONG GROVE, IOWA

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

**For the Period
July 1, 2014 through June 30, 2015**

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

OFFICIALS

June 30, 2015

<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

1111 East River Drive, Davenport, Iowa 52803
(563) 323-3568 FAX (563) 326-6204

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa 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 Long Grove, Iowa for the period July 1, 2014 through June 30, 2015. The City of Long Grove'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 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 2014 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.

These agreed upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. 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 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.


Davenport, Iowa
January 27, 2016

**CITY OF LONG GROVE, IOWA
DETAILED RECOMMENDATIONS**

For the period July 1, 2014 through June 30, 2015

(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) 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.

(C) Approval of 2015-16 Budget

The minutes of the March 5, 2015 City Council meeting did not reflect the adoption of the 2015-16 fiscal budget. There was a resolution adopting the budget, noting the votes of all members present.

Recommendation – The minutes of March 5, 2015 need to be corrected to reflect the action taken on the budget.

**CITY OF LONG GROVE, IOWA
STAFF**

For the period July 1, 2014 through June 30, 2015

This examination was performed by:

Tom Engelmann, CPA Owner

Tom Engelmann, CPA
1111 E River Drive
Davenport, IA 52803