

CITY OF DANVILLE

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

FOR THE YEAR ENDED JUNE 30, 2016

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City of Danville

Officials

(Before January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</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
LeRoy Lippert	Council Member	Dec 2015
Sue Rogers	City Clerk	Indefinite
Jerry Goddard	City Attorney	Indefinite

(After January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
LeRoy Lippert	Mayor	Dec 2017
Kenton Cole	Council Member	Dec 2017
Doug Fraise	Council Member	Dec 2017
Duane Worthy	Council Member	Dec 2019
Jerry Strause	Council Member	Dec 2019
Matt Mutchler	Council Member	Dec 2019
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 year ended June 30, 2016. 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 2015 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 debt, including general obligation 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.
10. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
11. 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.
12. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
13. 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.

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 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

September 21, 2016

City of Danville

Detailed Recommendations

For the Year Ended June 30, 2016

- (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) 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.

- (C) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amount budgeted in the capital projects function before the budget was amended on May 16, 2016. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

- (D) Form 1099 filing – The City did not file form 1099 with the IRS for calendar year 2015 as required.

Recommendation – City management should ensure that form 1099 is filed annually.