



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

December 22, 2017

Contact: Marlys Gaston
515/281-5834

Auditor of State Mary Mosiman today released an agreed-upon procedures report on the City of Glidden, Iowa for the period July 1, 2016 through June 30, 2017. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa.

Mosiman recommended the City comply with Chapter 384.18 of the Code of Iowa and amend the budget before disbursements exceed the amounts budgeted. In addition, the City should ensure the amounts reported in the Annual Urban Renewal Report and the Annual Financial Report agree with the City's records.

A copy of the agreed-upon procedures report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1721-0119-BLOF>.

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CITY OF GLIDDEN

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

**FOR THE PERIOD
JULY 1, 2016 THROUGH JUNE 30, 2017**

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City of Glidden

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger Hartwigsen	Mayor	Jan 2018
John Arrowsmith	Council Member	Jan 2018
Robert Linde	Council Member	Jan 2018
Tony Ball	Council Member	Jan 2020
Pat Fay	Council Member	Jan 2020
Gary Schroer	Council Member	Jan 2020
Suzanne Danner	City Clerk/Administrator	Indefinite
David S. Bruner	Attorney	Indefinite

City of Glidden



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Independent Accountant's Report on Applying Agreed-Up Procedures

To the Honorable Mayor and Members of the City Council:

We 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, we have applied certain tests and procedures to selected accounting records and related information of the City of Glidden for the period July 1, 2016 through June 30, 2017, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Glidden's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and 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, we 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 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 surety 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 recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2016 Annual Financial Report 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 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.
10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
13. We 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.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
16. 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 non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Glidden during the course of our agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

November 7, 2017

Detailed Recommendations

City of Glidden

Detailed Recommendations

For the period July 1, 2016 through June 30, 2017

- (A) City Council Meeting Minutes – Chapter 372.13(6) of the Code of Iowa requires minutes of all City Council proceedings, including the total disbursements from each fund, a list of claims allowed, the reason for the claims and a summary of all receipts, be published within fifteen days of the meeting. For three of four minutes tested, one of the meeting minutes was not published and two of the meeting minutes were not published timely. In addition, the total disbursements from each fund, a list of claims allowed, the reason for the claims and a summary of all receipts were not published within 15 days for two of the meeting minutes tested.

Recommendation – The City should comply with the Code of Iowa and timely publish City Council meeting minutes, including total disbursements from each fund, a list of claims allowed, the reason for the claims and a summary of all receipts.

- (B) Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the public works and capital projects functions prior to the budget amendment. Disbursements in the culture and recreation function exceeded the amount budgeted at year end. 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.

- (C) Annual Urban Renewal Report – The Annual Urban Renewal Report (AURR) was not certified to the Iowa Department of Management on or before December 1. In addition, the City understated the amount of tax increment financing debt outstanding on the AURR Levy Authority Summary by \$115,548.

Recommendation – The City should file the AURR timely and ensure amounts reported on the AURR Levy Authority Summary agree with the City’s records.

- (D) Journal Entries – Journal entries are not reviewed and approved by an independent person.

Recommendation – An independent person should review and approve journal entries and the approval should be documented by the signature or initials of the approver and the date of approval.

City of Glidden

Detailed Recommendations

For the period July 1, 2016 through June 30, 2017

(E) Annual Financial Report – Chapter 384.22 of the Code of Iowa requires the City’s Annual Financial Report (AFR) contain a “summary for the preceding fiscal year of all collections and receipts, all accounts due the city, and all expenditures...” We noted the following regarding the City’s fiscal year 2016 AFR:

- Beginning fund balances for the General, Special Revenue, TIF Special Revenue and Capital Projects funds do not agree to the City’s records or to the ending balances reported in the City’s Annual Financial Report for the year ended June 30, 2015.
- Total receipts and ending fund balances for the General, Special Revenue and Proprietary funds do not agree with City records.

Recommendation – The City should implement procedures to ensure the amounts reported on the AFR agree to the City’s records.

City of Glidden

Staff

This engagement was performed by:

Tammy A. Hollingsworth, CIA, Manager
Adjoa S. Adanledji, Staff Auditor
Alexia M. Blank, Assistant Auditor


Marlys K. Gaston, CPA
Director