



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

NEWS RELEASE

Contact: Pam Bormann
515/281-5834

FOR RELEASE

December 18, 2024

Auditor of State Rob Sand today released an agreed-upon procedures report on the City of Walcott, Iowa, for the period July 1, 2023 through June 30, 2024. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa.

Sand reported one finding related to the disbursement of taxpayer funds. It is found on page 9 of this report. The finding addresses disbursements including sales tax. Sand provided the City with a recommendation to address this finding.

The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the agreed-upon procedures report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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CITY OF WALCOTT
AUDITOR OF STATE'S INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2023 THROUGH JUNE 30, 2024

City of Walcott



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STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

November 13, 2024

Officials of the City of Walcott
Walcott, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the agreed-upon procedures report for the City of Walcott, Iowa, for the period July 1, 2023 through June 30, 2024. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa and 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.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Walcott throughout the agreed-upon procedures engagement. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand
Auditor of State

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City of Walcott

Officials

(Before January 2024)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Kostichek	Mayor	Jan 2026
Everett Bieri	Council Member	Jan 2024
Lisa Mengler	Council Member	Jan 2024
Jacob Puck	Council Member	Jan 2024
Harry Knutsen	Council Member	Jan 2026
Kirk Koberg	Council Member	Jan 2026
Lisa Rickertsen	City Clerk/Treasurer	Indefinite
Jackie Huston	Deputy City Clerk	(Retired Jul 2023)
Tabetha Wright (Appointed Jul 2023)	Deputy City Clerk	Indefinite
Thomas Schirrmann	City Attorney	Indefinite

(After January 2024)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
John Kostichek	Mayor	Jan 2026
Harry Knutsen	Council Member	Jan 2026
Kirk Koberg	Council Member	Jan 2026
Everett Bieri	Council Member	Jan 2028
Lisa Mengler	Council Member	Jan 2028
Jacob Puck	Council Member	Jan 2028
Lisa Rickertsen	City Clerk/Treasurer	Indefinite
Tabetha Wright	Deputy City Clerk	Indefinite
Thomas Schirrmann	City Attorney	Indefinite

City of Walcott



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Rob Sand
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Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

We performed the procedures below, which were established at Iowa Code Chapter 11.6, to provide oversight of Iowa cities. Accordingly, we have applied certain procedures to selected accounting records and related information of the City of Walcott for the period July 1, 2023 through June 30, 2024, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Walcott'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 City of Walcott's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, 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 may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed are summarized as follows:

1. We observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We obtained an understanding of the City's internal controls to determine if proper control procedures were in place and incompatible duties, from a control standpoint, were not performed by the same employee.
3. We observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances, journal entries and monthly financial reports provided to the City Council.
5. We scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances were properly maintained and accurately accounted for.
6. We observed the City's fiscal year 2024 Annual Financial Report to determine whether it was completed timely and accurately reflected the City's financial information.
7. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We observed depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa.

9. We scanned 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 scanned 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 observed 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 traced selected receipts for accurate accounting and consistency with the recommended COA.
13. The City had no voter approved levies.
14. We traced selected disbursements to 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.
15. We traced transfers between funds to proper authorization and accurate accounting and to determine whether transfers were proper.
16. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
17. We observed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified a finding and recommendation for the City. Our finding and recommendation is described in the Detailed Finding and Recommendation section of this report. Unless reported in the Detailed Finding and Recommendation, no exceptions were noted during the performance of the specific procedures listed above.

We were engaged by the City of Walcott's management to perform this agreed-upon procedures engagement and conducted our engagement 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. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the City of Walcott and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 finding and recommendation 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 Walcott 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.

A handwritten signature in black ink that reads "Pam Bormann". The signature is written in a cursive, flowing style.

Pam Bormann, CPA
Director

November 13, 2024

Detailed Finding and Recommendation

City of Walcott

Detailed Finding and Recommendation

For the period July 1, 2023 through June 30, 2024

- (A) Disbursements – One transaction observed included sales tax totaling \$73. As a government entity, the City maintains a tax-exempt status. As a result, the City should not incur sales tax.

Recommendation – The City should establish procedures to ensure all payments are reviewed to prevent the payment of sales tax.

City of Walcott

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Director
Alex N. Kawamura, CPA, Manager
Brianna M. Denton, Staff Auditor
Dillon J. Hoit, Staff Auditor