

**CITY OF PAULLINA
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
JULY 1, 2022 THROUGH JUNE 30, 2023**

**City of Paullina
Agreed-Upon Procedures**

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CITY OF PAULLINA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brenda Ebel-Kruse	Mayor	December 2023
Marlin Sjaarda	Mayor	December 2025
Jay Jones	Council Member	December 2023
Jean Unrau	Council Member	December 2023
Lexy Murphy	Council Member	December 2023
Steve Hereen	Council Member	December 2025
Carol Honkomp	Council Member	December 2025
Dennis Werkmeister	Council Member	December 2027
Nichole Jacobs	Council Member	December 2027
Michelle Wilson	City Clerk	Indefinite
Alex Griggs	Deputy City Clerk	Indefinite
Tisha Halverson	Attorney	Indefinite



Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
and Members of City Council:

We have performed the procedures enumerated below which were established at Iowa Code Chapter 11.6 to provide oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Paullina for the period of July 1, 2022 through June 30, 2023, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Paullina's management is responsible for compliance with these requirements and for the City's records.

The City of Paullina has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the City complied with the specified 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 and associated findings are summarized as follows:

1. We selected and inspected four City Council meeting minutes (8/1/22, 9/6/22, 4/17/23, and 6/5/23) for the following requirements:
 - a. Minutes were properly signed as required by Chapter 380.7 of the Code of Iowa. The minutes on August 1st, 2022 were not signed by the clerk. No other exceptions noted.
 - b. Meetings were preceded by proper notice in accordance with Chapter 21.4 of the Code of Iowa. No exceptions noted.
 - c. Minutes provide information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa. No exceptions noted.
 - d. Passage of ordinances, amendments or resolution were by majority vote of all members rather than a majority vote of a quorum of the City Council as required by Chapter 380.4 of Code of Iowa. No exceptions noted.
 - e. Minutes followed proper proceedings for any closed session in accordance with Chapter 21.5 of the Code of Iowa. Minutes selected did not contain any closed sessions.
 - f. Minutes were published within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa and included: Total disbursements by fund, a list of all claims allowed and a summary of all receipts. The meetings on August 1st, 2022,

September 6th, 2022 and June 5th, 2023, were published outside of the required posting period by two days, one day, and two days, respectively. The four selected publishing's did not include a summary of receipts. The meeting on August 1st and September 6th did not categorize disbursements by fund.

- g. Confirmed that subsequent to adoption of ordinances or amendments to ordinances that the complete text or a summary of the ordinances/amendments were published in accordance with Chapter 380.7(3) of the Code of Iowa. No exception noted.
2. We inquired if separately maintained records exist and those required are included in the records of the City.

Separately Maintained Records – Chapter 384.20 of the Code of Iowa states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property.”

The Paullina Library maintained bank accounts for activity separate from the City Clerk's accounting records. While this Department is part of the City, the transactions and the resulting balances were not included in the City's accounting records until February of 2023, the date in which the funds were transferred into the City's main account to be tracked by the City's accounting software.

In addition, the transactions and resulting balances of these accounts were not reported to the City Council and disbursements from the accounts were not reviewed and approved by the City Council up until February of 2023. Also, a summary of each account's receipts, total disbursements and the listings of claims allowed each month were not published in accordance with Chapter 372.13(6) of the Code of Iowa.

3. We compared surety bond coverage for compliance with Chapter 64 of the Code of Iowa. The surety bond coverage complied with Chapter 64 of the Code of Iowa.
4. We obtained the City's internal control processes to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.

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, the same individual has control over each of the following areas for the City:

- (1) Cash – handling, reconciling and recording.
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- (3) Receipts – opening mail, collecting, depositing, recording, reconciling and posting.
- (4) Debt – recordkeeping, compliance and debt payment processing.
- (5) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (6) Payroll – recordkeeping, preparation and distribution.
- (7) Utilities – billing, collecting, depositing and posting.
- (8) Financial reporting – preparing and reconciling.

(9) Journal entries – preparing and journalizing.

Criteria – The City is responsible for the establishment of adequate segregation of duties to help prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the City’s financial statements.

Condition – The City has a small staff and accordingly has not been able to achieve full segregation of duties over all accounting transactions. Employees who handle cash receipts are also involved with the preparation of bank reconciliations and the posting of payments.

Effect – As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected within a timely period. Internal controls that are in place could be averted, overridden, or not consistently implemented.

5. We observed cash on hand. No exceptions noted.
6. We obtained one Clerk’s report for the month of March and mathematically checked that the report footed and traced ending balance to the general ledger. Amount agreed to the general ledger without exception. The clerk’s report was not provided to the council.
7. We confirmed that bank reconciliations were performed monthly and, inspected by an independent person. Bank reconciliations were not performed monthly in a timely manner. There was no indication of an independent sign off.
8. We selected bank reconciliations for the two months of March and June and performed the following procedures:
 - a. Traced reconciling items to support. March’s cash report showed a variance of \$33,631. June’s cash report showed a variance of \$32,488. In both months, the bank balance was higher than the general ledger balance. Additionally, the outstanding transactions did not agree to supporting documentation.
 - b. Footed reconciliations. No exceptions noted.
 - c. Obtained listing of outstanding checks and ensured list includes check number, amount and date written for each check. List included appropriate identifying information but erroneously included items that had already cleared the bank, as well as manual adjustments that did not have support or could not be explained by management.
 - d. Traced outstanding items to subsequent bank statements after selected months and determined reasonableness for checks that did not clear in following month. Multiple long outstanding items older than two years were brought to the attention of management and are being monitored.
9. We inquired as to whether both the front and back of electronic images are received. Fronts and backs of checks are visible on the bank statements and website.
10. We determined unclaimed property per Chapter 556.1(12) of the Code of Iowa has been reported to the State Treasurer annually before November 1 as required by Chapter 556.11 of the Code of Iowa. No items were submitted to the State of Iowa during the fiscal year.
11. We determined a depository resolution including all depositories used by the City has been approved as required by Chapter 12C.2 of the Code of Iowa. Resolution was approved on January 3, 2023 with appropriate depositories.

12. We determined the City has adopted a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa. Investment policy remains in compliance.
13. We obtained schedules of investment transactions for the months of March and June and traced investment balances to Treasurers Report. Investment schedule did not agree to supporting documentation and the general ledger was not appropriately updated to reflect interest earned that was reinvested on the City's CDs.
14. We selected the month of March and June and compared investments held to the City's adopted investment policy and the statutory provisions of Chapter 12B.10 of the Code of Iowa. No exceptions noted.
15. We inquired whether long-term debt existed and performed the following:
 - a. Observed whether debt was properly accounted for. No exceptions were noted.
 - b. Observed general obligation debt payments are properly recorded in the Debt Service Fund as required by Chapter 384.4 of the Code of Iowa. All general obligation payments were properly recorded.
16. Obtained authorization for any issuances during the period of July 1, 2022 to June 30, 2023. No new debt was issued during the period.
17. Agreed procedures for bonds or notes sold during the period were in compliance with Chapters 75, 384 and 403.9 of the Code of Iowa. No new debt issued during the period.
18. We determined whether debt proceeds were properly recorded and traced proceeds to cash receipts records and bank statements. No new debt issued during the period.
19. Inquired if the City has established written procedures to monitor compliance with the arbitrage, yield restrictions and rebate requirements under Section 148 of the Federal Internal Revenue Service Rules. No documented procedures exist.
20. We traced that tax increment financing (TIF) collections were properly recorded in a separate Special Revenue Fund (TIF Fund) as required by Chapter 403.19 of the Code of Iowa. Collections were properly recorded.
21. We traced disbursements from the TIF Fund were properly disbursed or transferred to pay TIF obligations that qualify for payment (within the urban renewal plan) and that such obligations were previously certified to the County Auditor as TIF debt and/or Low-Moderate Income (LMI) housing. No exceptions noted.
22. We obtained a copy of the Urban Renewal Area TIF Indebtedness Tax Reconciliation prepared by the County Auditor to perform the following procedures:
 - a. Compared the Reconciliation to identify and document the City's certified TIF Obligations. No exceptions noted.
 - b. Inspected the Reconciliation for unusual or unallowable obligations. No unusual or unallowable obligations noted.
23. We obtained the Tax Increment Debt Certificate and performed the following procedures:
 - a. Confirmed the Certificate was filed by December 1. Form was properly filed by December 1.
 - b. Confirmed amounts certified on Form 1 and Form 1.1 were for TIF debt not previously certified. Nothing was certified for the period.

- c. Confirmed amounts certified on Form 1 and Form 1.1 were supported and represent loans, advances or other qualified indebtedness or bonds which qualify for payment from the TIF revenues of the urban renewal area in which the debt was certified. Amounts were properly supported and qualify for payment from TIF revenues of the urban renewal area. Nothing was certified for the period.
 - d. Confirmed the qualified TIF indebtedness is for a program in the urban renewal area, for an activity covered by the allowable list in Chapters 403.6(6) and 403.12(1) of the Iowa Code, for a project covered by the plan and must further the goals for the plan. Indebtedness is for work performed in Business Park West and #2 Urban Renewal area and is appropriate.
 - e. Confirmed the general obligation date certified is correct. No general obligation debt certified in period under examination.
 - f. Confirmed the City used Form 2 to properly reduce the TIF request if/when the total amount of the legally available TIF increment tax was not wanted. Form was not required to be filed for period.
 - g. Confirmed the City certified Form 3 to reduce the amount previously certified by December 1 in the year action was taken which resulted in the reduction, as required by Chapter 403.19(6)(b) of the Code of Iowa. Form was not required. City did not reduce previously certified debt.
24. We obtained Annual Urban Renewal Report and performed following procedures:
- a. Confirmed report was approved by the City council. Minutes noted approval on May 5, 2023.
 - b. Confirmed report was filed on or before December 1. Report was not filed before December 1, 2022.
 - c. Confirmed amount reported on the Levy Authority Summary agree with City records. The report showed a \$15 dollar variance with the ending cash balance per the City records.
 - d. Inquired if TIF collections have ceased for TIF taxing districts that have statutorily ended. All districts were active during the period.
 - e. Obtained the City's detailed TIF obligations (debt) listing and determined "TIF Debt Outstanding" on the Levy Authority Summary includes Certified Debt and Certifiable debt. No exceptions were noted.
 - f. Inquired if rebate agreements have been properly reported as projects(s), included in total debt and expense. No exceptions noted.
 - g. Inquired if TIF collections remaining after an urban renewal area is no longer activity were returned to the County Treasurer as required by Chapter 24.21 of the Code of Iowa. No collections required to be returned.
 - h. Inquired for urban renewal areas with public improvements related to housing and residential development whether assistance for low and moderate income (LMI) housing was provided in accordance with Chapter 403.22 of the Code of Iowa. None noted.
25. We confirmed the City is using fund accounting and each fund is properly classified in accordance with the City Finance Committee's recommended Uniform Chart of Accounts (COA). The City uses the uniform chart of accounts.

26. We obtained financial information provided to the City Council monthly and performed the following procedures:
 - a. Confirmed the City Clerk's report shows receipts, disbursements, transfers, and balances for each fund. Report properly included information but was not provided to council for meetings held after August 22, 2022.
 - b. Confirmed information provides comparison of actual disbursements to budget by function. Reports were not provided to council for any meeting in the fiscal year held after August 22, 2022.
27. We confirmed there were no net earnings violations for enterprise funds with revenue bonds/notes and deficit balances.
28. We confirmed if deficit balances existed in other funds. At June 30, 2023, no such deficit balances existed.
29. We confirmed that capital projects were appropriately accounted for in separate capital project accounts. The city appropriately uses capital project accounts.
30. We obtained a listing of journal entries of adjustments made directly to the general ledger and performed the following procedures
 - a. Selected specific journal entry for Library fund balance adjustment agreed to support, but was not accounted for correctly.
 - b. Inquired that journal entries were approved by an independent person and confirmed there is evidence of the approval. Journal entries are not approved by an independent person.
31. We obtained the City's fiscal year 2023 Annual Financial Report (AFR) and performed the following procedures:
 - a. Compared the AFR to the City's general ledger for the following:
 - i. Beginning fund balances were not reported accurately. Ending fund balance reported on the general ledger and AFR didn't agree for the General fund, Special Revenue funds, TIF fund, Debt Service fund, Capital Projects funds, and Proprietary funds. In total, the AFR showed an ending fund balance \$21,076 higher than the City's general ledger.
 - ii. RUT Transactions were reported accurately in a Special Revenue Fund. RUT transactions were properly reported.
 - iii. Total receipts were overstated by \$138,632 and total expenses were overstated by \$68,556 when compared to the City records. The revenues in-part were overstated as a result of the deposit of the library funds, which were being maintained outside of the city recordkeeping system. \$100,228 was recorded as receipts on the AFR, but as an adjustment directly to fund balance in the general ledger. The remaining variances could not be explained by management.
 - iv. Selected 3 receipt line items and 3 disbursement line items from the detail pages and compared to City's records. No exceptions noted for selected line items. Upon further examination of individual line items during testing, we did however note discrepancies with the City's records, which could not be explained by management.
32. We obtained a list of all fund transfers during the year and performed the following procedures:

- a. Inquired concerning the propriety of the transfers. Transfers appeared appropriate.
 - b. Confirmed transfers were recorded in the proper fund. No exceptions noted.
 - c. We traced transfers made to an approved fund transfer resolution. No exceptions noted.
33. We compared classification of receipts to Uniform Chart of Accounts. Classifications conform to Uniform Chart of Accounts.
 34. We reconciled property tax receipts per the general ledger to the budget. No exceptions noted.
 35. We confirmed electronic deposit of twelve property tax payments during the year. No exceptions noted.
 36. We confirmed revenue received from state sources and reconciled to the general ledger. No exceptions noted.
 37. We inquired if a monthly/year-end list of delinquent accounts is maintained. Report is not printed monthly but the June 30th report was obtained.
 38. We inquired if monthly reconciliations of billings, collections and delinquent accounts are prepared. Reports were not printed monthly, but were made available.
 - a. Mathematically checked the reconciliation. Report reconciled correctly.
 - b. Compared utility billing summary reports to the amounts collected as utility revenue for the fiscal year. Amounts appeared reasonable.
 39. We inquired if the city has any users of utilities who pay a reduced rate or do not pay for service. No users pay reduced rates or do not pay.
 40. We inspected utility history billing report for the city officials and city clerk's accounts and traced the month of June's billing to deposit. Payments were matched without exception.
 41. We scanned ledgers or receipt detail for unusual receipts. No unusual receipts were noted.
 42. We inspected deposit tickets for November to evaluate the reasonableness of amounts of currency deposited. Currency appeared reasonable.
 43. We obtained a copy of the local option sales tax ballot.
 44. We compared LOST disbursements and transfers to local ballot provisions. No LOST disbursements made in in fiscal year 2023.
 45. We inquired if City is tracking the allocated unspent balance in accordance with ballot provisions. City is appropriately tracking the balance.
 46. We inquired if voter approved levies were properly authorized in accordance with Chapter 384.12 of the Code of Iowa. The City has no new voter approved levies.
 47. We requested a schedule of all related party transactions with officials or employees for the filling year and confirmed they were in compliance with Chapter 362.5 of the Code of Iowa. No schedule was maintained, but viewed a query search for all checks payable to city officials and their families for fiscal year 23. No exceptions noted.

48. We scanned disbursement journal for unusual disbursements. No unusual transactions noted.
49. We inspected all cancelled checks/images for checks to the City personnel, unusual vendors and "cash." No unusual vendors noted. Traced checks issued to city personnel to proper supporting documentation. No exceptions noted. No checks were written to replenish petty cash.
50. We selected five consecutive checks, including ACH payments, from alternating months (30 total) and performed the following procedures.
 - a. Confirmed disbursement was adequately supported. No exceptions noted.
 - b. Agreed amount and payee on the check to the general ledger posting. No exceptions noted.
 - c. Traced disbursements to minutes for council authorization. No exceptions noted.
 - d. Confirmed credit card transactions were properly approved and supported. No exceptions noted.
 - e. Confirmed that disbursements were properly classified by function in accordance with uniform chart of accounts. No exception noted.
 - f. Confirmed the disbursement met the test of public purpose. No exceptions noted.
51. We obtained bank statements and observed if there were erasures/alteration for the months of December, February, and May. No erasures/alterations noted.
52. We obtained the publications of the annual budget and amendments, if any, were properly authorized and certified, including whether the notice of public hearing for the original budget and any amendments were properly published in accordance with Chapter 384.16(3) and 384.18(2) of the code of Iowa. All were properly published within required time frames.
53. We compared the tax levy and disbursements adopted with the amounts posted/published to confirm they were not greater. No exceptions noted.
54. We confirmed whether disbursements by function were within the budget or amended budget. Disbursements in the Health and Social Services function, Community and Economic Development function, and General Government function exceeded budgeted expectations by \$530, \$9,154, and \$11,576, respectively.
55. We selected five payroll transactions throughout the year and performed the following procedures:
 - a. Agreed the gross pay or hourly rate to amount approved by City Council. Wages were properly approved by Council.
 - b. Confirmed the approval of the hours worked. Noted no approval on timecards or support by management.
 - c. Compared number of hours paid per the payroll journal to hours worked per approved timesheets for hourly employees. No exceptions noted.
56. We compared approved salary for the City Clerk to the amount paid for the year. No exceptions noted.
57. We obtained the wage increases approved by the City Council and confirmed the increases were presented as an hourly rate or salary and not a percentage increase. No exceptions noted.

58. We obtained Forms 941, W-2 and 1099's and confirmed they were properly filed with the IRS. Forms 941, W-2 and 1099's were properly filed.

We were engaged by the City of Paullina 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 the 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 the 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 Paullina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the procedures and associated findings pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. Accordingly, 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 Paullina 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.

Certified Public Accountants

Le Mars, Iowa
July 25, 2024

**CITY OF PAULLINA
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17. Agreed procedures for bonds or notes sold during the period were in compliance with Chapters 75, 384 and 403.9 of the Code of Iowa. No new debt issued during the period.
18. We determined whether debt proceeds were properly recorded and traced proceeds to cash receipts records and bank statements. No new debt issued during the period.
19. Inquired if the City has established written procedures to monitor compliance with the arbitrage, yield restrictions and rebate requirements under Section 148 of the Federal Internal Revenue Service Rules. No documented procedures exist.
20. We traced that tax increment financing (TIF) collections were properly recorded in a separate Special Revenue Fund (TIF Fund) as required by Chapter 403.19 of the Code of Iowa. Collections were properly recorded.
21. We traced disbursements from the TIF Fund were properly disbursed or transferred to pay TIF obligations that qualify for payment (within the urban renewal plan) and that such obligations were previously certified to the County Auditor as TIF debt and/or Low-Moderate Income (LMI) housing. No exceptions noted.
22. We obtained a copy of the Urban Renewal Area TIF Indebtedness Tax Reconciliation prepared by the County Auditor to perform the following procedures:
 - a. Compared the Reconciliation to identify and document the City's certified TIF Obligations. No exceptions noted.
 - b. Inspected the Reconciliation for unusual or unallowable obligations. No unusual or unallowable obligations noted.
23. We obtained the Tax Increment Debt Certificate and performed the following procedures:
 - a. Confirmed the Certificate was filed by December 1. Form was properly filed by December 1.
 - b. Confirmed amounts certified on Form 1 and Form 1.1 were for TIF debt not previously certified. Nothing was certified for the period.

- c. Confirmed amounts certified on Form 1 and Form 1.1 were supported and represent loans, advances or other qualified indebtedness or bonds which qualify for payment from the TIF revenues of the urban renewal area in which the debt was certified. Amounts were properly supported and qualify for payment from TIF revenues of the urban renewal area. Nothing was certified for the period.
 - d. Confirmed the qualified TIF indebtedness is for a program in the urban renewal area, for an activity covered by the allowable list in Chapters 403.6(6) and 403.12(1) of the Iowa Code, for a project covered by the plan and must further the goals for the plan. Indebtedness is for work performed in Business Park West and #2 Urban Renewal area and is appropriate.
 - e. Confirmed the general obligation date certified is correct. No general obligation debt certified in period under examination.
 - f. Confirmed the City used Form 2 to properly reduce the TIF request if/when the total amount of the legally available TIF increment tax was not wanted. Form was not required to be filed for period.
 - g. Confirmed the City certified Form 3 to reduce the amount previously certified by December 1 in the year action was taken which resulted in the reduction, as required by Chapter 403.19(6)(b) of the Code of Iowa. Form was not required. City did not reduce previously certified debt.
24. We obtained Annual Urban Renewal Report and performed following procedures:
- a. Confirmed report was approved by the City council. Minutes noted approval on May 5, 2023.
 - b. Confirmed report was filed on or before December 1. Report was not filed before December 1, 2022.
 - c. Confirmed amount reported on the Levy Authority Summary agree with City records. The report showed a \$15 dollar variance with the ending cash balance per the City records.
 - d. Inquired if TIF collections have ceased for TIF taxing districts that have statutorily ended. All districts were active during the period.
 - e. Obtained the City's detailed TIF obligations (debt) listing and determined "TIF Debt Outstanding" on the Levy Authority Summary includes Certified Debt and Certifiable debt. No exceptions were noted.
 - f. Inquired if rebate agreements have been properly reported as projects(s), included in total debt and expense. No exceptions noted.
 - g. Inquired if TIF collections remaining after an urban renewal area is no longer activity were returned to the County Treasurer as required by Chapter 24.21 of the Code of Iowa. No collections required to be returned.
 - h. Inquired for urban renewal areas with public improvements related to housing and residential development whether assistance for low and moderate income (LMI) housing was provided in accordance with Chapter 403.22 of the Code of Iowa. None noted.
25. We confirmed the City is using fund accounting and each fund is properly classified in accordance with the City Finance Committee's recommended Uniform Chart of Accounts (COA). The City uses the uniform chart of accounts.

26. We obtained financial information provided to the City Council monthly and performed the following procedures:
 - a. Confirmed the City Clerk's report shows receipts, disbursements, transfers, and balances for each fund. Report properly included information but was not provided to council for meetings held after August 22, 2022.
 - b. Confirmed information provides comparison of actual disbursements to budget by function. Reports were not provided to council for any meeting in the fiscal year held after August 22, 2022.
27. We confirmed there were no net earnings violations for enterprise funds with revenue bonds/notes and deficit balances.
28. We confirmed if deficit balances existed in other funds. At June 30, 2023, no such deficit balances existed.
29. We confirmed that capital projects were appropriately accounted for in separate capital project accounts. The city appropriately uses capital project accounts.
30. We obtained a listing of journal entries of adjustments made directly to the general ledger and performed the following procedures
 - a. Selected specific journal entry for Library fund balance adjustment agreed to support, but was not accounted for correctly.
 - b. Inquired that journal entries were approved by an independent person and confirmed there is evidence of the approval. Journal entries are not approved by an independent person.
31. We obtained the City's fiscal year 2023 Annual Financial Report (AFR) and performed the following procedures:
 - a. Compared the AFR to the City's general ledger for the following:
 - i. Beginning fund balances were not reported accurately. Ending fund balance reported on the general ledger and AFR didn't agree for the General fund, Special Revenue funds, TIF fund, Debt Service fund, Capital Projects funds, and Proprietary funds. In total, the AFR showed an ending fund balance \$21,076 higher than the City's general ledger.
 - ii. RUT Transactions were reported accurately in a Special Revenue Fund. RUT transactions were properly reported.
 - iii. Total receipts were overstated by \$138,632 and total expenses were overstated by \$68,556 when compared to the City records. The revenues in-part were overstated as a result of the deposit of the library funds, which were being maintained outside of the city recordkeeping system. \$100,228 was recorded as receipts on the AFR, but as an adjustment directly to fund balance in the general ledger. The remaining variances could not be explained by management.
 - iv. Selected 3 receipt line items and 3 disbursement line items from the detail pages and compared to City's records. No exceptions noted for selected line items. Upon further examination of individual line items during testing, we did however note discrepancies with the City's records, which could not be explained by management.
32. We obtained a list of all fund transfers during the year and performed the following procedures:

- a. Inquired concerning the propriety of the transfers. Transfers appeared appropriate.
 - b. Confirmed transfers were recorded in the proper fund. No exceptions noted.
 - c. We traced transfers made to an approved fund transfer resolution. No exceptions noted.
33. We compared classification of receipts to Uniform Chart of Accounts. Classifications conform to Uniform Chart of Accounts.
 34. We reconciled property tax receipts per the general ledger to the budget. No exceptions noted.
 35. We confirmed electronic deposit of twelve property tax payments during the year. No exceptions noted.
 36. We confirmed revenue received from state sources and reconciled to the general ledger. No exceptions noted.
 37. We inquired if a monthly/year-end list of delinquent accounts is maintained. Report is not printed monthly but the June 30th report was obtained.
 38. We inquired if monthly reconciliations of billings, collections and delinquent accounts are prepared. Reports were not printed monthly, but were made available.
 - a. Mathematically checked the reconciliation. Report reconciled correctly.
 - b. Compared utility billing summary reports to the amounts collected as utility revenue for the fiscal year. Amounts appeared reasonable.
 39. We inquired if the city has any users of utilities who pay a reduced rate or do not pay for service. No users pay reduced rates or do not pay.
 40. We inspected utility history billing report for the city officials and city clerk's accounts and traced the month of June's billing to deposit. Payments were matched without exception.
 41. We scanned ledgers or receipt detail for unusual receipts. No unusual receipts were noted.
 42. We inspected deposit tickets for November to evaluate the reasonableness of amounts of currency deposited. Currency appeared reasonable.
 43. We obtained a copy of the local option sales tax ballot.
 44. We compared LOST disbursements and transfers to local ballot provisions. No LOST disbursements made in in fiscal year 2023.
 45. We inquired if City is tracking the allocated unspent balance in accordance with ballot provisions. City is appropriately tracking the balance.
 46. We inquired if voter approved levies were properly authorized in accordance with Chapter 384.12 of the Code of Iowa. The City has no new voter approved levies.
 47. We requested a schedule of all related party transactions with officials or employees for the filling year and confirmed they were in compliance with Chapter 362.5 of the Code of Iowa. No schedule was maintained, but viewed a query search for all checks payable to city officials and their families for fiscal year 23. No exceptions noted.

48. We scanned disbursement journal for unusual disbursements. No unusual transactions noted.
49. We inspected all cancelled checks/images for checks to the City personnel, unusual vendors and "cash." No unusual vendors noted. Traced checks issued to city personnel to proper supporting documentation. No exceptions noted. No checks were written to replenish petty cash.
50. We selected five consecutive checks, including ACH payments, from alternating months (30 total) and performed the following procedures.
 - a. Confirmed disbursement was adequately supported. No exceptions noted.
 - b. Agreed amount and payee on the check to the general ledger posting. No exceptions noted.
 - c. Traced disbursements to minutes for council authorization. No exceptions noted.
 - d. Confirmed credit card transactions were properly approved and supported. No exceptions noted.
 - e. Confirmed that disbursements were properly classified by function in accordance with uniform chart of accounts. No exception noted.
 - f. Confirmed the disbursement met the test of public purpose. No exceptions noted.
51. We obtained bank statements and observed if there were erasures/alteration for the months of December, February, and May. No erasures/alterations noted.
52. We obtained the publications of the annual budget and amendments, if any, were properly authorized and certified, including whether the notice of public hearing for the original budget and any amendments were properly published in accordance with Chapter 384.16(3) and 384.18(2) of the code of Iowa. All were properly published within required time frames.
53. We compared the tax levy and disbursements adopted with the amounts posted/published to confirm they were not greater. No exceptions noted.
54. We confirmed whether disbursements by function were within the budget or amended budget. Disbursements in the Health and Social Services function, Community and Economic Development function, and General Government function exceeded budgeted expectations by \$530, \$9,154, and \$11,576, respectively.
55. We selected five payroll transactions throughout the year and performed the following procedures:
 - a. Agreed the gross pay or hourly rate to amount approved by City Council. Wages were properly approved by Council.
 - b. Confirmed the approval of the hours worked. Noted no approval on timecards or support by management.
 - c. Compared number of hours paid per the payroll journal to hours worked per approved timesheets for hourly employees. No exceptions noted.
56. We compared approved salary for the City Clerk to the amount paid for the year. No exceptions noted.
57. We obtained the wage increases approved by the City Council and confirmed the increases were presented as an hourly rate or salary and not a percentage increase. No exceptions noted.

58. We obtained Forms 941, W-2 and 1099's and confirmed they were properly filed with the IRS. Forms 941, W-2 and 1099's were properly filed.

We were engaged by the City of Paullina 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 the 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 the 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 Paullina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the procedures and associated findings pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. Accordingly, 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 Paullina 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.

Certified Public Accountants

Le Mars, Iowa
July 25, 2024

RESOLUTION NO. 2024-

RESOLUTION to hire candidate Brian Feltman for the Position of Airport Manager for the Salary of \$5000.00 per Fiscal Year. Also, as Compensation for Work Completed and not Listed in the “Paullina Airport Manager Job Description and Responsibilities”, Upon Pre-approval by the City Council, Manager Shall Receive \$50.00 per Hour Invoiced

BE IT RESOLVED by the Council of the City of Paullina, Iowa, to approve the hiring of Brian Feltman for the position of Airport Manager for the salary of \$5000.00 per fiscal year. Also, as compensation for work completed and not Listed in the “Paullina Airport Manager Job Description and Responsibilities”, upon pre-approval by the City Council, Manager shall receive \$50.00 per hour invoiced.

PASSED AND APPROVED this 19th day of August, 2024.

Marlin Sjaarda, Mayor

ATTEST:

Michelle Wilson, City Clerk

