
HOGAN • HANSEN

A Professional Corporation
Certified Public Accountants and Consultants

November 27, 2024

Stephanie Dautremont, City Clerk
City of Lone Tree
P.O. Box 337
Lone Tree, IA 52755

We are enclosing seven copies of the independent accountant's report on applying agreed-upon procedures of the City of Lone Tree for the period July 1, 2023 through June 30, 2024. We have submitted a PDF copy of the above report to the Office of Auditor of State. We have enclosed a news release which you should use to inform the appropriate media that the above report has been filed in accordance with Chapter 11.6 of the Code of Iowa.

We have also enclosed an invoice for our services.

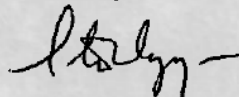
A filing fee is provided for under Chapter 11 of the Code of Iowa and is to be paid by the City when the annual examination report is filed with the Office of Auditor of State. Based on the City's original budgeted expenditures for the fiscal year ended June 30, 2024, the City should remit a filing fee in the amount of \$175.

The City annual examination filing fee check should be made payable to the "Office of Auditor of State" and mailed to:

Office of Auditor of State
State Capitol Building, Room 111
1007 East Grand Avenue
Des Moines, IA 50319-0001

If you have any questions, please contact us.

Sincerely,



Steven K. Duggan, CPA

SKD:jf
Encs.

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News Release

FOR RELEASE: November 27, 2024

Hogan - Hansen, A Professional Corporation, today released an agreed-upon procedures report on the City of Lone Tree, Iowa, for the period July 1, 2023 through June 30, 2024. The agreed-upon procedures engagement was performed in accordance with Chapter 11.6 of the Code of Iowa.

Hogan - Hansen reported two findings. They are found in the detailed findings and recommendations section of the report. The findings address lack of segregation of duties and certified budget information provided to the City Council. Hogan - Hansen provided the City with recommendations to address each of the findings.

One of the findings discussed above is repeated from the prior year. 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 <https://auditor.iowa.gov/audit-reports>.

CITY OF LONE TREE, IOWA
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2023 THROUGH JUNE 30, 2024

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Officials

Name	Title	Term Expires
Elected Officials		
Josh Spilman	Mayor	January, 2026
Matt Zadow	Council Member	January, 2026
Mitch Swinton	Council Member	January, 2023
Ryan Roan	Council Member	January, 2023
Jennifer Poeschel	Council Member (resigned, July, 2024)	January, 2025
Cathie Konzimeus	Council Member (resigned, July, 2024)	January, 2025
Jerry Ford	Council Member	January, 2028
Nicholas Gluba	Council Member (appointed, January, 2024)	January, 2025
Appointed Officials		
Stephanie Dautremont	City Clerk	Indefinite
Crystal K. Raiber	Attorney	Indefinite

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A Professional Corporation

Certified Public Accountants and Consultants

Independent Accountant's Report on Applying Agreed-Upon Procedures —

To the Honorable Mayor and
Members of the City Council
City of Lone Tree, Iowa

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 Lone Tree 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 Lone Tree'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 Lone Tree'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 are in place and incompatible duties, from a control standpoint, are 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 (CFC) recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are 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 to accurate accounting and consistency with the recommended COA.
13. The City has 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 various findings and recommendations for the City. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, no exceptions were noted during the performance of the specific procedures listed above.

To the Honorable Mayor and
Members of the City Council
City of Lone Tree, Iowa
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We were engaged by the City of Lone Tree'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 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 Lone Tree 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 findings and 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.

HOGAN - HANSEN

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Waterloo, Iowa
November 25, 2024

Detailed Findings and Recommendations

Detailed Findings and Recommendations

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

(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) Accounting system - performing all general accounting functions and having custody of assets.
- (2) Cash - handling, reconciling and recording.
- (3) Investing - recordkeeping, investing, custody of investments and reconciling earnings.
- (4) Receipts - opening mail, collecting, depositing, reconciling and posting.
- (5) Utilities - billing, collecting, depositing, posting and maintaining detailed accounts receivable records.
- (6) Debt - recordkeeping, compliance and debt payment processing.
- (7) Disbursements - purchasing, invoice processing, check writing, check signing, mailing, reconciling and recording.
- (8) Payroll - recordkeeping, preparing, signing and distributing.
- (9) Computer system - performing all general accounting functions and controlling all data input and output.
- (10) Financial reporting - Preparing and reconciling.

Recommendation - We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

(B) **Certified Budget** - Disbursements during the year ended June 30, 2024 exceeded the amount budgeted in the Community and Economic Development function. 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 disbursements to the certified budget by function.