

CITY OF COLUMBUS JUNCTION

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

**FOR THE PERIOD
JULY 1, 2024 THROUGH JUNE 30, 2025**

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City of Columbus Junction

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
T. Mark Huston	Mayor	Jan 1, 2026
Harold Prior	Council Member	Jan 1, 2026
Darin Mapel	Council Member	Jan 1, 2028
Josh Buckman	Council Member	Jan 1, 2026
Kenan Todd	Council Member	Jan 1, 2028
Tracy Harris	Council Member	Jan 1, 2028
Julie Heindel	City Clerk	Indefinite
Jodi Edwards	City Clerk	Indefinite
Shari Vonnahme	Deputy City Clerk	Indefinite

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

I performed the procedures below, which were established at Iowa Code Chapter 11.6 to provide oversight of Iowa cities. Accordingly, I have applied certain procedures to selected accounting records and related information of the City of Columbus Junction for the period July 1, 2024 through June 30, 2025, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Columbus Junction'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 Columbus Junction'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 I performed are summarized as follows:

1. I observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I 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. I observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I 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 and monthly financial reports provided to the City Council.
5. I 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 are properly maintained and accurately accounted for.
6. I observed the City's fiscal year 2024 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I scanned 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. I 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. I 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. I 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. I traced selected receipts to accurate accounting and consistency with the recommended COA.
13. The City had no voter approved levies.
14. I 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. I traced transfers between funds to proper authorization and accurate accounting and determined whether proper.
16. I traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether proper.
17. I observed the annual certified budget for proper authorization, certification and timely amendment.

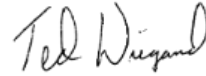
Based on the performance of the procedures described above, I identified various findings and recommendations for the City. My findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was engaged by the City of Columbus Junction's management to perform this agreed-upon procedures engagement and conducted my 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. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the City of Columbus Junction and to meet my 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Columbus Junction during the course of my agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Ted Wiegand". The signature is written in a cursive style with a large, looped initial "T".

May 29, 2026

Ted M. Wiegand, CPA

City of Columbus Junction

Detailed Findings and Recommendations

For the period July 1, 2024 through June 30, 2025

(A) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements. I noted inadequate segregation of duties in each of the following areas for the City:

- (1) Cash and Investments – handling, reconciling and recording. There is no independent review of the bank reconciliations.
- (2) Payroll – Preparing accounting records, maintaining compensated absences records, and entering and reviewing payroll wages into the system.

Recommendation – I 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. An independent person should review the Clerk’s bank reconciliations each month. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

(B) Certified Budget – Disbursements during the year ended June 30, 2025 exceeded the amounts budgeted in the public safety, culture and recreation, community and economic development, general government, and debt service functions, and for business type activities. 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) Bank Reconciliations – I noted the following:

- 1) For one of the two months reviewed, the bank balance was \$2,217.51 greater than the book balance.
- 2) The City has not remitted unclaimed property, consisting of several old outstanding checks, to the State Treasurer by November 1 as required by Chapter 556 of the Code of Iowa.
- 3) Several old outstanding items included in the bank reconciliation have not been removed.
- 4) Three cash on hand funds totaling \$250 for the library and cash on hand of \$50 for the City are not included in the City’s general ledger.

Recommendation – The City should properly reconcile bank and investment account balances throughout the year. The City should remit unclaimed property each year to the State Treasurer as required by the Code of Iowa. The Clerk should investigate all old outstanding checks and items and resolve or remove them as appropriate. The City’s cash on hand amounts should be added to the City’s general ledger.

City of Columbus Junction

Detailed Findings and Recommendations

For the period July 1, 2024 through June 30, 2025

- (D) Deficit Fund Balances – At June 30, 2025, the Emergency fund had a deficit balance of \$4,034.78, the Colonial Heights TIF fund had a deficit balance of \$12,540.34, and the Water funds collectively had a deficit balance of \$145,873.64.

Recommendation – The City should investigate alternatives to eliminate fund deficits to return them to a sound financial position. The Council should consider raising water rates.

- (E) Debt Reporting – Certain misstatements for the Outstanding Obligations report to the State Treasurer for June 30, 2025 were noted. The Water, Radio Read obligation was reported as \$238,916 but should have been \$239,632. The Sewer Revenue obligation was reported as \$600,211 but should have been \$1,035,839. The general obligation for New Heritage was reported as \$195,987 but should have been \$194,660.

Recommendation – The City should develop procedures to ensure accurate debt reporting.

- (F) Council Minutes – The City Council went into a closed session on October 9, 2024. The specific exemption under Chapter 21.5 of the Code of Iowa was not identified and included in the Council minutes as required.

Recommendation – The City should comply with Chapter 21 of the Code of Iowa.

- (G) Questionable Disbursements – During the year, \$285 was disbursed for coffee for employees and visitors to City Hall. Also, I noted a disbursement for \$36 for iced tea. These disbursements may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefit to be derived has not been clearly documented.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper public purpose documentation.

- (H) Late Fees – The City paid \$429.74 in late fees and interest on credit card accounts during 2024 and 2025.

Recommendation – The City should ensure payment is made timely to avoid late fees and interest charges.

- (I) Annual Urban Renewal Report – The annual urban renewal report reports the balances and activities of the City’s Tax Increment Financing funds. For the report on fiscal year 2024 (the report due during the fiscal year under examination), the TIF special revenue fund cash balance was reported as \$41,762 while the balance in the City’s general ledger was \$13,629. Total expenditures reported were \$18,953 but total expenditures and transfers out of the Tax Increment Financing funds were \$40,107. The ending balance was reported as \$58,704 but should have been \$9,417. The report for the fiscal year ended June 30, 2025 .

City of Columbus Junction

Detailed Findings and Recommendations

For the period July 1, 2024 through June 30, 2025

Recommendation – The City should use the June 30, 2025 ending balance total of the Tax Increment Financing funds as recorded in the City’s general ledger as the beginning balance on the June 30, 2026 Annual Urban Renewal report and report actual expenditures and transfers from the corresponding funds.

- (J) Employee Handbook – The City’s employee handbook is outdated and incomplete and has not been reviewed or revised for many years. The omissions pose operational, legal, and personnel-management risks.

Examples of missing or incomplete areas include but are not limited to:

- 1) Drugs and alcohol – guidance on testing, impairment, or disciplinary procedures
- 2) Timesheet and timekeeping – recording, approving, verifying hours worked
- 3) On-call and standby – definition of on-call status, compensation rules, or supervisory oversight
- 4) Nepotism and conflict-of-interest – managing family relationships or supervisory conflicts
- 5) Ambulance/EMS operational – written expectations for training, response, compensation, and/or volunteer/employee distinction

These few examples highlight the importance of a full handbook revision.

Recommendation – The City should work with the City Attorney to conduct a comprehensive review and update of the handbook.

- (K) Ambulance Workers Classification – Several Ambulance workers, called “volunteers” submit tickets for compensation/reimbursement for hours worked at a historically established rate of \$10 per hour. The City withholds payroll taxes from this compensation, thus declaring them as employees. The City is therefore subject to all the obligations and liabilities of an employer.

Hours worked are not reviewed and approved by another person.

Recommendation – The City should consult the City Attorney regarding the proper classification of ambulance volunteers/employees. The City should establish policies and procedures for the Ambulance and add them to the employee handbook.