

**CITY OF DEADWOOD**

AGREED-UPON PROCEDURES  
DECEMBER 31, 2020

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Certified Public Accountants/Business & Personal Consultants

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

City Council  
City of Deadwood  
Deadwood, South Dakota

Dear City Council:

We have performed the procedures enumerated below on the Historic Preservation Commission's Revolving Loan Fund for the **CITY OF DEADWOOD** (the City) for the year ended December 31, 2020. The City's management is responsible for the revolving loan fund.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing oversight of the Historic Preservation Commission's Revolving Loan Fund. 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 as follows:

1. Inquire as to internal controls in process for the revolving loan fund and identify any segregation of duties issues.

No findings were noted.

2. Recalculate interest charges on 25 randomly selected loans.

No findings were noted.

3. Recalculate allocation of principal and interest on 25 randomly selected loan payments.

No findings were noted.

4. Agree subsidiary listing maintained by Neighborhood Housing Services of the Black Hills to the City of Deadwood's records.

No findings were noted.

5. Send confirmations to borrowers based on a standard sample size calculation. Confirmations will include original loan balance, interest rate, security, payment terms, and maturity date.

No findings were noted.

6. Recalculate aging for 25 randomly selected loans, as well as 5 delinquent loans, to verify delinquencies are properly reported.

No findings were noted.

7. Detail loan file review of 25 randomly selected loans made during the year in order to verify that loan policies are followed, and all applicable documentation is included in the file.

Finding related to these procedures is included as #1 in Attachment I.

We were engaged by the City 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. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the revolving loan fund. 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 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 for the information and use of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

KETEL THORSTENSON, LLP  
Certified Public Accountants

\_\_\_\_\_, 2021

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## **FINDING**

### **1. Loan File Review (Procedure #7)**

We noted the following finding:

- Currently the Historic Preservation Commission's Revolving Loan Fund has no formal policy to obtain proof of insurance; however, it is obtained on all loans. Two of the loans tested related to one property, and we noted no proof of insurance was obtained on this property at time of the loan closing. We noted that the property was not eligible for insurance, but both loans were approved by the Historic Preservation Commission.

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