



CITY COUNCIL MEMORANDUM

TO: City Council

FROM: Susi Lampe, IaCMC, IaCFO – City Clerk

DATE OF MEETING: December 11, 2023

ITEM TITLE: BerganKDV Fiscal Year 2023 Audit Report

BACKGROUND:

The Fiscal Year 2023 Audit Report has been completed and is attached for review. Dustin Opatz with BerganKDV has prepared a short presentation for review.

DISCUSSION:

Performing an Audit is an essential piece of Financial Wellness for any organization, as well as being required by State Code. Of note, there were no deficiencies in internal control that the auditor considered to be material weaknesses. There were two items identified that were considered to be significant deficiencies.

1. Independence Fire Department – all accounting functions are handled by the Treasurer. This is planned to be resolved by adding additional segregation of duties, however, it is difficult to do this with minimum staffing currently in place.
2. Independence Public Library Foundation – All accounting functions are handled by one or two individuals without adequate compensating controls. This is planned to be resolved by continuing to work to segregate duties and be consistent with those processes moving forward.

Two items were noncompliant with state statute:

1. One fund (125 – Tax Increment Finance) had a deficit fund balance.
2. Expenditures exceeded budgeted amounts in one function area (Culture and Recreation).

Of note, the City's financial policy states that the City will have 25% of operating expenditures in unassigned fund balance. We currently have 34% based on 2023 expenditure levels.

Additional information is in the attached Communications Letter and the Independent Auditor's Reports Basic Financial Statements Supplementary and Other Information Schedule of Findings and Questioned Costs.

RESULTS:

The City has established priorities during strategic planning sessions. This item supports the Vision from that session of Support and Empower Workforce. This item helps achieve that vision by ensuring that financial activities meet requirements for the State of Iowa and best practices.

FINANCIAL CONSIDERATION:

N/A

RECOMMENDATION:

This item is for information only. No recommendation is made by Staff.