

**CITY OF BEAMAN**

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

**FOR THE PERIOD  
APRIL 1, 2022 THROUGH MARCH 31, 2023**

## Table of Contents

	<u>Page</u>
Officials	1
Independent Accountant's Report on Applying Agreed-Upon Procedures	2 - 4
Detailed Findings and Recommendations	5 - 6

## City of Beaman

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Began</u>	<u>Term Expires</u>
Ann Smith	Mayor	Jan 2022	Jan 2026
Debbie Ashton	Mayro Pro Tem	Jan 2022	Jan 2026
Barry Brockman	Council Member	Jan 2022	Jan 2026
Harris Kopsa, Resigned	Council Member	Jan 2022	Jul 2022
Rhonda Rego, Appointment	Council Member	Aug 2022	Jan 2024
Jason Scafferi	Council Member	Jan 2022	Jan 2026
Dave Moorman, Resigned	Council Member	Jan 2022	Aug 2022
Brandon Schleisman, Appointed	Council Member	Sep 2022	Jan 2024
Kristine Long, Resigned	City Clerk/Utility Clerk	Jul 2018	May 2022
Kristen Kopsa, Appointed/Resigned	City Clerk/Utility Clerk	May 2022	Nov 2022
Denise Hoy	City Clerk/Utility Clerk	Apr 2023	Indefinite
Heather Prendergast	Attorney		Indefinite

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

To the Honorable Mayor  
and Members of the City Council  
City of Beaman, Iowa

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 Beaman for the period April 1, 2022 through March 31, 2023, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Beaman'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 Beaman'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, journal entries 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 2022 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.

To the Honorable Mayor and  
Members of the City Council  
City of Beaman

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. The City had no TIF.
11. I traced selected receipts to accurate accounting and consistency with the recommended COA.
12. The City had no voter approved levies.
13. 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.
14. I traced transfers between funds to proper authorization and accurate accounting and to determine whether transfers were proper.
15. I traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
16. I observed the annual certified budget for proper authorization, certification and timely amendment.

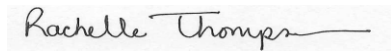
Based on the performance of the procedures described above, I identified various findings and recommendations for the City. My findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, no exceptions were noted during the performance of the specific procedures listed above.

I was engaged by the City of Beaman'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 Beaman and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

To the Honorable Mayor and  
Members of the City Council  
City of Beaman

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.

A handwritten signature in black ink that reads "Rachelle Thompson" followed by a horizontal flourish.

Rachelle K. Thompson, CPA  
Hampton, Iowa

October 10, 2023

**Detailed Findings and Recommendations**

**City of Beaman**  
**Detailed Findings and Recommendations**  
**For the period April 1, 2022 through March 31, 2023**

- (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, including journal entries, 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, recording, reconciling and posting.
- (5) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (6) Long-term debt – recordkeeping, compliance and debt payment processing.
- (7) Payroll – entering rates into the system, recordkeeping, preparing and distributing.
- (8) Utilities – billing, collecting, depositing, posting and maintaining detailed accounts receivable and write-off records.
- (9) Financial reporting – preparing and reconciling.
- (10) Journal entries – preparing and recording.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. Checks were signed by the Mayor and approved by the City Council, however, the City should continue to review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations and journal entries should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Bank Reconciliations – Although monthly bank reconciliations were prepared for individual accounts, they were not reviewed by an independent person. In addition, for the June 2022 reconciliation, the reconciled register balance was \$3,739 higher than the balance sheet balance.

Recommendation – The City should establish procedures to ensure bank and investment account balances are reconciled to the general ledger monthly and variances, if any, are reviewed and resolved timely. An independent person should review the reconciliations and document the review by signing or initialing and dating the monthly reconciliations.

- (C) Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amounts budgeted in the culture and recreation and general government functions. 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.



**City of Beaman**  
**Detailed Findings and Recommendations**  
**For the period April 1, 2022 through March 31, 2023**

- (D) Reports to Council – Monthly Clerk’s reports provided to Council do not include a report summarizing beginning balance, receipts, disbursements, transfers (if any) and ending balance by fund.

Recommendation - To provide better financial information, the monthly reports should include a report showing the beginning balance, receipts, disbursements, transfers (if any) and ending balance for each fund.

- (E) Annual Financial Reporting –The fiscal year 2022 Annual Financial Report (AFR) total receipts and total disbursement reported did not agree to City records. Total receipts reported on the AFR were \$730 less than the general ledger total receipts, and total disbursements reported on the AFR were \$1,122 less than the general ledger total disbursements. In addition, outstanding debt at June 30, 2022 was incorrectly reported as \$109,685 rather than \$104,685.

Recommendation – The City should implement procedures to ensure financial transactions are properly recorded and the AFR agrees to City records.



