

CITY OF RIVERSIDE COUNCIL AGENDA

RIVERSIDE CITY HALL COUNCIL CHAMBERS  
60 N GREENE STREE

WORK SESSION  
TUESDAY, OCTOBER 23, 2018 at 6:00 pm

NOTICE TO THE PUBLIC:

This is a meeting of the City Council to conduct discussion about City Business. Work Sessions are open to the public, but no public input is allowed at a work session. ALL decisions and votes will be held in the next regular Council Meeting.

1. TUPELO BLVD. paving project
2. Capital Improvement priorities for 2019
3. Financial FY17 Audit and remediation
4. WEDG director interviews



# PROJECT EXHIBIT 2017-2018 FISCAL YEAR PROJECTS CITY OF RIVERSIDE



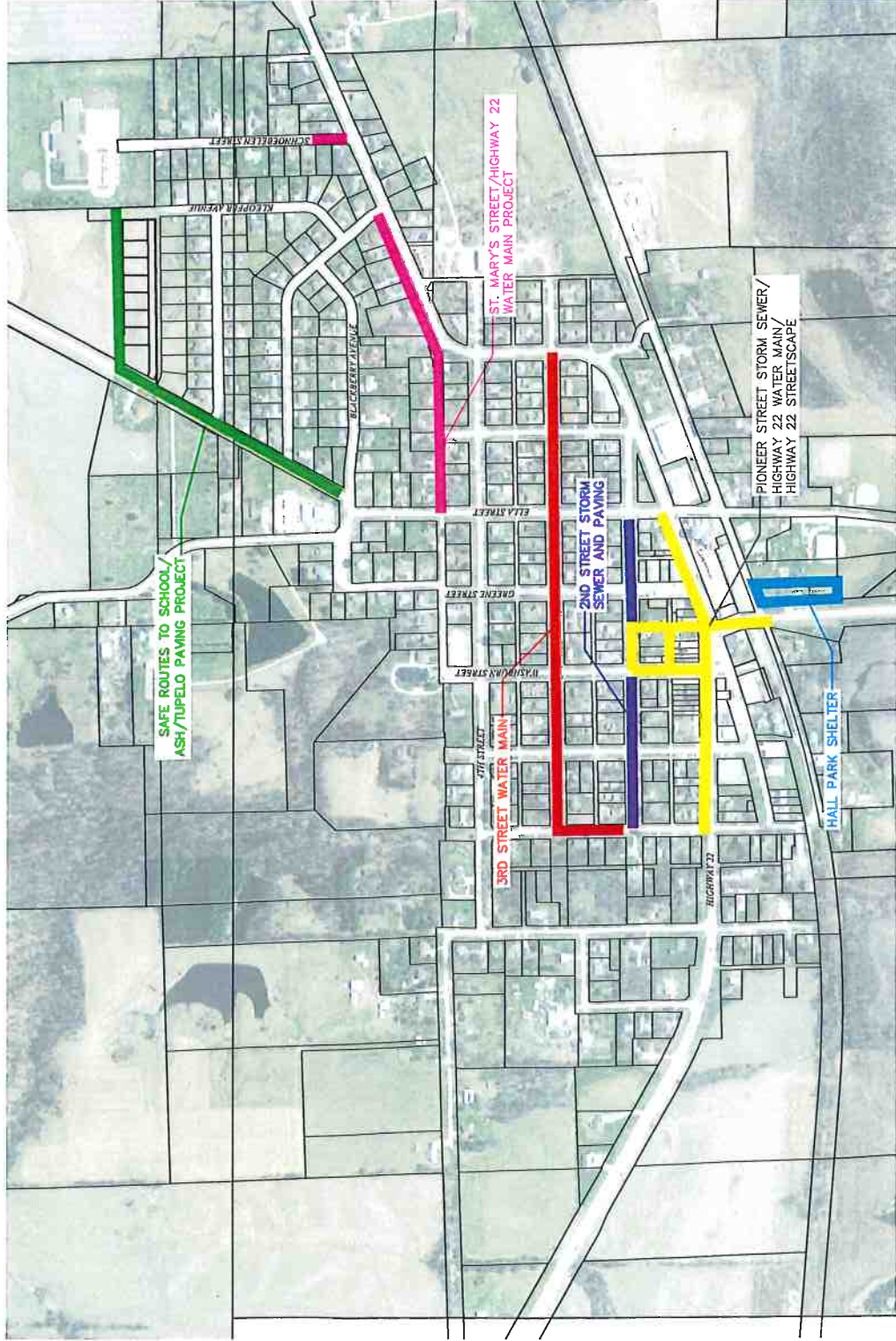
CIVIL ENGINEERS  
LAND PLANNERS  
LAND SURVEYORS  
LANDSCAPE ARCHITECTS  
ENVIRONMENTAL SPECIALISTS  
1917 S. GILBERT ST.  
IOWA CITY, IOWA 52240  
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Date	Revision

## PROJECT EXHIBIT

2017-2018 FISCAL  
YEAR PROJECTS  
RIVERSIDE  
WASHINGTON COUNTY  
IOWA

**MMS CONSULTANTS, INC.**  
Date: 12/19/2016  
Designed by: SBP Field Book No: FIELDBOOK  
Drawn by: SBP Scale: 1"=500'  
Checked by: SBP Sheet No: 1  
Project No: IC 2245-006 of: 1



## City of Riverside, Iowa - Capital Projects Summary

PROJECTS	Actual		Projection				Projection	
	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	Future Years
Cherry Lane Subdivision	515,840	81,870	25,875					
Fire Truck Purchase	755,828							
Washburn/2nd St paving/Storm		674,639	991,445					
Ella Street Project	523,007	862,631	2,842					
Boise Street Watermain & Sewer Project	229,072	2,706						
Casey's Sewer Main Replacement	4,015	14,124						
Remote Read Meters		224,037	553					
Pioneer St/Hwy 22 Streetscape & Wtr Main	28,004	24,162	972,054	1,143,946				
Hwy 22 Resurface & St Mary's			2,150,000					
Hall Park Angle Parking			70,000					
Hall Park Shelter	164	12,659	213	200,000	220,000			
3rd St Wtr Main					350,000			
3rd St Paving(Washington to Hwy 22)					1,200,000			
2nd Street Paving(Washington to Hwy 22)					500,000			
4th St Water Main						350,000		
4th St Paving (Boise to Hwy 22)						1,400,000		
Washburn St Paving (2nd to 4th, 2 blocks)					450,000			
Greene St & Elm Paving (Hwy 22 around the corner at top of hill to Ella)						1,000,000		
Galileo Drive & N Sewer Ext			114,647	433,540				
C) North Growth Phase 1				585,000	550,000	550,000	550,000	
D) Ash/Tupelo Imp.					422,500			
F) SRTS Sidewalk					195,000			
Community Center	21,110	4,036		100,000	100,000	100,000	100,000	
Miscellaneous	11,893	4,189	12,227					
<b>TOTAL PROJECTS</b>	<b>2,088,932</b>	<b>1,905,052</b>	<b>2,119,857</b>	<b>4,682,486</b>	<b>2,437,500</b>	<b>2,200,000</b>	<b>3,400,000</b>	<b>-</b>



FUNDING SOURCES	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022
Casino Funds	800,000	973,000	880,000	880,000	880,000	880,000	880,000
LOST Funds	60,000	65,400	63,000	63,000	63,000	63,000	63,000
WCRF quarterly payment	54,000	55,000	54,000	54,000	54,000	54,000	54,000
Sale of Cherry Lane lots	5,000	184,242	95,857	140,000			
Riverboat Grant Funds (one time for fire truck)	125,000						
Fire Donation Fund (one time for fire truck)	105,000						
Fire Truck Note	231,000	(231,263)					
Casey's Portion of Sewer Main							
Casino Fund Property Acquisition							
Water Fund		75,000					
Sale of Habitat Lot	10,000						
Storm Sewer Fund		17,700	31,000	18,900	18,900	18,900	18,900
Bond Proceeds	1,279,111						
Transfer from General Fund			300,000	250,000	250,000	250,000	250,000
DOT Reimbursement				800,000			
Utility Reimbursement			11,858				
<b>PROPOSED ONE TIME TRANSFERS</b>							
General Fund				1,250,000			
Casino Fund	300,000		200,000	200,000	150,000		
Water Fund			95,000	140,000	140,000		
Road Use Tax Fund			228,000	80,000	80,000		
Sewer Fund			100,000				
<b>TOTAL FUNDING SOURCES</b>	<b>2,969,111</b>	<b>1,139,080</b>	<b>2,004,715</b>	<b>3,875,900</b>	<b>1,635,900</b>	<b>1,265,900</b>	<b>1,265,900</b>
<b>SURPLUS/DEFECIT</b>	<b>880,179</b>	<b>(765,972)</b>	<b>(115,142)</b>	<b>(806,586)</b>	<b>(801,600)</b>	<b>(934,100)</b>	<b>(2,134,100)</b>
Beginning Balance	3,685	883,863	117,891	2,749	(803,838)	(1,605,438)	(2,539,538)
Ending Balance	883,863	117,891	2,749	(803,838)	(1,605,438)	(2,539,538)	(4,673,638)

City of Riverside

Detailed Recommendations

For the period July 1, 2016 through June 30, 2017

(A) Segregation of Duties – One important aspect of internal accounting 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, having custody of assets and controlling all data input and output.
- (2) Cash – handling, reconciling and recording.
- (3) Investments – recordkeeping, investing and custody of investments.
- (4) Receipts – opening mail, collecting, depositing, recording and reconciling.
- (5) Utilities – billing, collecting, depositing, posting, entering rates into the system and maintaining detailed accounts receivable records.
- (6) Long-term debt – recordkeeping and reconciling.
- (7) Disbursements – invoice processing, check signing, reconciling and recording.
- (8) Payroll – recordkeeping, preparing, signing and distributing.

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 available personnel, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

(B) Bank Reconciliations – Bank reconciliations were not reviewed by an independent reviewer who is an elected official or employee of the City.

Recommendation – To improve financial accountability and control, the bank reconciliation should be prepared and independently reviewed by an elected official or employee, and evidence of review should be documented and retained. Variances, if any, should be investigated and resolved in a timely manner.

(C) Part-time Employee Health Insurance – City policy states “the City will pay 95% of a single plan and 90% of a family plan for permanent full-time employees.”

During the year ended June 30, 2017, the amount the City paid toward the part-time Utility Clerk’s health insurance contribution was the same as a full time employees’ contribution. In addition, City Policy does not state part-time employees are eligible for health insurance benefits.

Recommendation – The City should comply with City policy and only pay health insurance benefits for eligible employees.

*done  
6/2018*

City of Riverside

Detailed Recommendations

For the period July 1, 2016 through June 30, 2017

- (D) Paid Leave - Two employees tested were allowed to carry forward vacation hours in excess of the 80 hour maximum established by City policy. *Long - Bryan*

Recommendation - The City should ensure vacation balances carried forward are in compliance with established City policy.

- (E) Reconciliation of Utility Billings, Collections and Delinquent Accounts - Utility billings, collections, delinquent accounts and adjustments were not reconciled during the year.

Recommendation - Procedures should be established to reconcile utility billings, collections, delinquent accounts and adjustments for each billing period. The City Council or other independent person should review the reconciliations and monitor delinquencies.

- (F) Computer System - The following weaknesses in the City's computer system were noted:

- (1) The City does not have a written policy regarding the authorization and security for setting, resetting and maintaining passwords for the City's accounting system.
- (2) The City does not have a written disaster recovery plan.

Recommendation - The City should develop a written policy addressing the above items to improve the City's control over its computer system. Also, a written disaster recovery plan should be developed and tested periodically.

- (G) Accounting Policies and Procedures Manual - The City does not have an accounting policies and procedures manual.

Recommendation - An accounting policies and procedures manual should be developed to provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

- (H) Certified Budget - Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the public safety and debt service 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 Riverside

Detailed Recommendations

For the period July 1, 2016 through June 30, 2017

- (I) Unauthorized Signature – In May 2017, a manual check was written for \$700 to Twin County Produce Auction. The City Clerk’s and the Utility Clerk’s names were on the check as signers. Per discussion with the Utility Clerk, she had attended the auction to purchase planters for the City and had taken a signed, blank check along since the cost of the planters was unknown until after the auction. Per discussion with the City Clerk, the City Clerk was on vacation the day of the auction and the second signature on the check is not her signature. The City Council approved this disbursement after payment.

City checks are prepared using a computer system and are electronically written and signed. We reviewed cleared checks for the fiscal year ending June 30, 2017 and noted the only manual check issued was the \$700 check to Twin County Produce Auction. Per our review of signatures on the checks, the City Clerk’s signature did not appear to be the same as the signature on the electronically written checks.

Recommendation – The City should consult legal counsel to determine the disposition of questionable signature on the manual check. The City should adopt a written disbursement policy to allow payment of certain bills prior to City Council approval. All City disbursements should be approved by the City Council prior to disbursement with the exception of those specifically allowed by a policy. For those disbursements authorized to be paid prior to City Council approval, a listing should be provided to the City Council at the next City Council meeting for review and approval.

- (J) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Ralph Schnoebelen, Council Member, Owner of Schnoebelen, Inc.	Repairs and maintenance	\$ 15,278
Becky LaRoche, Utility Clerk, Owner of Riverside History Center’s building	Rent	16,800

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the above transactions may represent a conflict of interest since the transactions were more than \$2,500 during the fiscal year and the transactions were not competitively bid.

Recommendation – The City should consult legal counsel to determine the disposition of these transactions.

- (K) Health and Dental Insurance – On December 19, 2016, the City approved an increase in health and dental premium rates to be deducted from pay checks for full-time employees, beginning January 1, 2017. However, the deductions were not updated in the system until May 2017.

Recommendation – The City should establish procedures to ensure health and dental insurance premium deduction amounts are updated in the payroll system timely.

City of Riverside

Detailed Recommendations

For the period July 1, 2016 through June 30, 2017

- (L) Transfers – One transfer between the Debt Service Fund and the Special Revenue, Casino Revenue Fund was not approved by the City Council.

Additionally, two transfers were recorded at less than the amount approved by the City Council.

Recommendation – The City Council should approve all fund transfers prior to the actual transfer and document approval and amount(s) as part of the minutes record. Any changes in the actual amount transferred should be approved by the City Council prior to the transfer.

- (M) City Council Meeting Minutes – Minutes for one of four meetings tested were not published within 15 days as required by Chapter 372.13(b) of the Code of Iowa.

Recommendation – The City should publish minutes within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

- (N) City Committees – The City has established multiple advisory committees to research projects for the City concerning its parks, streets and City beautification. The committees are comprised of City Council members, in some cases a quorum of the City Council, and residents of the City. Committees for which there is a quorum of City Council Members are subject to Chapter 21 of the Code of Iowa, also known as the “Open Meetings Law”. Also, in accordance with an Attorney General’s Opinion dated November 18, 1993, advisory committees created by a governing body who develop and make recommendations on public policy issues are subject to Chapter 21 of the Code of Iowa. During our review, we noted prior notice of the committee meetings was not given, minutes of the meetings did not include all required elements and meeting minutes were not retained, as required by Chapter 21 of the Code of Iowa.

Recommendation – The advisory committees should comply with Chapter 21 of the Code of Iowa. Notice of meetings should be provided and minutes of the meetings should include all required elements and should be retained. The City should consult legal counsel for additional guidance and clarification, if necessary.



TO: CITY COUNCIL

FROM: Becky LaRoche, City Clerk

RE: CITY OF RIVERSIDE STATE AUDIT 7/1/16-6/30/2017

DATE: 10-5-18

RESPONSE TO DETAILED RECOMMENDATIONS

- A) Segregation of Duties; Lory and I both signed off on reports, and bank reconciliations. Mayor signed off on payroll. No errors were found in A/P.
- B) Bank Rec; I do bank recs. Lory checks, and Chris Kirkwood reviewed each month. They want another employee, or elected official to review and sign off on.
- C) Part-time Employee Health Insurance; Over charge of 5% on my insurance premiums. Corrected 6/20/18 ck 3361.
- D) Paid Leave; Lory and Bryan were allowed, by Council motion, to carry over Vacation hours for the final time.
- E) Reconcile Utility Billings; This has been in our audits every year. Lory never did it. I will check with "Incode" on how it should be done.
- F) Computer System; We do not have a written policy for changing password and disaster recovery plan. I have asked KCTC for documents.
- G) Policy and Procedure manual; We do have an INCODE manual. They never asked to see it. Every book has instructions in the front with an outline of procedures. There is not ONE book that has everything.
- H) Certified Budget; FY2017 expenditures exceeded budget. Lory did not amend. I think she worked with Iowa DOM on that.
- I) Unauthorized Signature; Check to Twin County Produce. Lory did not go over and did not sign check. When I called, she said to sign her name. Note: I signed her name for 2 months when she broke her wrist, and it was never brought up. The auditors did not understand the auction procedures. Solution - I personally paid for the plants and turned in receipt for reimbursement.
- J) Business Transactions; Schnoebelen Inc. and councilman Schnoebelen: Total purchase was over \$2,500. Audit states that they were not competitively bid, but the lawn mower was done through bids. Auditors did not ask for bid tabulation receipts. Becky LaRoche and History Center rent: Rent is paid to Museum, in their quarterly grant reimbursement, not to me. The museum rent payment is auto-deposited into Kwik 'N EZ rentals.
- K) Insurance Rates; Lory did not make the January adjustment till May. I assume she adjusted and corrected the amount back to January.
- L) Transfers; Auditors said that the debt service payment for the GO bond was not approved by Council. Council approved the payment schedule when bond was issued. Payments are

auto deducted from our account per schedule. Solution - put payment document on expenditure list when received. ( every 6 months)

M) Council Meeting Minutes; not recorded in 15 days. Auditors don't give any details/dates. I don't know what happened. It may have been when paper changed ownership. Some items had to be re-published, as they had issues with the E-mails.

N) City Committees; Auditors stated that committees met with a quorum of Council. No dates or details. I was not aware of any meetings with council members. I think they may be referring to Visioning Committee. Notices were e-mailed out to members, but not posted in the outside box. Minutes were recorded. Committee is now inactive. Solution-Future Committees must follow same rules as Council Meetings.

Begin forwarded message:

**From:** Nicole Slaubaugh <[Nicole\\_Slaubaugh@hillsbank.com](mailto:Nicole_Slaubaugh@hillsbank.com)>  
**Date:** October 21, 2018 at 12:51:28 PM CDT  
**To:** "'[mayor@cityofriversideiowa.com](mailto:mayor@cityofriversideiowa.com)'" <[mayor@cityofriversideiowa.com](mailto:mayor@cityofriversideiowa.com)>  
**Subject:** FW: Update on WEDG

Hi Allen,

Sorry I sent this original email to the wrong address. I know you are busy, if it is appropriate for someone else from the city to attend just let me know. I don't know your new administrator. Thanks!

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**From:** Nicole Slaubaugh  
**Sent:** Sunday, October 21, 2018 12:31 PM  
**To:** Kelly Litwiller; [rschlabaugh@cityofkalona.org](mailto:rschlabaugh@cityofkalona.org); '[Dan.Franz@riversidecasinoandresort.com](mailto:Dan.Franz@riversidecasinoandresort.com)'; '[mayor@cityofriverside.com](mailto:mayor@cityofriverside.com)'; '[davidmitchell@ebdtruss.com](mailto:davidmitchell@ebdtruss.com)'; '[jseward@co.washington.ia.us](mailto:jseward@co.washington.ia.us)'; '[ryoung@co.washington.ia.us](mailto:ryoung@co.washington.ia.us)'  
**Cc:** Terry Engelken; Amanda Russell; Brent Hinson ([bhinson@washingtoniowa.gov](mailto:bhinson@washingtoniowa.gov)); Emily Upah  
**Subject:** Update on WEDG

Hi Everyone,

For those who don't know I'm the current Board President for WEDG. We have been without a director since the end of March when Ed left. The board has been working with Bob Henningsen and Clark Smith from Smart Solutions Group on our director search. We have got it down to 4 qualified candidates and are inviting them to do an in person interviews. Bob and Clark will be scheduling them during the dates listed below. As a valued investor to WEDG we are inviting you to the interview session for each candidate.

If you are interested in attending the interview sessions please respond to this email by the end of the week, Friday, October 26<sup>th</sup>. For those participating we will send you the candidate's resume and agenda for their meeting with us. The plan is to do a county tour of the community and then an interview session, we are going to allow for 4 hours for each candidate but again you will only need to be available for the interview sessions (estimating 60-90 minutes). The interview session will be at the Washington location of Hills Bank in the community room.

Tuesday, October 30<sup>th</sup> in the afternoon  
Wednesday, October 31<sup>st</sup> – all day  
Friday, November 2<sup>nd</sup> – all day

Back up dates

Monday, November 5<sup>th</sup> – in the afternoon  
Wednesday, November 7<sup>th</sup> – in the afternoon

If you have any other questions related to our director search please feel free to reach out to me or our other board members that are a part of the director search CC on this email.

Thanks!

**Nicole Slaubaugh** | Senior Vice President, Director of Retail Banking  
**Hills Bank and Trust Company**

131 Main St, PO Box 160, Hills IA 52235 | 319-358-2277 | 800-445-5725 | fax 319-688-4686 | [www.hillsbank.com](http://www.hillsbank.com)

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