

**AGENDA
FORT MADISON CITY COUNCIL
TUESDAY, MARCH 19, 2019 5:30 P.M.
CITY HALL, 811 AVENUE E, FORT MADISON, IOWA**

ADDITIONAL AGENDA ITEM:

DISCUSSION ITEM

10C. Discussion and possible action on Financial Audit of North Lee County Historical Society (SEE COUNCIL REPORT NO. 2019-19)

CITY COUNCIL AGENDA ITEM



Meeting of:	19 March 2019	NO. 2019-19
Prepared by:	David A. Varley, City Manager	Subject: Financial Audit of NLCHS
Presented by:	Mayor Randolph	
Department:	Administration	

SUMMARY: This is to discuss and take action on the option of performing an audit for the North Lee County Historical Society.

BACKGROUND: The City leases the Old Santa Fe Depot and the CB&Q building to the North Lee County Historical Society. A number of years ago the “Battle Field Site” property came available for purchase and was purchased by the NLCHS. Once they became the legal owners of the property, the NLCHS was responsible for the associated payment or non-profit, non-payment of taxes due for this Battle Field Site.

Because of some miscommunication or mishaps, the appropriate arrangements for non-profit status and the filing of such with the County did not take place in a timely manner. As a result of this, the non-profit NLCHS ended up having to pay some back taxes that were owed. This also happened again and a lien was placed on the property. It appears that the NLCHS may now be liable for making additional payments.

The City owns the buildings that are leased to the NLCHS, and over the years they have received rather large sums of donations from the City’s Hotel/Motel Tax Fund. Because of this, the City believes it is appropriate to ensure that the public interest is served and that tax money is not used to make these payments. Under the City’s lease agreement, the City has the ability have an audit performed for the NLCHS.

The purpose of this discussion is to decide if and how the City can get a better idea of how the finances of the Battlefield Site are being handled and how this relates to the funds received from the City’s contributions.

FISCAL INFORMATION: If the City Council decides to perform an audit for the NLCHS then this cost would be borne by the City.

RECOMMENDATION: Recommend that City Council discuss this issue and vote on whether or not they would like to have an audit conducted for the NLCHS

David A. Varley, City Manager