



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: David A. Vaudt
515/281-5835
or Tami Kusian
515/281-5834

FOR RELEASE _____ January 30, 2013 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Buffalo for the period September 25, 2008 through September 30, 2010, unless otherwise specified. As a result of concerns identified during the City's financial audit for the fiscal year ended June 30, 2011, a special investigation was performed to determine the propriety of certain financial transactions.

Vaudt reported the special investigation identified a total of \$9,395.88 of improper and unsupported disbursements. The \$5,100.83 of improper disbursements identified include \$1,804.04 paid to the former Assistant City Clerk, Kimberly Kauffman, \$1,344.00 of improper charges incurred on the City's credit card and \$1,316.66 of overpayments to City Council members for the period March 31, 2009 through June 30, 2011. The \$4,295.05 of unsupported disbursements was made with the City's credit card.

Vaudt also reported it was not possible to determine if additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for disbursements and receipts were not available.

The report includes recommendations to strengthen the City's internal controls and overall operations, such as improving segregation of duties, performing bank reconciliations, requiring adequate documentation to support disbursements and performing an independent review of bank statements. In addition, Vaudt recommended all disbursements be approved by the City Council.

Copies of this report have been filed with the Division of Criminal Investigation, the Scott County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1121-0772-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF BUFFALO
FOR THE PERIOD
SEPTEMBER 25, 2008 THROUGH SEPTEMBER 30, 2010**

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Auditor of State's Report

To the Honorable Mayor and Members
of the City Council:

As a result concerns identified during the City of Buffalo's financial audit for the fiscal year ended June 30, 2011, we conducted a special investigation. We have applied certain tests and procedures to selected financial transactions of the City for the period September 25, 2008 through September 30, 2010, unless otherwise specified. Based on a review of relevant information and discussions with City officials and personnel, we performed the following procedures:

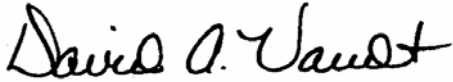
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in the City's checking accounts to identify any unusual activity.
- (3) Scanned all checks issued from the City's checking accounts for reasonableness. We examined certain disbursements to determine if they were properly approved and supported by adequate documentation.
- (4) Reviewed credit card charges from August 28, 2008 through November 30, 2010, to determine if purchases were appropriate and supported by adequate documentation.
- (5) Examined deposits to the City's checking accounts to determine the source, purpose and propriety of certain deposits and to determine whether deposits were made intact.
- (6) Reviewed payroll disbursements and other payments to Kimberly Kauffman, the former Assistant City Clerk, to determine the propriety of the payments.
- (7) Reviewed payroll disbursements to City Council members to determine the amount City Council members were overpaid for the period March 2009 through June 30, 2011.
- (8) Reviewed activity in the personal bank accounts held by the former Assistant City Clerk to identify the source of certain deposits.
- (9) Reviewed activity in the Fire Department's checking account for the period December 2010 through February 2012 to determine if a gift from an estate was properly deposited.

These procedures identified \$9,395.88 of improper and unsupported disbursements. We were unable to determine if additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for disbursements and receipts were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **C** of this report.

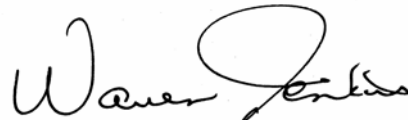
The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Division of Criminal Investigation, the Scott County Attorney's Office and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by personnel of the City of Buffalo during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 18, 2012

City of Buffalo
Investigative Summary

Background Information

The City of Buffalo is located in Scott County and has a population of approximately 1,250 according to the 2010 census. Kimberly Kauffman was hired through Sedonia Staffing Service on August 31, 2008 to help the City Clerk. On September 25, 2008, the City Council approved offering a full-time Assistant City Clerk position to Ms. Kauffman which she accepted. She became a full-time employee effective Monday, September 29, 2008.

As the Assistant City Clerk, Ms. Kauffman was responsible for the following functions:

- 1) Utilities - preparing billings, opening mail, collecting payments, preparing deposits and recording collections in the utility system,
- 2) Disbursements - entering information into the accounting system and preparing checks for the City Clerk's review,
- 3) Payroll - entering information into the accounting system and preparing payroll checks for the City Clerk's review.

In addition to reviewing, approving and signing checks prepared by the Assistant City Clerk, the City Clerk reconciled the City's bank statements, prepared financial reports for the City Council and filled in for the Assistant City Clerk if needed.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Scott County and remitted to the City. Revenue is also collected throughout the year for utility billings, the sale of permits and rental of rooms and a gym attached to City Hall.

According to the City Clerk, disbursements, including payroll, are primarily made by check. The checks are to be signed by both the City Clerk and the Mayor. Payments for payroll taxes and IPERS contributions are made electronically. Small purchases, such as car washes for city vehicles and postage, are done using the petty cash fund. Employees are required to fill out a petty cash withdrawal slip and attach the receipt to the withdrawal slip. The withdrawal slips and attached receipts are used to support the check written from a City bank account to replenish the petty cash fund.

All disbursements are to be supported by invoices or other appropriate documentation obtained by or submitted to and reviewed by the City Clerk. Supporting documentation is attached to the carbon copy of the checks and filed by month. Each month, the Assistant City Clerk prepares the checks which are reviewed and signed by the City Clerk and counter-signed by the Mayor after approval at City Council meetings.

Collections are deposited to and disbursements made from a checking account held by the City. The City also has a money market account and a separate account for "Buffalo Days", which the City sponsors each year. Monthly statements for the City's bank accounts are mailed directly to the City Hall where they are opened by the City Clerk.

City workers are covered by a contract between the City and the Chauffeurs, Teamsters and Helpers Local Union No. 238. The contract includes sections related to pay raises, working hours, work week, vacation, sick leave and other areas related to employment with the City. As the Assistant City Clerk, Ms. Kauffman was covered under the union contract.

While reviewing payroll in August 2010, the City Clerk discovered Ms. Kauffman recorded a negative amount of federal income tax withholding when she calculated her own payroll check. After finding the negative federal income tax withholding, the City Clerk reviewed

the information in the payroll system and identified other instances where Ms. Kauffman recorded negative tax withholding. By recording a negative amount withheld, Ms. Kauffman improperly increased her net pay by that amount. The City Clerk contacted a City Council member who spoke with Ms. Kauffman. According to the City Clerk, Ms. Kauffman stated she used a negative amount of federal income tax withheld to calculate her paycheck because she was attempting to claim an earned income tax credit.

The City Clerk contacted a representative of the Internal Revenue Service (IRS) who stated the earned income tax credit is claimed on the individual's tax return and federal income tax withheld from payroll should never be negative. The City Council member spoke with Ms. Kauffman again after the City Clerk spoke with the IRS representative. Ms. Kauffman stated she was sorry but she thought she was recording her federal income tax correctly in the City's accounting records.

Because of these concerns, the City Council voted to terminate Ms. Kauffman's employment during a special City Council meeting on September 2, 2010. During the City's financial audit for the fiscal year ended June 30, 2011, we identified additional concerns. As a result of the concerns identified, we performed the procedures detailed in the Auditor of State's report for the period September 25, 2008 through September 30, 2010.

Detailed Findings

The procedures performed identified \$9,395.88 of improper and unsupported disbursements. The \$5,100.83 of improper disbursements identified include \$1,804.04 paid to the former Assistant City Clerk, Kimberly Kauffman, including \$520.00 of improper negative federal income tax withholding. The improper disbursements also include \$1,344.00 of improper charges incurred on the City's credit card and \$1,316.66 of overpayments to City Council members. The \$4,295.05 of unsupported disbursements was made with the City's credit card.

We were unable to determine if additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for disbursements and receipts were not available.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

For the period September 25, 2008 through September 30, 2010, we scanned images of all checks issued from the City's checking accounts. We also scanned the City's financial records, including the general ledger, payroll history report, credit card statements and other supporting documentation. During our investigation, we identified several unusual disbursements and improper reimbursements in addition to the negative federal income tax withholding included in Ms. Kauffman's net pay.

The improper and unsupported disbursements identified are explained in detail in the following paragraphs.

Checks to Kimberly Kauffman – Ms. Kauffman was an hourly employee and expected to work from 8:00 a.m. to 5:00 p.m. Monday through Friday and any additional hours necessary to complete her job duties. In accordance with the union contract, overtime is paid after 40 hours of work in a week or 8 hours within a day. Pay periods ran from Monday morning through Sunday night and payroll was to be issued on the Friday following the end of the pay period. City employees were paid on a weekly basis.

When Ms. Kauffman was hired, the City Council approved paying her \$12.00 per hour. The City Council also approved 2 raises for Ms. Kauffman during the period of our investigation. She was authorized to receive \$12.75 per hour from July 2009 through June 2010 and \$13.50 per hour from July 2010 through June 2011. At the time of her termination on September 2, 2010, Ms. Kauffman earned \$13.50 per hour.

We reviewed all payroll checks issued to Ms. Kauffman and the related payroll records and determined the following:

- Starting in July 2010, City employees began receiving their pay checks prior to the Friday after the pay period as required by the union contract. According to the City Clerk, the Mayor instructed her and Ms. Kauffman to provide payroll checks to employees as soon as they were prepared rather than waiting a week after the end of the pay period. However, the number of checks issued to the employees did not exceed the number of authorized pay periods.
- Ms. Kauffman did not consistently record federal income tax when calculating her pay checks. Each employee completes a W-4 form designating the number of personal allowances claimed, which determines the amount of federal income tax to be withheld from their payroll. Instructions provided in the Employer's Tax Guide issued by the IRS state employers should ask all new employees to complete a W-4 form when they start employment. If the new employee does not provide a completed W-4, the employer is instructed to withhold income tax as if the employee is single with no withholding allowances.

We reviewed Ms. Kauffman's W-4 on file with the City and determined she did not claim any allowances on her W-4. By not claiming any allowances, federal income tax withheld from her pay should have been as if she was single with no withholding allowances. As a result, some federal withholding tax should have been withheld from each of her paychecks.

Because Ms. Kauffman prepared the payroll checks, she was able to change the amount of federal income tax withheld from each paycheck, regardless of the number of allowances recorded on her W-4 form. She also had the ability to improperly change the amount of other payroll withholdings, such as state income tax, FICA and IPERS. However, based on our review of the information she recorded in the City's accounting records and the checks she issued to herself, we determined the amount of FICA and IPERS she withheld were properly calculated and the amount of state income tax she withheld did not vary significantly.

By reviewing the City's payroll records, we determined Ms. Kauffman recorded negative federal income tax withholding from 7 checks she issued to herself during July and August 2010. **Table 1** lists the 7 checks and summarizes the calculation of her net pay for each check. As illustrated by the **Table**, check number 10233 was issued to Ms. Kauffman the day after check number 10209. Based on information Ms. Kauffman recorded on the check stub for check number 10233, it was for 51 hours of vacation, which is discussed in more detail in a subsequent section of this report.

As illustrated by the **Table**, the negative amount of federal income tax withholding recorded for the 7 checks totals \$520.00. Federal income tax withholding should reduce the amount of an employee's net payroll checks; however, by including negative amounts for federal income tax withholding, Ms. Kauffman's net pay was improperly increased.

Table 1

Check Date	Check Number	Gross Pay	Add: Negative Federal Income Tax Withholding	Less: All Other Withholdings	Net Pay
07/12/10	10033	\$ 540.00	65.00	(106.83)	498.17
07/16/10	10045	661.50	70.00	(150.59)	580.91
08/02/10	10108	560.25	50.00	(109.29)	500.96
08/11/10	10171	540.00	60.00	(112.12)	487.88
08/16/10	10191	540.00	75.00	(112.12)	502.88
08/24/10	10209	540.00	100.00	(133.12)	506.88
08/25/10*	10233	688.50	100.00	(83.65)	704.85
Total		\$ 4,070.25	520.00	(807.72)	3,782.53

* - Vacation payout.

After discovering Ms. Kauffman increased her net pay by recording negative federal income tax withholding from her paychecks, the City Clerk spoke with the Mayor who asked Ms. Kauffman about the calculation. Ms. Kauffman stated her CPA had told her about an earned income tax credit and to report negative amounts for her federal withholding tax. The City Clerk called a representative of the IRS who stated certain eligibility requirements must be met in order to qualify for the earned income tax credit. They also stated federal income tax withholding should not be a negative amount.

The Mayor requested Ms. Kauffman provide a letter from her CPA stating they had given her the advice about the earned income tax credit. Ms. Kauffman did not provide the requested letter. According to the Mayor, when he asked Ms. Kauffman again about the issue, Ms. Kauffman stated she thought it was “ok” and she had done it at her previous job, but she apologized.

By including \$520.00 of negative federal income tax withholding in the calculation of her payroll, Ms. Kauffman’s net pay was improperly increased. The \$520.00 of negative federal income tax withholding improperly paid by the City to Ms. Kauffman is included in **Exhibit A** as improper disbursements.

Based on the City’s payroll records, only 8 checks issued to Ms. Kauffman in 2010 included any federal income tax withholding. Of the 8 checks, 7 are included in **Table 1**. The remaining check was issued on June 27, 2010. The payroll register shows \$.01 of federal income tax was actually withheld from Ms. Kauffman’s pay for this check. As a result, the negative federal income tax withholdings recorded for Ms. Kauffman for 2010 net to \$519.99.

Federal income tax withholding was appropriately deducted from Ms. Kauffman’s pay on a consistent basis prior to April 28, 2009. From April 28, 2009 through July 6, 2010, no federal income tax withholding was deducted in calculating her net pay.

However, Ms. Kauffman’s W-2 form for 2010 and the related 941 report show \$519.99 was withheld from her paychecks for the calendar year ended December 31, 2010 rather than the negative \$519.99 recorded in the payroll register. The 941 report and the W-2 form were prepared by the City Clerk. Because the amount of federal withholding tax was reported as a positive amount rather than a negative amount, the City remitted \$519.99 more in federal income tax withholding to the IRS than was appropriate. The additional payment is included in **Exhibit A** as an improper disbursement.

Ms. Kauffman issued a promissory note to the City on September 15, 2010 which stated she would repay \$519.99 to the City with 5% interest. A copy of the promissory note is included in **Appendix 1**. The promissory note required monthly payments of \$87.93 beginning October 1, 2010. However, she remitted 3 payments to the City between September 30, 2010 and December 29, 2010 which total \$519.99. The 3 payments are listed in **Table 2**.

Table 2

Deposit Date	Receipt Number	Amount
09/30/10	15157	\$ 90.00
10/18/10	15183	429.00
12/29/10	15293	0.99
Total		<u>\$ 519.99</u>

As illustrated by **Table 2**, Ms. Kauffman did not remit any interest to the City in accordance with the terms of the promissory note. City officials decided not to pursue the unpaid interest. We have included the \$519.99 of payments in **Exhibit A** as a reduction of the total improper disbursements.

Payroll Checks to Other City Employees - During our review of payroll, we also identified concerns regarding the amount calculated for IPERS and FICA for other employees, as follows:

- Improper rates were used to calculate FICA on 8 paychecks issued to certain City employees during August and September 2010. Because an incorrect rate was recorded in the City’s payroll system, the employee’s FICA withholdings were understated by \$108.15 and the employer’s contributions were understated by the same amount. As a result, the City did not remit \$216.30 of FICA to the IRS as required. This amount is not included in **Exhibit A** because there was no loss to the City.
- Improper IPERS rates were used to calculate both the employee’s and the employer’s contributions to IPERS for paychecks issued to all employees in June 2009. The IPERS contribution rates effective July 1, 2009 were incorrectly recorded in the payroll system before the June checks were prepared. As a result, the City overpaid IPERS by \$112.41 for the employee’s share and \$166.62 for the employer’s share of IPERS. The overpayment was identified by an IPERS representative and an offsetting adjustment was made in October 2009. As a result, we have not included this amount in **Exhibit A**. However, the City has not yet reimbursed the employees the \$112.41 for the employees’ share improperly withheld.

Unearned Vacation - According to section 12.1 of the union contract for full-time employees, Ms. Kauffman was to “earn 1 week of vacation after 1 year of employment. After this date, vacation periods revert back to a calendar year of January 1st.” Under the terms of the contract, Ms. Kauffman would have earned 40 hours of vacation on September 29, 2009 after her first year of employment. She would have earned an additional 40 hours of vacation on January 1, 2010.

The contract does not address taking time off prior to earning vacation or if the balance can be paid out in lieu of using the vacation earned. According to the U.S. Department of Labor, if the agreement is silent about using vacation prior to earning it, then it is not allowed. Because the contract does not address taking time off in advance of earning it, any time off before earning vacation would be considered unpaid time off.

Using information Ms. Kauffman recorded in the City’s accounting records, we determined she used or was paid for vacation prior to when she earned it. **Table 3** summarizes the amount of vacation Ms. Kauffman earned and how much she used or was paid for. It also summarizes the amount incurred by the City for the vacation Ms. Kauffman took or was paid for without earning it.

Table 3

Description	Number of Vacation Hours			Employer’s Share			
	Earned	Used/ Paid	Variance	Gross Amount	FICA	IPERS	Total
Prior to 1 st anniversary date	-	(18.0)	(18.0)	\$ 229.50	17.56	15.22	262.28
09/29/09 – 12/31/09	40.0	(42.5)	(2.5)	31.88	2.44	2.12	36.44
01/01/10 – 08/24/10	40.0	(29.0)	11.0	-	-	-	-
Vacation payout on 08/25/10	-	(51.0)	(51.0)	688.50	52.67	47.85	789.02
Total	80.0	(140.5)	(60.50)	\$ 949.88	72.67	65.19	1,087.74

As illustrated by the **Table**, Ms. Kauffman took a total of 18 hours of vacation prior to September 29, 2009. Because she was not entitled to vacation until her first anniversary on September 29, 2009, any time she took away from work should have been without pay. Instead, Ms. Kauffman recorded vacation and received pay at her hourly rate for each hour of vacation she recorded. As illustrated by the **Table**, her gross pay for the 18 hours was \$229.50. In addition, the City incurred \$17.56 for the employer's share of FICA and \$15.22 for the employer's share of IPERS contributions.

The **Table** also illustrates Ms. Kaufmann recorded 42.5 hours of vacation between September 29, 2009 and December 31, 2009. In accordance with terms of the union contract, Ms. Kauffman earned 40 hours of vacation on her first anniversary and an additional 40 hours of vacation on January 1, 2010. As a result, she had only 40 hours of vacation available between September 29, 2009 and December 31, 2009. Because Ms. Kauffman used 2.5 hours more vacation than she had available, the City improperly disbursed \$36.44 for her gross pay and the employer's share of FICA and IPERS contributions.

Of the 40 hours of vacation Ms. Kauffman earned on January 1, 2010, she used 29 hours by August 24, 2010, leaving 11 hours unused. Ms. Kauffman issued a check to herself on August 25, 2010 for 51 hours of vacation without authorization. The check was issued the day after her previous paycheck and approximately 1 week prior to her termination from employment. **Appendix 2** includes a copy of the check and the related pay stub. As illustrated by the **Appendix**, Ms. Kauffman recorded vacation hours on 5 separate lines of the pay stub to support the payment. The number of hours recorded ranged from 2.55 to 12.75. The **Appendix** also illustrates the check was only signed by Ms. Kauffman and not countersigned by the City Clerk or Mayor.

The City does not have a written policy regarding payment of unused paid leave at the time of employment termination and the union contract does not address this issue. The Iowa Division of Labor regulations state vacation payout is only allowed if the employee contract specifically allows it. However, according to the City Clerk, the City Council previously authorized payment of unused vacation to employees who retired or resigned in good standing. Payment of unused sick leave has not been granted.

The minutes from City Council meetings do not include approval for Ms. Kauffman to receive a payout of any unused vacation. In addition, Ms. Kauffman's employment status was not considered "in good standing" at the time of her departure and the payment she prepared for herself was issued before her employment was terminated. As a result, Ms. Kauffman should not have received the August 25, 2010 payment. In addition to the payment to Ms. Kauffman, the City incurred the employer's share of FICA and IPERS for the payment, as illustrated by the **Table**.

The \$1,087.74 total summarized in **Table 3** is included in **Exhibit A** as improper disbursements.

Reimbursements to Kimberly Kauffman – In accordance with the union contract, any expenses incurred in the line of duty while working for the City may be submitted to the City Council for approval and reimbursement by the City. The contract also establishes meal allowances of \$5.00 for breakfast, \$8.00 for lunch and \$12.50 for dinner, which are to be reimbursed based on paid receipts. In addition, the contract states employees are eligible to receive reimbursement for mileage at the rate approved by the State and for the cost of prescription drug co-payments which exceed \$50.00. We reviewed all reimbursements to Ms. Kauffman and identified the following:

- Ms. Kauffman received mileage reimbursements using the federal mileage rate instead of the State mileage rate as provided by the union contract. **Table 4** compares the amount Ms. Kauffman received to the amount she should have

received. As illustrated by the **Table**, Ms. Kauffman received a total of \$146.30 more than she should have. The Table also illustrates Ms. Kauffman used 2 different rates in 2009. The correct federal mileage rate was \$.55 per mile. We are unable to determine why Ms. Kauffman was reimbursed \$.585 per mile.

Table 4

Claim Date	Check Number	Number of Miles	Amount Paid		Amount Authorized		
			Federal Rate	Total Paid	State Rate	Total Authorized	Excess Reimbursed
05/11/09	7864	176.26	\$.550	96.94	0.39	68.74	28.20
07/28/09	8215	386.78	.585	226.27	0.39	150.85	75.42
07/23/10	10075	388.00	.500	194.00	0.39	151.32	42.68
Total				\$ 517.21		370.91	146.30

- On August 3, 2009, Ms. Kauffman received a \$175.00 reimbursement for prescription medication. We reviewed the related supporting documentation and determined Ms. Kauffman paid \$175.00 for the medication. After allowing for the \$50.00 co-pay, Ms. Kauffman should have been reimbursed only \$125.00. The additional \$50.00 paid by the City is an improper disbursement.

The \$196.30 of reimbursements Ms. Kauffman received in excess of the authorized amounts is included in **Exhibit A** as improper disbursements.

IPERS Late Fees – The City is required to remit IPERS contributions withheld from covered employees’ payroll and the City’s share of contributions to IPERS at least quarterly. We reviewed information obtained directly from IPERS and identified a total of \$116.14 of late fees paid by the City. Because the City remits payments to IPERS electronically, it is not possible to determine if Ms. Kauffman or the City Clerk failed to remit the amount to IPERS in a timely manner. The \$116.14 of late fees is included in **Exhibit A** as improper disbursements.

Overpayments to City Council members – During fieldwork for the City’s financial audit for the fiscal year ended June 30, 2011, City Council members voiced concerns regarding payments they received for attending City Council meetings. In accordance with the *Code of Iowa*, amounts paid to City Council members were established by prior City Council members. However, the amount to be paid to each City Council member for attending meetings was not correctly entered into the City’s accounting system. The accounting system included \$25.00 per meeting instead of the authorized \$15.00 per meeting. **Exhibit B** lists the overpayments to the City Council members. The overpayments total \$1,150.00. In addition, the City overpaid \$78.57 for IPERS and \$88.09 for FICA as a result of these overpayments. The total amount of \$1,316.66 is included in **Exhibit A** as improper disbursements.

Credit Card – The City has a credit card which is kept at City Hall. Employees sign out the credit card in order to make purchases for the City. According to Resolution 2011-14 adopted by the City Council, the employees who use the credit card must provide receipts in a reasonable amount of time. If the employee fails to turn in receipts, the employee is responsible for the charges made on the credit card.

Exhibit C includes all purchases and fees incurred on the City’s credit card from August 28, 2008 through November 30, 2010. While appropriate documentation was available for some purchases, the City was unable to locate supporting documentation for all purchases made with the City’s credit card. However, based on the vendors, purchase amounts, frequency of purchases and discussions with the City Clerk, some appeared

reasonable for the City's operations. The reasonable and supported purchases made with the City's credit card total \$6,994.01.

The purchases from some vendors, such as Wal-Mart, Northern Tool and Farm & Fleet, may have been personal in nature or for the City's operations. Without the related supporting documentation, we are unable to determine the propriety of the purchases. These purchases total \$4,295.05 and are included in **Exhibit A** as unsupported disbursements.

In addition, we identified several invoices from Cabelas which included various types of shirts. Using the Cabelas website, we determined the shirts included the "Cabelas" logo on them or were graphic t-shirts which included pictures of various types of fish. We also identified a pair of steel-toe hiker boots purchased from Cabelas in May 2010. The purchases are included in **Exhibit C** and listed in **Table 5**. The City Clerk was unable to tell us which employee made the purchases.

Table 5

Transaction Date	Description per Available Invoice	Amount
11/18/08	<i>None</i>	\$ 639.88
10/15/09	T-shirts, shipping and handling	119.25
10/29/09	<i>None</i>	(22.46)
05/09/10	Canvas button-up shirts, lined jacket	114.90
05/11/10	T-shirts	156.65
05/21/10	Crew socks, hooded jacket, shipping and handling	63.81
05/23/10	Steel-toe hiker boots	59.99
06/04/10	<i>None</i>	10.48
Total		<u>\$ 1,142.50</u>

According to the union contract, all Public Works employees can receive up to \$200.00 for reimbursement of work clothing purchases and \$100.00 for safety shoes. In addition, the City provides each Public Works employee 5 work shirts. According to the City Clerk, the types of shirts identified would not be considered appropriate work shirts. Because we are unable to determine who the clothing was purchased for and the purchases do not comply with the reimbursement requirements established by the union contract, the \$1,142.50 of purchases is included in **Exhibit A** as improper disbursements.

We also identified \$192.77 of finance charges, interest and late fees incurred on the credit card and \$8.73 for sales tax for a purchase made at Farm & Fleet in Davenport in 2009. Because the City is a governmental subdivision, it is exempt from sales tax on items purchased at retail vendors. As a result, sales tax should have been paid. The additional \$201.50 is included in **Exhibit A** as improper disbursements.

UNDEPOSITED COLLECTIONS

Fire Department – In December 2010, the Buffalo Volunteer Fire Department received 5 shares of a resident's estate. The \$20,000.00 gift was deposited by the Fire Department on February 6, 2012 into a separately maintained bank account. A letter of advice from the Iowa Attorney General dated April 22, 2008 states, in part, "Private gifts and bequests of money to a city or county become public funds under the stewardship of the city or

county.” However, the funds were not deposited into a City account maintained by the City Clerk.

Section 384.20 of the *Code of Iowa* states, in part, “A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received or expended for any city purpose, by any city office, employee or other person which show the receipt, use and disposition of all city property.” The donation should have been deposited to a City bank account and all disbursements should be approved by the City Council.

Utilities - The City uses the Data Tech Summit software to prepare billings and record transactions for the City’s utilities. As previously stated, Ms. Kauffman entered utility billing information, applied late fees and penalties, processed adjustments, sent out bills and recorded collection information. Residents can pay their utility bills by mailing payments to City Hall, dropping them off at City Hall or placing them in the City’s drop box.

The City could not locate any reports from the software system or utility reconciliations. We reviewed information recorded in the software system and identified several periods in which a large number of adjustments were recorded. The City was unable to locate adjustment reports, support for the adjustments or provide an explanation for the adjustments for the period of our investigation.

We contacted a representative of Data Tech and requested a system log which included any user-deleted history from the system. The report was prepared for the period May 9, 2007, when the system was implemented, to June 27, 2012. Based on user identification, the report showed Ms. Kauffman deleted history from the utility system on 12 occasions and 8 of the 12 were posted on August 30, 2010. The report also showed no one other than Ms. Kauffman deleted history from the system.

According to the Data Tech representative we spoke with, the deleted history cannot be restored and they are unable to determine what was deleted. As a result, we are unable to determine what specific adjustments were made. It is possible Ms. Kauffman deleted collection information or she adjusted her own utility account or accounts of friends to show bills had been paid when they actually had not.

When we reviewed utility information at City Hall, we could not locate any printed reports, reconciliations, receipts or meter readings. However, City employees were able to print the following reports from the Data Tech software system.

1. Deposit Audit report which shows changes in customer’s deposit balance,
2. Accounts Receivable report which shows the beginning balance, new billings, balance adjustments, penalties, payments and ending balance and
3. Billing report which shows the total amount billed and paid for the time period.

We identified several variances between the reports, including:

- The amount billed according to the Accounts Receivable report does not equal the amount billed shown on the Billing report,
- The amount listed as paid according to the Accounts Receivable report does not equal the amount paid shown on the Billing report and
- The amount listed as billed according to the Accounts Receivable report does not equal the amount shown as billed on the Deposit Audit report.

Because of the concerns identified with the reports, we are unable to determine if the amount collected by the City for utility billings was properly recorded and deposited to the City’s accounts.

We also compared the amount of cash deposited to the City's bank accounts while Ms. Kauffman was responsible for depositing utility receipts to the utility deposits made during the 8 months after she was terminated to determine if there was a significant change in the amount of cash deposited. However, the City Council approved an increase in the water rate, from \$10.00 to \$14.51 per thousand gallons, and the sewer rate, from \$16.50 to \$20.53 per thousand gallons, in fiscal year 2011. As a result, the amount of cash deposited after Ms. Kauffman's resignation may have been greater. However, the proportion of cash to checks in the utility deposits was not significantly different between the deposits Ms. Kauffman made and those made after her termination.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City to process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the City's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former Assistant City Clerk had control over preparing utility billings, opening mail, collecting utility payments, preparing deposits and recording utility collections in the utility system for the City.

In addition, bank balances were reconciled to the City's accounting records and all financial reports were prepared by the City Clerk who had access to the City's accounting system and signed checks.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the City Clerk, Assistant City Clerk, the Mayor and City Council members. In addition, the City Council should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

In addition, bank statements should be delivered to an official who does not collect or disburse City funds. Bank reconciliations should be performed monthly and should be reviewed by someone independent of other financial responsibilities.

- B. Utilities – The City bills for water, sewer and garbage services provided to the citizens of the City. During our review of the City utility system, we determined utility reconciliations were not performed, transactions within the system were deleted and reports generated from the system were not accurate.

Recommendation – The City Council should develop policies and procedures to ensure utility reconciliations are prepared and reviewed by the City Council monthly. Adjustments to utility records should be supported by adequate documentation and reviewed and approved monthly by the City Council. Records which are to be deleted should be approved by the City Council.

- C. Payroll – The City entered into a contract with the Chauffeurs, Teamsters and Helpers Local Union No. 238 which covers City employees. The contract includes sections related to pay raises, working hours, work week, vacation, sick

leave and other areas related to employment with the City. During our review of the City's payroll records, we identified the following:

1. Payroll was not paid in accordance with the terms of the union contract. The union contract requires payroll checks be issued on the Friday following the end of the pay period. Pay checks were issued prior to the Friday following the end of the pay period.
2. The City does not have an employee handbook for non-union employees which specifies policies for vacation, sick leave and other benefits.
3. A former employee was allowed to take vacation prior to earning it and received a vacation payout which was not approved by the City Council or included in the City's contract with the union.
4. A former employee prepared her own paychecks and recorded negative federal income tax withholding, which resulted in an unauthorized increase in her net pay of approximately \$520.00
5. The wrong FICA rate was used for employees during August and September 2010. As a result, the City did not remit a sufficient amount of FICA to the IRS.
6. Improper IPERS rates were used in June 2009, resulting in the City withholding \$112.41 in excess IPERS contributions from employees.

Recommendation – The City should implement procedures to ensure appropriate payroll records are maintained. Specifically, the City should ensure:

1. Payroll is paid in accordance with the terms of the union contract.
2. The City establishes an employee handbook for non-union employees which specifies benefits for non-union employees.
3. Employee are not allowed to take vacation prior to earning it and a policy is established by the City Council regarding vacation payouts.
4. Paychecks and the related calculations are reviewed in a manner that ensures improper withholdings or other irregularities are identified and corrective action is taken in a timely manner.
5. Correct FICA rates are used and the proper amounts are remitted to the IRS.
6. The City should work with legal counsel to refund \$112.41 to employees for the excess IPERS contributions withheld.
7. Timecards are maintained for all employees and are used to support payroll calculations.

D. Reimbursements – City employees are reimbursed for travel expenses. The union contract specifies the amounts eligible for reimbursement upon approval of the City Council. Expenses eligible for reimbursement include mileage, meals and lodging and other costs. We identified the following during our investigation:

1. Ms. Kauffman was reimbursed mileage at the federal rate instead of the approved State rate.
2. Reimbursements for prescription drugs exceeded the amount authorized.

3. Meal receipts did not contain sufficient information to consistently determine the propriety of the amounts claimed.

Recommendation – The City Council should implement procedures to require all reimbursements be properly supported, including itemized receipts, invoices or other appropriate documentation. An independent person should review all supporting documentation prior to reimbursement.

- E. Credit Card – The City maintains a credit card at City Hall which employees may sign out. Employees are required to submit receipts for all charges made on the credit card. During our review of the purchases made using the City’s credit card, we determined supporting documentation was not maintained for all purchases and the City incurred finance charges and late fees for the late payment of the credit card bill.

Recommendation – The City Council should implement procedures to require employees to submit appropriate documentation. In addition, the documentation should be reviewed to ensure the purchases are necessary for City operations.

Exhibits

**Report On Special Investigation
of the
City Of Buffalo**

Report on Special Investigation of the
City of Buffalo

Summary of Findings
For the Period September 25, 2008 through September 30, 2010

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Checks to Kimberly Kauffman:				
Negative Federal income tax withholding	Table 1	\$ 520.00	-	520.00
Overpayment of Federal income tax	Page 8	519.99	-	519.99
Unearned vacation	Table 3	1,087.74	-	1,087.74
Reimbursements to Kimberly Kauffman	Pages 10 and 11	196.30	-	196.30
IPERS late fees	Page 11	116.14	-	116.14
Overpayments to City Council members^	Exhibit B	1,316.66	-	1,316.66
Credit card *	Exhibit C	1,344.00	4,295.05	5,639.05
Total improper and unsupported disbursements		5,100.83	4,295.05	9,395.88
Less: Federal income tax repayment	Table 2	(519.99)	-	(519.99)
Net improper and unsupported disbursements		\$ 4,580.84	4,295.05	8,875.89

* - Includes \$192.77 of finance charges, interest and late fees and \$8.73 of sales tax.

^ - Includes \$87.98 for the City's share of FICA and \$78.52 for the City's share of IPERS.

Exhibit B

Report on Special Investigation of the
City of Buffalo

Overpayments to City Council Members
For the Period September 25, 2008 through September 30, 2010

Council Member	Date Paid	Number of Meetings	Actual Rate	Correct Rate	Over-payment	Employer's Share of		Total
						IPERS	FICA	
Kim Buchanan	04/09/10	5	\$ 25.00	15.00	50.00	3.33	3.83	57.16
	07/01/10	5	25.00	15.00	50.00	3.48	3.83	57.31
	09/08/10	4	25.00	15.00	40.00	2.78	3.06	45.84
	12/22/10	1	25.00	15.00	10.00	0.70	0.77	11.47
	03/31/11	3	25.00	15.00	30.00	2.09	2.30	34.39
					180.00	12.38	13.79	206.17
Grant Carson	03/31/09	2	25.00	15.00	20.00	1.27	1.53	22.80
	07/02/09	1	25.00	15.00	10.00	0.67	0.77	11.44
	10/01/09	5	25.00	15.00	50.00	3.33	3.83	57.16
					80.00	5.27	6.13	91.40
Dana Jo Smith	07/02/09	2	25.00	15.00	20.00	1.33	1.53	22.86
	04/06/10	3	25.00	15.00	30.00	2.00	2.30	34.30
	04/09/10	3	25.00	15.00	30.00	2.00	2.30	34.30
	07/01/10	5	25.00	15.00	50.00	3.48	3.83	57.31
	09/08/10	5	25.00	15.00	50.00	3.48	3.83	57.31
	12/22/10	3	25.00	15.00	30.00	2.09	2.30	34.39
	03/31/11	4	25.00	15.00	40.00	2.78	3.06	45.84
06/29/11	6	25.00	15.00	60.00	4.17	4.59	68.76	
					310.00	21.33	23.74	355.07
Ginia Guizar	03/31/09	1	25.00	15.00	10.00	0.64	0.77	11.41
								-
Mitch Greer	03/31/09	1	25.00	15.00	10.00	0.64	0.77	11.41
	07/02/09	2	25.00	15.00	20.00	1.33	1.53	22.86
	10/01/09	4	25.00	15.00	40.00	2.66	3.06	45.72
	04/06/10	3	25.00	15.00	30.00	2.00	2.30	34.30
	09/28/10	3	25.00	15.00	30.00	2.09	2.30	34.39
	12/22/10	3	25.00	15.00	30.00	2.09	2.30	34.39
	06/29/11	2	25.00	15.00	20.00	1.39	1.53	22.92
					180.00	12.20	13.79	205.99

Report on Special Investigation of the
City of Buffalo

Overpayments to City Council Members
For the Period September 25, 2008 through September 30, 2010

Council Member	Date Paid	Number of Meetings	Actual Rate	Correct Rate	Over-payment	Employer's Share of		Total
						IPERS	FICA	
Joan Hammons	10/01/09	1	25.00	15.00	10.00	0.67	0.77	11.44
	12/17/09	1	25.00	15.00	10.00	0.67	0.77	11.44
	04/06/10	4	25.00	15.00	40.00	2.66	3.06	45.72
	04/09/10	3	25.00	15.00	30.00	2.00	2.30	34.30
	07/01/10	1	25.00	15.00	10.00	0.70	0.77	11.47
	09/08/10	3	25.00	15.00	30.00	2.09	2.30	34.39
	12/22/10	2	25.00	15.00	20.00	1.39	1.53	22.92
	03/31/11	4	25.00	15.00	40.00	2.78	3.06	45.84
	06/29/11	2	25.00	15.00	20.00	1.39	1.53	22.92
					210.00	14.35	16.09	240.44
Olin Meador II	04/09/10	4	25.00	15.00	40.00	2.66	3.06	45.72
	07/01/10	5	25.00	15.00	50.00	3.48	3.83	57.31
	09/08/10	5	25.00	15.00	50.00	3.48	3.83	57.31
	12/22/10	2	25.00	15.00	20.00	1.39	1.53	22.92
	06/29/11	2	25.00	15.00	20.00	1.39	1.53	22.92
					180.00	12.40	13.78	206.18
Total					\$ 1,150.00	78.57	88.09	1,316.66

Report on Special Investigation of the
City of BuffaloCredit Card Charges
For the Period September 25, 2008 through September 30, 2010

Per Credit Card Statement			
Transaction			
Date	Vendor	Location	Amount
08/28/08	WM Supercenter	Davenport IA	\$ (49.13)
08/28/08	Wal-Mart	Davenport IA	(10.44)
08/29/08	Van Meter Industrial	IA	211.65
09/03/08	Rock Island Electric	IL	166.65
09/05/08	AMG Employee Management	CA	14.45
09/10/08	Whirlpool Consr Part	MI	115.98
09/19/08	Office Max	Davenport IA	294.22
09/22/08	Finance Charge		6.12
11/07/08	Staples	CA	50.97
11/17/08	Caseys		31.27
11/18/08	Cabelas	NE	639.88
11/28/08	Late Payment Fee		15.00
11/28/08	Finance Charge		7.45
12/02/08	Iowa League of Cities	IA	30.00
12/08/08	Safety Emporium	NJ	126.50
12/31/08	Finance Charge		9.01
03/27/09	Late Payment Fee		15.00
02/27/09	Finance Charge		0.50
04/02/09	Farm and Fleet	Muscatine	179.49
04/18/09	Airport Holiday Inn	Des Moines	168.00
05/07/09	Moline Farm & Fleet	Moline IL	401.69
05/07/09	Moline Farm & Fleet	Moline IL	11.13
05/07/09	Moline Farm & Fleet	Moline IL	(43.33)
05/14/09	Iowa Leage of Cities	IA	337.00
05/13/09	Sears Roebuck	Davenport IA	67.40
05/15/09	Farm and Fleet	Muscatine	296.47
05/16/09	Iowa Leage of Cities	IA	300.00
05/20/09	Blank Doorhangers com	FL	27.75

Description Per Support	Reasonable/ Supported	Improper	Unsupported
return camera bag	\$ (49.13)	-	-
return camera battery charger	(10.44)	-	-
time meter	211.65	-	-
parts for water plant	166.65	-	-
ribbon for lathem	14.45	-	-
mold filter	115.98	-	-
time cards, time clock	294.22	-	-
<i>none</i>	-	6.12	-
<i>none</i>	-	-	50.97
<i>none</i>	-	-	31.27
<i>none</i>	-	639.88	-
<i>none</i>	-	15.00	-
<i>none</i>	-	7.45	-
<i>none</i>	30.00	-	-
<i>none</i>	-	-	126.50
<i>none</i>	-	9.01	-
<i>none</i>	-	15.00	-
<i>none</i>	-	0.50	-
<i>none</i>	-	-	179.49
Tanna - Kim attended FMLA meeting	168.00	-	-
<i>none</i>	-	-	401.69
<i>none</i>	-	-	11.13
<i>none</i>	-	-	(43.33)
<i>none</i>	337.00	-	-
<i>none</i>	-	-	67.40
<i>none</i>	-	-	296.47
<i>none</i>	300.00	-	-
<i>none</i>	-	-	27.75

Report on Special Investigation of the
City of BuffaloCredit Card Charges
For the Period September 25, 2008 through September 30, 2010

Per Credit Card Statement			
Transaction			
Date	Vendor	Location	Amount
05/30/09	Finance Charge		6.80
07/08/09	Farm & Flt	Davenport IA	133.48
07/10/09	Morbark Inc	Winn MI	554.84
07/14/09	Gateway Hotel	Ames IA	315.84
07/18/09	Holiday Inn	Ames IA	275.52
07/14/09	Hosting and Domains		65.00
07/23/09	Gateway Hotel	Ames IA	421.12
07/30/09	Finance Charge		9.04
08/19/09	UPS	GA	16.86
08/22/09	Iowa League of Cities	IA	175.00
08/22/09	Iowa League of Cities	IA	175.00
08/23/09	UPS	GA	8.00
08/31/09	Finance Charge		6.21
09/11/09	Farm & Flt	Davenport IA	223.47
09/14/09	SASO	Grand Prarie	121.99
09/18/09	Int'l Code Council Inc	IL	367.00
09/22/09	Sun Market	Fort Dodge IA	22.50
09/25/09	Farm & Flt	Davenport IA	351.96
09/30/09	Finance Charge		4.88
10/05/09	Office Max	Davenport IA	96.97
10/15/09	Cabelas Inc	NE	119.25
10/26/09	Filter Now Com Inc	AL	23.98
10/31/09	Finance Charge		6.08
10/29/09	Cabelas Inc	NE	(22.46)
11/11/09	DT*Duluth Trading Co	WI	70.00
11/13/09	Farm and Fleet	Muscatine IA	258.23
11/17/09	Standard Bearings Co	IA	156.15
11/24/09	Standard Bearings Co	IA	88.88
11/26/09	Kirkwood Eagle Net	IA	155.00
11/27/09	Late Payment Fee		15.00

Description Per Support	Reasonable/ Supported	Improper	Unsupported
<i>none</i>	-	6.80	-
oil, sales tax - 8.73	124.75	8.73	-
<i>none</i>	-	-	554.84
Tanna - AFR training	315.84	-	-
Tanna - AFR training	275.52	-	-
<i>none</i>	-	-	65.00
Tanna - training	421.12	-	-
<i>none</i>	-	9.04	-
shipment	16.86	-	-
Building and Fire Code Academy - Tod Thiele	175.00	-	-
<i>none</i>	175.00	-	-
<i>none</i>	-	-	8.00
<i>none</i>	-	6.21	-
sharpener, oil, brakleen	223.47	-	-
reflective barricade stripping	121.99	-	-
<i>none</i>	367.00	-	-
gasoline	22.50	-	-
<i>none</i>	-	-	351.96
<i>none</i>	-	4.88	-
HP ink, 25ft cord	96.97	-	-
tee shirts, s/h	-	119.25	-
<i>none</i>	-	-	23.98
<i>none</i>	-	6.08	-
<i>none</i>	-	(22.46)	-
<i>none</i>	-	-	70.00
<i>none</i>	-	-	258.23
<i>none</i>	-	-	156.15
<i>none</i>	-	-	88.88
<i>none</i>	-	-	155.00
<i>none</i>	-	15.00	-

Report on Special Investigation of the
City of BuffaloCredit Card Charges
For the Period September 25, 2008 through September 30, 2010

Per Credit Card Statement			
Transaction			
Date	Vendor	Location	Amount
11/30/09	Finance Charge		6.47
12/27/09	Finance Charge		7.93
12/30/09	Farm and Fleet		89.93
01/05/10	Ia Department of Insp and Ap		156.00
01/07/10	Int'l Code Council Inc		81.90
01/07/10	Iowa League of Cities		25.00
01/20/10	ESP*Farmtek		56.87
01/28/10	Late Fee		15.00
01/28/10	Finance Charge		7.17
02/05/10	Cabelas Inc	NE	112.94
02/10/10	Office Max	IA	19.98
02/12/10	Farm and Fleet	Muscatine IA	23.50
02/24/10	Labsafe	WI	42.43
02/25/10	Standard Bearings Co	IA	13.85
02/28/10	Farm and Fleet	Muscatine IA	61.94
02/28/10	Interest		8.41
03/04/10	Standard Bearing Co		20.98
03/22/10	Office Max		160.49
03/25/10	Office Max		106.98
03/26/10	Labsafe		107.17
03/28/10	Farm and Fleet		290.35
03/28/10	Interest		6.56
04/08/10	Iowa League of Cities	IA	60.00
04/08/10	Iowa League of Cities	IA	60.00
04/09/10	Building and Fire Code	IL	175.00
04/25/10	Airport Holiday Inn	IA	197.12
04/28/10	Interest		3.11
05/02/10	Farm and Fleet	Muscatine IA	164.99
05/09/10	Cabelas Inc	NE	114.90

Description Per Support	Reasonable/ Supported	Improper	Unsupported
<i>none</i>	-	6.47	-
<i>none</i>	-	7.93	-
<i>none</i>	-	-	89.93
<i>none</i>	-	-	156.00
<i>none</i>	-	-	81.90
<i>none</i>	25.00	-	-
<i>none</i>	-	-	56.87
<i>none</i>	-	15.00	-
<i>none</i>	-	7.17	-
Garmin Etrex handheld GPS	112.94	-	-
USB flash drive	19.98	-	-
terry towels, hose adapters	23.50	-	-
lime vests	42.43	-	-
bearings	13.85	-	-
trash bags, auger belt	61.94	-	-
<i>none</i>	-	8.41	-
bore sprocket, s/h	20.98	-	-
<i>none</i>	-	-	160.49
<i>none</i>	-	-	106.98
lime safety vests and lime hats	107.17	-	-
hammer drill, grass seed, batteries, braded rope, antifreeze	290.35	-	-
<i>none</i>	-	6.56	-
<i>none</i>	60.00	-	-
<i>none</i>	60.00	-	-
<i>none</i>	-	-	175.00
2 night stay Tanna Carter	197.12	-	-
<i>none</i>	-	3.11	-
push mower	164.99	-	-
canvas button-up shirts, lined jacket	-	114.90	-

Report on Special Investigation of the
City of BuffaloCredit Card Charges
For the Period September 25, 2008 through September 30, 2010

Per Credit Card Statement			
Transaction			
Date	Vendor	Location	Amount
05/11/10	Cabelas Inc	NE	156.65
05/21/10	Cabelas Inc	NE	63.81
05/23/10	Cabelas Inc	NE	59.99
06/02/10	Northern Tool	MN	237.39
06/04/10	Cabelas Inc	NE	10.48
06/06/10	Oriental Trading Co	NE	508.48
06/10/10	Northern Tool	MN	13.40
06/14/10	River Action Inc	IA	198.00
06/18/10	Farm and Fleet	Muscatine IA	27.31
06/24/10	Moline Farm and Fleet	Moline IL	355.77
06/25/10	Iowa League of Cities	IA	168.00
06/28/10	Interest		7.86
06/29/10	Iowa League of Cities	IA	288.00
07/28/10	Iowa League of Cities	IA	175.00
07/28/10	Iowa League of Cities	IA	200.00
07/28/10	Interest		2.28
08/28/10	Late Fee		15.00
08/28/10	Interest		4.76
08/29/10	Mediacom	NY	103.40
11/10/10	Wal-Mart	Davenport IA	35.31
11/11/10	Iowa League of Cities	IA	40.00
11/23/10	www.logmein.com	MA	69.95
11/25/10	American Assoc nortary	TX	45.85
11/28/10	Interest		7.13
Total			<u>\$ 12,633.06</u>

Description Per Support	Reasonable/ Supported	Improper	Unsupported
t-shirts	-	156.65	-
crew socks, hooded jack, s/h	-	63.81	-
steel toe hiker boot	-	59.99	-
<i>none</i>	-	-	237.39
<i>none</i>	-	10.48	-
<i>none</i>	508.48	-	-
usa flags, flag tatoos, etc	13.40	-	-
<i>none</i>	-	-	198.00
manure fork, measuring cup	27.31	-	-
filters, gear lube, gear oil, windshield fluid, oil	355.77	-	-
<i>none</i>	168.00	-	-
<i>none</i>	-	7.86	-
Iowa Municipal Professional Institute 2010 July 12-16 and 19-21, 2010	288.00	-	-
Annual Conference for Dana Smith	175.00	-	-
Annual Conference for Olin Meador	200.00	-	-
<i>none</i>	-	2.28	-
<i>none</i>	-	15.00	-
<i>none</i>	-	4.76	-
<i>none</i>	103.40	-	-
<i>none</i>	-	-	35.31
<i>none</i>	40.00	-	-
<i>none</i>	-	-	69.95
<i>none</i>	-	-	45.85
<i>none</i>	-	7.13	-
	\$ 6,994.01	1,344.00	4,295.05

Report on Special Investigation of the
City of Buffalo

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Manager
Lara K. Van Wyk, Staff Auditor
Brian P. Schenkelberg, Senior Auditor




Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
City of Buffalo

Copy of Check and Related Pay Stub

For security the face of this check contains a Void Copy Feature and Micro Printed Signature And Border Lines

 **City Of Buffalo**
Buffalo, Iowa 52728-0337
Phone (563) 381-2224

72-1220
739 Buffalo Savings Bank
Buffalo, Iowa NO. 010233

CHECK #	DATE	AMOUNT
10233	8/25/10	*****704.85

PAY TO THE ORDER OF
SEVEN HUNDRED FOUR AND 85/100 DOLLARS
Kimberly A Kauffman
[Redacted] 52728
[Redacted]

Kimberly A Kauffman
MP Clerk
Authorized Signature

Kimberly A Kauffman

Buffalo Savings
2010-08-27
[Redacted]

CKDeb 704.85
08/26/2010 04:31:19 PM
0001 B7 0012 H15 HD
000646

Report on Special Investigation of the
City of Buffalo

Copy of Check and Related Pay Stub

Employee: 14
Kimberly A Kauffman

Gross Pay	688.50
Federal Tax	-100.00
Earned Inc Credit	
Social Security	42.69
Medicare	9.98
State Tax	
Net Pay	704.85

Paid Thru	Check Date	Check #	ACH #	Check Amt
8/27/10	8/25/10	10233		704.85

Pay Information:

ID	Description	Worker's Comp	Hours	Rate	Amount	Center	Class
1	VACATION		10.20	13.5000	137.70	62010	1
1	VACATION		12.75	13.5000	172.13	81010	1
1	VACATION		12.75	13.5000	172.13	81510	1
1	VACATION		12.75	13.5000	172.13	82010	1
1	VACATION		2.55	13.5000	34.41	17010	1

Total Pay 688.50

Deduction Information:

Benefit Information:

ID	Description	Method	Rate	Amount	Method	Rate	Amount	Center	Class
1	IPERS	P			P			99999	6
5	AFLAC PRETAX	I			I			99999	6
6	MEDICAL FSA	I			I			99999	6
8	HEALTH INSUR.	I			I			62010	6
9	AFLAC AFTER TAX I	I			I			99999	6

Total Deduction 30.98 Total Benefit 47.85