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FOR RELEASE

December 28, 2018

Auditor of State Mary Mosiman today released a report on a special investigation of the City of Buffalo Community Center (Community Center) for the period January 1, 2013 through June 30, 2016. The special investigation was requested by City officials as a result of concerns regarding disbursements made from the Community Center bank accounts maintained by volunteers who served on the Community Center Board. As a result of the concerns regarding disbursements from the bank accounts, the City Council asked the Community Center Board members to step down on April 19, 2016. On June 6, 2016, the City passed a resolution to assume responsibility for the Community Center and bring the separately maintained bank accounts under the control of the City.

The Community Center provides rental space to individuals and groups in the surrounding communities. The rent charged by the Community Center is based on the size of the event. In addition, the Community Center also holds a weekly bingo event which is open to the public. The Community Center provides concessions during events and has a liquor license which allows them to sell alcohol during events such as weddings and dances.

Mosiman reported the special investigation identified \$40,965.74 of improper and unsupported disbursements. The improper disbursements of \$14,629.83 include \$1,731.48 from the Community Center's General checking account and \$12,898.35 from the Bingo checking account. Mosiman reported the improper disbursements included:

- General account - \$704.58 of disbursements to Casey's for the purchase of fuel for the Board members' personal vehicles, \$117.36 of reimbursements to Board members for mileage, and personal items, such as food, soft drinks, and water, \$42.50 for a bicycle, and \$141.64 paid to other vendors for personal items, such as a Toro line trimmer, a single soft drink, and baby supplies. In addition, there was \$725.40 of personal purchases from Hy-Vee, Walmart, and Sam's club.
- Bingo account - \$705.10 to Casey's for gas for the Board members' personal vehicles, \$233.96 for a dinner at the Machine Shed Restaurant in Davenport, and \$554.47 of purchases from other vendors not related to providing bingo. In

addition, \$11,404.82 of donations from the Bingo account did not comply with requirements established by the *Code of Iowa* for donating proceeds from bingo which were effective at the time of the transactions.

The \$26,335.91 of unsupported disbursements include payments to Hy-Vee, Walmart, Sam's Club, and other vendors used by the Community Center to purchase food, soft drinks, water, and alcohol for events at the Community Center. Because the disbursements were not supported by documentation including receipts showing the type and quantity of items purchased, it could not be determined what was purchased and if it was for the operations of the Community Center or personal in nature.

Mosiman also reported it was not possible to determine if additional amounts were improperly disbursed or if collections for the rental of the Community Center, concession stand and bar sales, or the sale of bingo cards and daubers were properly deposited because adequate documentation was not available.

The report includes recommendations to strengthen the Community Center's internal controls and operations, such as improvements to segregation of duties, maintaining supporting documentation, and maintaining adequate financial records, including ledgers, receipt books, and bank reconciliations. The report also includes a finding related to compliance with the Code requiring the City to maintain all accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose.

Copies of this report have been filed with the Scott County Attorney's Office, the Attorney General's Office, and the Division of Criminal Investigation. 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 <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF BUFFALO COMMUNITY CENTER
FOR THE PERIOD
JANUARY 1, 2013 THROUGH JUNE 30, 2016**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of concerns regarding certain financial transactions of the City of Buffalo Community Center (Community Center) and at the request of City officials, we conducted a special investigation of the Community Center. We applied certain tests and procedures to selected financial transactions of the Community Center for the period January 1, 2013 through June 30, 2016, unless otherwise noted. Based on a review of relevant information and discussions with City officials and personnel, we performed the following procedures:


- (1) Evaluated the Community Center's internal controls over receipts and disbursements to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Evaluated the City's internal controls over receipts and disbursements to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Obtained and reviewed the Community Center's bank statements to identify any unusual activity and determine if bank reconciliations were performed in a timely manner, reviewed, and approved.
- (4) Scanned images of redeemed checks issued from the Community Center's checking accounts to determine reasonableness and examined disbursements to determine if they were appropriate, properly approved, and supported by adequate documentation.
- (5) Evaluated the Community Center's procedures for collecting and depositing receipts to determine if collections were deposited intact and in a timely manner.
- (6) Reviewed the purchases of alcohol, soft drinks, and food for the concession stand and bar to determine if the quantities purchased were excessive.
- (7) Compared the purchases for the concession stand and bar to the revenues generated by sales in order to determine the concession stand and bar were operating in a deficit.

These procedures identified \$40,965.74 of improper and unsupported disbursements. Because supporting documentation was not available for all transactions, it was not possible to determine if additional amounts were improperly disbursed or if all collections were properly deposited. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **F** 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, or had we performed an audit of financial statements of the City of Buffalo, other matters might have come to our attention which would have been reported to you.

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

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


MARY MOSIMAN, CPA
Auditor of State

August 23, 2018

Report on Special Investigations of the
City of Buffalo Community Center

Investigative Summary

Background Information

The City of Buffalo (City) is located in Scott County and has a population of approximately 1,300. The Buffalo Community Center (Community Center) is a department of the City of Buffalo, established by City ordinance and not a separate legal entity created under Chapter 28E of the *Code of Iowa* or incorporated as a non-profit corporation. The Community Center is operated by the Buffalo Community Center Board (Board), made up of 3 volunteers from the area with indefinite term limits.

The Community Center provides rental space to individuals and groups in the surrounding communities to hold events. The Community Center also held a weekly bingo event which was open to the public. The City held a bingo license issued by the Department of Inspections and Appeals.

Community Center operations were overseen by the Community Center Board. The Board was made up of 3 volunteers: Connie LaMar, Jim (Bud) LaMar, and Jim Frank. According to the City Clerk, the Board members have been on the Board since at least 2006. Connie LaMar was also the Community Center Manager. The Community Center maintained its own bank accounts. The Manager oversaw all financial operations of the Community Center, including:

- Receipts – collecting, preparing deposits, and making deposits.
- Disbursements – purchasing, preparing checks, signing and disbursing checks and maintaining supporting documentation.
- Bank accounts – reconciling monthly bank statements.
- Reporting – preparing reports requested by the City or other parties.

The Community Center may be rented for small events, such as birthday parties and baby showers, and larger events, such as weddings and firemen dances.

Rental fees for small events was a flat fee of \$150.00. For these events, clean-up was to be done by the renting party. Rental fees for larger events are as follows:

- Building rent - \$425.00.
- Bartender - \$50.00 up to 5 hours, and an additional \$30.00 per hour after the initial 5 hours.
- Keg - \$180.00 per keg.
- Pop canister - \$70.00 each.
- Clean-up fee - \$100.00 which was required to be paid in cash prior to the event. For larger events, the Board members usually cleaned the Community Center after a large event. After cleaning the Community Center, the Board members kept the \$100.00 clean-up fee paid by the group renting the Community Center.

Wood's Auction also rented the Community Center to hold auctions and estate sales. They typically rented it for a week to set-up for the auction. The Community Center charged Wood's Auction \$300.00 for the week.

The Community Center also offered a concession stand selling soft drinks, water, and food during bingo, auctions, and other events. The concession stand was operated by Ms. LaMar, Mr. LaMar,

and Mr. Frank. Board members purchased soft drinks, food, and water from Hy-Vee, Walmart, Sam's Club, and other local stores. Food purchases included items, such as hamburgers, hot dogs, chicken tenders, and snack items. Board members also purchased items to make baked goods or other food items to be sold at the concession stand. Purchases were made by check from the Community Center's General bank account.

The Community Center has a liquor license which allows the Community Center to offer bar services to individuals and groups who rent the Community Center. Bar sales included soft drinks, beer, and liquor. A bar is only available during larger events, such as weddings and the firemen's dance. According to the City Clerk, the bartender was paid \$50.00 cash at the end of each event. The cash payment was from the amount collected at the bar. According to the City Clerk, Mr. Frank and Mr. LaMar were typically the bartenders at these events.

The Community Center maintained 2 bank accounts, an account for the daily operations of the Community Center and an account for bingo related activity. The General account was used for the day to day operations of the Community Center such as utilities, repairs, equipment, and concession stand supplies. Deposits to the General account consisted of collections from the rental of the Community Center and concession stand, and bar sales. Disbursements from the General account were made by check or electronic funds transfer (EFT) and did not require prior approval. Checks issued from the accounts were only signed by the Manager and did not require a second signature. The disbursements were not required to be provided to the City Council for approval. City policies and procedures required disbursements be supported by documentation including receipts and invoices.

The 3 Board members were not paid a salary or an hourly wage. However, the 3 Board members were responsible for cleaning the venue after large events. The Board members kept the \$100.00 cash cleaning fee paid by the renter. As previously stated, for small events, the individuals who rented the Community Center were responsible for cleaning up the Community Center.

The Board members were also reimbursed for purchases related to the operations of the Community Center. In addition, the Board members used checks from the Community Center's General bank account to purchase fuel for using their vehicles to run errands for Community Center business. The Community Center did not have a policy requiring mileage records be submitted or maintained which showed the mileage and purpose of the trip. In addition, the City did not have a policy requiring mileage logs or other supporting documentation for employees who were not covered by the Union contract.

The Bingo account was established in accordance Chapter 99B of the *Code of Iowa* and was used to deposit bingo proceeds, pay the related expenses of the event, and to make donations for educational, civic, public, charitable, patriotic, or religious uses as required by the *Code*. In accordance with Chapter 99B, the Community Center is a qualified organization under a 2 year qualified organization license for conducting bingo. The *Code* requires any 2 year qualified organization expecting annual gross receipts of \$10,000.00 or more to establish and maintain a checking account designated as a "Bingo account."

Deposits to the Bingo account were from the sale of bingo cards and daubers. No other collections were to be deposited to this account. Winners of each game received a cash prize equal to 1/2 of the amount collected from the sale of the bingo cards for the game. For example, if \$200.00 was collected for the "blackout" game, then the prize would be \$100.00. The bingo event also offered a "Jackpot" game. The winner of the Jackpot game would receive a check for \$600.00 or more at the event. The cash prizes were paid from the collections during the event. After the cash prizes were paid, the remaining amount collected was deposited to the Bingo account on the next business day. The *Code* allows payments for reasonable expenses incurred in conducting bingo to be paid from the account. Reasonable expenses include the purchase of bingo cards, daubers, and other supplies to hold the event. The withdrawals from the account also included cash to make change during the event and to pay prizes if the cash received from sales was not

sufficient to pay the jackpot prize. The start-up cash was to be deposited with the collections from the event on the next business day after the event. According to the City Clerk, there were not sufficient reconciliations of the amount collected during an event, list of prizes awarded, or the final amount deposited to the Bingo account.

During a special meeting on December 1, 2015, the Community Center Board (Board) met with the City Council (Council) to discuss the financial status of the Community Center. The Board needed to purchase a new water heater, an air conditioner, and replace the floor for the Community Center, but they did not have sufficient funds available. During the meeting, the Mayor also addressed concerns which had been brought to his attention regarding the operations of the Community Center. The minutes included the following concerns:

- The Mayor asked if Ms. Lamar was taking the cans to the recycling center and having the money issued to her personally. Ms. LaMar stated “that she had been doing that because of all the work that they do with clean up and driving (*taking*) the cans in that they deserve that money.”
- The Mayor questioned “the balance in the bank account being so small that it could barely cover operations.” Mr. Frank told the Council “not having a hotel in the vicinity was an issue.” Mr. Frank also stated “he thought the kitchen has never really made much if any money.”

The Council discussed the prices of the food and beverages and decided to raise the price of food/alcoholic beverages in January. The Board agreed that an evaluation would help determine losses.

Subsequent to the December 1, 2015 meeting, several Council meetings were held which included discussions with the Board regarding the Community Center’s operations. The significant items discussed during these Council meetings were:

- April 10, 2016 - The Council reviewed checks issued from the Community Center bank account, bank statements, and a mileage request paid to Ms. LaMar. The Council had earlier directed the Board members to stop making fuel purchases for their personal vehicles using the Community Center’s checking account and instead request reimbursement for actual miles driven when conducting Community Center business. On March 28, 2016, Ms. LaMar paid herself \$93.99 for 241 miles. The Council reviewed the claim and questioned some of the miles paid to Ms. LaMar as being unreasonable or excessive. On April 11, 2016, Ms. LaMar reimbursed the Community Center \$41.02 for the unallowable mileage as determined by the City Council.
- April 19, 2016 – The Council passed a motion requiring Mr. and Ms. LaMar to step down from their Community Center duties.
- May 2, 2016 - The Council passed resolutions to approve depositories and add signatories to the Community Center accounts.
- June 6, 2016 - The Council passed a resolution to take over responsibility for the Community Center activity.

After the June 6, 2016 City Council meeting, the Community Center General account used for general operations was closed and the \$6,142.35 balance was transferred into the City’s general checking account. A Community Center fund was set up in the City’s accounting system to record all Community Center activity. The Bingo account was not closed because the *Code* requires a separate account be maintained. The City Clerk took custody of the Bingo account on July 1, 2016 and was responsible for maintaining the records. The Bingo account had a balance of \$5,810.20 on July 1, 2016 when the City took over the account.

As a result of concerns regarding the financial activity of the Community Center identified by the Council, City Officials contacted the Office of Auditor of State in April 2016, to request a review of

the Community Center's operations. As a result, we performed the procedures detailed in the Auditor of State's report for the period of July 1, 2013 through June 30, 2016.

Detailed Findings

The procedures performed identified \$40,965.74 of improper and unsupported disbursements for the period July 1, 2013 through June 30, 2016. The \$14,629.83 of improper disbursements identified includes \$1,731.48 from the Community Center's General account and \$12,898.35 from the Bingo account.

The \$1,731.48 of improper disbursements identified from the General account and the \$12,898.35 of improper disbursements identified from the Bingo account are as follows:

- General account – includes \$704.58 of payments to Casey's for fuel for the Board members' personal vehicles, \$117.36 of reimbursements to the Board members for personal items, such as food, soft drinks, and water, \$42.50 for a bicycle, and \$141.64 paid to other vendors for personal items such as a Toro line trimmer, soft drinks, and baby supplies. In addition, there were \$725.40 of personal purchases from Hy-Vee, Walmart, and Sam's club.
- Bingo account – includes \$705.10 of payments to Casey's for gas for the Board members' personal vehicles, \$233.96 for a dinner at the Machine Shed Restaurant in Davenport, and \$554.47 of purchases from other vendors not related to bingo operations, such as the purchase of "easter basket" supplies and "xmas gifts", and over-the-counter medication. In addition, there were \$11,404.82 of donations which do not meet the requirements of Chapter 99B of the *Code of Iowa*.

The \$19,013.59 of unsupported disbursements identified from the General account and the \$7,322.32 of unsupported disbursements identified from the Bingo account includes:

- General account – Disbursements to vendors for general operations totaling \$9,546.58 which includes \$4,450.00 of cash withdrawals for change funds at the concession stand for which we were unable to verify the amounts withdrawn were redeposited, \$1,108.82 of payments to individuals and \$3,398.56 of checks issued to various vendors for which supporting documentation was not available.
- General account – Disbursements to vendors for concession stands totaling \$9,467.01, which includes \$21.90 of cash withdrawals and \$9,445.11 for the purchase of food, soft drinks, and alcohol for which supporting documentation was not available. Because supporting documentation was not maintained or did not specify what was purchased, we cannot determine if the payments were related to operations of the Community Center or personal in nature.
- Bingo account – Disbursements totaling \$2,254.32 which includes an \$800.00 check issued to Hy-Vee for cash for bingo for which we were unable to verify the cash was redeposited after a bingo event, a \$774.00 check issued to Doolins which we could not verify was for bingo supplies, \$147.00 for postage, \$168.70 to a construction company, and \$247.16 to an office supply company for which supporting documentation was not available.
- Bingo account - We identified \$5,068.00 of donations for which the documentation was not sufficient to determine compliance with Chapter 99B of the *Code of Iowa*.

We were unable to interview Ms. LaMar in order to obtain additional information related to the operations of the Community Center and disbursements from the General and Bingo accounts. Ms. LaMar passed away on February 26, 2017.

Because supporting documentations was not available for all transactions, it was not possible to determine if additional amounts were improperly disbursed or if collections were not properly

deposited. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

As previously stated, the Community Center is part of the City and maintained 2 separate bank accounts for the operations of the Community Center. Because the Community Center is part of the City, all disbursements should be necessary and reasonable for the operations of the Community Center, in compliance with the *Code of Iowa* for providing bingo events, in the best interest of the taxpayers, and approved by the City Council.

Section 384.20 of the *Code of Iowa* states, “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 officer, employee, or other person, and which shows the receipts, use, and disposition of all city property. Public money may not be expended or encumbered except under an annual or continuing appropriation.” Based on this *Code* requirement, the City should have maintained all accounts related to the Community Center.

Because the Community Center did not maintain adequate supporting documentation, including bank statements, invoices, charge slips, and other supporting documentation, the City Clerk contacted the bank and requested copies of the Community Center’s bank statements and images of redeemed checks.

Using the documentation available from the Community Center and the bank, including images of checks redeemed from the Community Center’s bank account, any available supporting documentation, internet searches, and discussions with City staff, we classified disbursements as improper, unsupported, or reasonable.

Disbursements were classified as improper if they were personal in nature or not necessary or reasonable for operations of the Community Center. Disbursements were classified as unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to Community Center operations or was personal in nature. Other disbursements were classified as reasonable based on the vendor, frequency, and amount of the disbursements, and discussions with City Officials and the current City Clerk. **Exhibit A** summarizes the improper and unsupported disbursements identified from the General and Bingo account.

General account – As previously stated, the General account was used for the day to day operations of the Community Center such as utilities, repairs, equipment, and concession stand supplies. Deposits to the General account consisted of collections from the rental of the Community Center and concession stand and bar sales. Disbursements were made by check or electronic funds transfer (EFT) and did not require prior approval of the Board or the City Council. We identified a total of \$1,089.80 of improper and \$19,013.59 of unsupported disbursements from the General account. The improper and unsupported disbursements identified are described in detail in the following paragraphs.

Checks Issued to Casey’s – We identified 18 checks totaling \$704.58 issued to Casey’s. **Exhibit B** lists the 18 checks. According to the City Clerk, the Community Center Board members used their personal vehicles for running errands and purchasing supplies for the Community Center. As shown by the **Exhibit**, 16 of the Casey’s were written for \$40.00. The remaining checks were written for \$29.58 and \$35.00. According to the City Clerk, the Board agreed to pay themselves \$40.00 for fuel when using their personal vehicles. City officials could not locate any documentation showing the Board approved the \$40.00 payment for fuel. In addition, the Council did not approve a policy allowing Board members to pay for fuel when using their personal vehicles or approve the \$40.00 checks issued to Casey’s.

The Casey's receipts also show a soft drink was occasionally purchased at the time the fuel purchase was made. In addition, if the total purchase was less than the \$40.00 check issued to Casey's, change was given to the Board member making the purchase. There was no documentation showing the Board members returned the change to be deposited in the General account. The checks were electronically processed by Casey's and as a result, images of the redeemed check are not available from the bank. The check carbon included in the check book does not include a notation on the memo line of the check carbon indicating which Board member received the check.

Because mileage logs or other supporting documentation were not maintained showing the date of the trips, the event or reason for the trip, or the number of miles driven, the \$704.58 of disbursements to Casey's included in **Exhibit A** as improper disbursements.

Reimbursements to Board Members – Board members were reimbursed for purchases related to the Community Center's operations. Reimbursements were to be supported by documentation. We identified 2 reimbursements totaling \$117.36 to Board members which included items which were not related to the operations of the Community Center. The 2 reimbursements are described in the following paragraphs:

- Check number 8629 for \$93.99 was issued March 28, 2016 to Connie LaMar. As previously stated, during the April 10, 2016 Council meeting, Council members questioned a check for \$93.99 Ms. LaMar issued to herself for 241 miles. During the meeting the Council decided a portion of the mileage was not related to the operations of the Community Center. As a result of the meeting, Ms. LaMar reimbursed the Community Center \$41.02 for the unallowable mileage on April 11, 2016.

We have also included the \$41.02 repayment for Ms. LaMar in **Exhibit A**.

- Check number 8200 for \$76.34 was issued on March 15, 2014 to Jim Frank. The supporting documentation submitted by Mr. Frank was a receipt from Hy-Vee showing it was for a "5 Orchid in ceramic", a \$50.00 VISA gift card, and the \$4.99 gift card activation fee. The hand written notation on the receipt stated "Firemen Dance." A purchase for the Firemen's Dance should be paid for from the Fire Department or a Fire Association and not from the Community Center. In addition, there is no documentation showing how the VISA card was used or if it was personal in nature. Because the purchase was not for the operations of the Community Center and may be personal in nature, the \$76.34 is improper.

Because check number 8629 included \$41.02 for improper mileage and check number 8200 for \$76.34 reimbursed to a Board member for a purchase not related to the operations of the Community Center, the \$117.36 is included in **Exhibit A** as improper disbursements.

Other vendors – Based on the review of the supporting documentation maintained and discussions with the City Clerk, we identified \$184.14 improper disbursements to other vendors. These disbursements are discussed in the following paragraphs:

- Dollar Tree Store - Check number 8094 for \$64.18 was issued on October 1, 2013 to the Dollar Tree. The receipt included with the check carbon showed the items purchased included Halloween decorations, gifts, pork rinds, baby supplies, and a single bottle of pop. City officials were unable to determine if the Community Center held a Halloween event. Because these items are personal in nature and not for Community Center operations, the \$64.18 is improper.
- Woods Auction – We identified 2 purchases from Woods Auction totaling \$165.50 which included \$125.50 of purchases which were improper for the operations of the Community Center. Check number 7993 for \$123.00 issued on May 23, 2013 included the purchase of a bird bath (\$18.00), 2 white benches (\$65.00) and a roadmaster bicycle (\$40.00). The benches and bird bath are located at the Community Center. According to a City Council member, the bicycle is not located at

the Community Center and there is no reason the Community Center would purchase a bicycle. Check number 8092 for \$42.50 issued on October 3, 2013 included \$2.50 for yarn. Because the \$40.00 bicycle and \$2.50 of yarn are not related to the operations of the Center, the \$42.50 is improper.

- Menards - We identified 4 checks totaling \$662.49 to Menards. Of the \$662.49, we identified \$63.86 of improper purchases, including a Toro line trimmer (\$49.99), single cans/bottles of pop, single candy items, and a shower head. Because these items are personal in nature and would not be used for the operations of the Community Center, the \$63.86 is improper.
- Griggs Music - Check number 8436 for \$99.96 was issued on May 5, 2015. The receipt submitted showed the purchase of a "Dynamic Vocal Mic" and "On-stage Mic Stand" totaled was \$91.96 and \$8.00 change was given back. We could not determine if the \$8.00 was returned to the Community Center. As a result, the \$8.00 of change is improper.
- Cash - Check number 7914 for \$51.18 was issued to "Cash" on March 3, 2013. The receipts included with the carbon copy of the check included a Menard's receipt for parts to repair a toilet, a Hy-Vee receipt for the purchase of 3 packages of hamburger buns, and a Dollar General receipt for the purchase of 2 roasting pans, 4 "easter single cookies", and a 20 oz bottle of Pepsi and the related deposit. Because the Community Center has restrooms facilities and kept buns on hand for the concessions stand, the purchase from Menards and Hy-Vee are considered reasonable for the operations of the Community Center. Because the 4 cookies and single bottle of Pepsi would not be reasonable for the operations of the Community Center, the \$5.60 is considered improper.

Because these items would not be used for the operations of the Community Center and were personal in nature, the \$184.14 is included in **Exhibit A** as improper disbursements.

Exhibits C lists the items which were classified as unsupported disbursements from the General account totaling \$9,546.58. As previously stated, disbursements are considered unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to Community Center operations or was personal in nature. The unsupported disbursements include:

- Cash - We identified 16 checks totaling \$4,450.00 from the General account payable to "cash" or "cash bar." According to the City Clerk we spoke with, the cash was probably used to make change at various events and for the bar. However, we were unable to determine if all the cash used for the change funds was redeposited after the event.
- Reimbursements - We also identified 10 checks totaling \$1,080.65 issued to 9 individuals including a Board member. For 8 of the disbursements, supporting documentation was not located. Of the 2 checks issued to Mr. Frank, a check included 4 receipts totaling \$23.88 with the term "Grocery" printed on the receipts. The other check included a receipt which was \$0.30 less than the check's amount. Because supporting documentation was not maintained or did not specify what was purchased, we cannot determine if the payments to the individuals were related to operations of the Community Center or personal in nature.
- Others - We identified 24 checks totaling \$4,015.93 issued to various vendors which provide goods and services which could be for the Community Center or personal in nature. The disbursements included checks issued to the Post Office, American Industrial Door, Hansen Electric, and MBR. The City Clerk could not locate support for the 13 checks. Without adequate supporting documentation, we cannot determine if the goods and services provided were for Community Center operations or personal

in nature. As a result, we included these disbursements as unsupported disbursements.

Purchases for the Concession Stand – As previously stated, the Community Center ran a concession stand which sold soft drinks, water, and food during events. The concession stand was operated by the Board members. Board members purchased soft drinks, food, and water from Hy-Vee, Walmart, Sam’s Club, and other local stores. Food purchased included items such as hamburgers, hot dogs, chicken tenders, candy, and snack items. Board members also purchased items to make bake goods or other food items to be sold at the concession stand. Purchases were made by check from the Community Center’s bank accounts.

We reviewed the receipts, invoices, and other supporting documentation for purchases related to the concession stand. Based on the review, we identified a total of \$725.40 of improper disbursements and reimbursements. The improper disbursements included purchases made at Hy-Vee, Walmart, Sam’s Club, and reimbursements to Board Members. The improper disbursements are discussed in the following paragraphs:

- Cash – we identified 17 checks totaling \$1,212.82 issued to “cash” or “cash receipts”. Of this amount, \$261.27 was determined to be purchases which were personal in nature or not for the operations of the concession stand. The \$261.27 included the purchase of a soft drink, school supplies, Tylenol, bubble gum, an auto fuse, candy, and shower gel. Because the items were personal in nature the \$261.27 includes in **Exhibit A** as improper disbursements.
- Hy-Vee/Walmart/Sam’s Club – we identified 45 purchases at Hy-Vee, Walmart, and Sam’s Club totaling \$7,383.79 which were for the concession stand. The 45 purchases included \$464.13 of items such as single bottles of pop, over the counter medications such as Tylenol and Aleve, cough drops, shampoo, laundry detergent, DVD’s, Lucky Charms cereal, school supplies, and hot wheels cars. Because these items are personal in nature not used for Community Center operations, the \$464.13 is included in **Exhibit A** as improper disbursements.

Exhibits D also includes unsupported disbursements from the General account totaling \$9,467.01. As previously stated, disbursements are considered unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to Community Center operations or was personal in nature.

The \$9,467.01 includes checks issued to Walmart, Sam’s Club, Hy-Vee, and various food and beverage distributors. These vendors were routinely used to purchase alcohol, soft drinks, water, and food for events. Because the \$9,467.01 was not supported by documentation, we cannot determine what was purchased and if it was for the operations of the Community Center or personal in nature. The purchases from Walmart and Sam’s Club could include clothing, electronics, bath and beauty supplies, and similar items used in a home which are personal in nature. Purchases at Hy-Vee may include personal grocery items which are personal in nature. As a result, the \$9,467.01 is included in **Exhibit A** as unsupported disbursements.

As previously stated, Board members purchased soft drinks, food, water, hamburgers, hot dogs, chicken tenders, candy, snack items and items to make bake goods or other food items sold at the concession stand. Many of the items were stored at the Community Center. However, these items may also be used for personal use and could be taken home.

Because the 3 Board members did not maintain an inventory showing the quantities purchased or sold, did not track the use of items used to bake goods, or track the types of items sold during the events, we cannot determine if all the items were used for the concession stand or may have been for personal use.

Bingo account – As previously stated, the Bingo account was established in accordance with Chapter 99B of the *Code of Iowa*. The *Code* requires bingo proceeds be used to pay the related expenses of holding the event and to make donations for educational, civic, public, charitable, patriotic, or religious uses.

We considered disbursements from the Bingo account to be a reasonable operating expense for bingo if it was necessary in order for bingo to be conducted. Purchases considered reasonable would include weekly cash withdrawals for a change fund for bingo and bingo supplies, such as bingo cards and daubers. The improper and unsupported disbursements are disused in the following paragraphs.

Casey’s – We identified 18 checks totaling \$705.10 payable to Casey’s. **Exhibit B** also includes the 18 checks issued to Casey’s from the Bingo account. As previously stated, the Community Center Board members used their personal vehicles for running errands and purchasing supplies for the Community Center. According to the City clerk, the Board agreed to pay themselves \$40.00 for fuel for using their personal vehicles. City officials could not locate any documentation showing the Board approved the \$40.00 payment for fuel. In addition, the Council did not approve a policy allowing Board members to pay for fuel when using their personal vehicles or approve the \$40.00 checks issued to Casey’s.

The Casey’s receipts submitted for the Bingo account also show a soft drink was occasionally purchased at the time the fuel purchase was made. In addition, if the total purchase was less than the \$40.00 check issued to Casey’s, change was given to the Board member making the purchase. The checks were electronically processed by Casey’s and as a result, images of the redeemed check are not available from the bank. The check carbon included in the check book does not include anything notation on the memo line of the check carbon indicating which Board member received the check.

Because mileage logs or other supporting documentation was not maintained showing the date of the trips, the event or reason for the trip, or the number of miles driven, the \$705.10 of disbursements to Casey’s included in **Exhibit A** as improper disbursements.

Machine Shed – Check number 4019 for \$233.96 issued on December 18, 2013 did not include a payee on the face of the check. The receipt included with the check carbon was from the Machine Shed Restaurant in Davenport, Iowa. The receipt showed 9 people were at the Machine Shed for dinner. The receipts did not identify who attended the dinner. The receipt totaled \$193.98 and showed a payment of \$233.98. The \$40.00 difference was shown as change at the bottom of the receipt. There is no indication on the receipt if the \$40.00 was for a tip or was kept by the individual receiving the change. Because the meal was personal in nature, the \$233.96 is included in **Exhibit A** as improper.

The remaining 4 improper disbursements totaling \$554.47 are listed in **Table 1**.

Table 1

| Check Date | Check Number | Payee | Memo | Amount | Description per Receipt |
|-------------------|---------------------|----------------|-------------|------------------|--|
| 03/01/13 | EFT | Dollar Tree | None | 55.43 | Easter basket supplies |
| 11/11/13 | 4007 | Dollar General | None | 289.97 | Xmas gift basket supplies |
| 03/09/15 | 4130 | ARS | None | 175.90 | 7-31 pc screwdriver sets, 4 car wash buckets, tax |
| 10/21/15 | 4195 | Connie LaMar | None | 33.17 | Rubbing alcohol, analgesic gel, Halloween supplies |
| Total | | | | <u>\$ 554.47</u> | |

The items listed in the **Table** are not necessary in order to operate a bingo event or for the operations of the Community Center. As a result, the \$554.47 is included in **Exhibit A** as improper disbursements.

Exhibits E lists the unsupported disbursements totaling \$2,254.32. As previously stated disbursements are considered unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to providing bingo or were personal in nature. The unsupported disbursements include:

- Check number 3938 for \$774.00 issued to Doolins on March 25, 2013 did not include supporting documentation. The Community Center uses Doolins for the purchase of bingo supplies. However, the check issued on March 25, 2013 was not supported by an invoice. Because Doolins also provides other party and event supplies, the \$774.00 is included as an unsupported disbursement.
- Check number 4098 for \$800.00 issued on October 13, 2014 to Hy-Vee included the notation “Bingo Money” on the check stub. Cash for making change at bingo events was normally made out to “Cash Bingo” and was for \$1,400.00. Because the check was made out to Hy-Vee and was not for the normal \$1,400.00, the \$800.00 is included as an unsupported disbursement.
- The remaining items included \$193.00 for stamps, \$168.70 to “Conquest const” (*construction*), \$247.16 to Advances Business Systems, and \$71.46 to Walmart, There was no supporting documentation for these purchases. Because these items could be for Community Center operations or personal in nature, the items listed are included as unsupported disbursements.

Donations – As previously stated, the *Code* requires disbursements in the Bingo account to be for “the payment of reasonable expenses incurred and paid in connection with the conduct of bingo and disbursements of net proceeds derived from the conduct of bingo for educational, civic, public, charitable, patriotic, or religious uses.”

Chapter 99B defines an “educational, civic, public, charitable, patriotic, or religious use” as including “uses benefiting a society for the prevention of cruelty to animals or animal rescue league, uses benefiting an indefinite number of persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by erecting or maintaining public buildings or works, or otherwise lessening the burden of government; and uses benefiting any bona fide nationally chartered fraternal or military veterans’ corporation or organization which operates in Iowa a clubroom, post, dining room, or dance hall, but does not include the erection, acquisition, improvement, maintenance, or repair of real, personal, or mixed property unless it is used for one or more of the uses described.”

Chapter 99B also defined a “charitable use” as including uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm when the loss is uncompensated by insurance, and uses benefiting a definite number of persons suffering from a seriously disabling disease or injury, causing severe loss of income or incurring extraordinary medical expense when the loss is uncompensated by insurance.

Based on the checks issued from the Bingo account and the supporting documentation provided, we identified disbursements totaling \$11,404.82 which were identified as donations which do not comply with the *Code*. **Exhibit F** lists the improper donations.

Checks issued to individuals – We identified 32 disbursements to individuals totaling \$6,507.48. Examples of donations made to individuals include:

- Funeral expenses – We identified 4 checks totaling \$1,200.00 issued to individuals to cover funeral expenses or other expenses after the death of a family member. The

Code does not include funeral expenses in the definition of a charitable use. As a result disbursements for funeral expenses are not in compliance with the *Code*.

- Medical expense – We identified 6 checks totaling \$1,000.00 to help with medical expenses. Although medical expense qualify as a charitable use under the *Code*, the check was made payable to an individual and did not include supporting documentation to explain the circumstances. Because we cannot determine if the disbursement was the result of a “seriously disabling disease or injury, causing severe loss of income or incurring extraordinary medical expense when the loss is uncompensated by insurance or was personal in nature” as defined by the *Code*, the \$1,000 in medical expenses are not in compliance with the *Code*.
- Sponsorships - We identified 5 checks totaling \$900.00 issued to 3 different individuals to sponsor their race cars for a race season. Of the 5 checks, 3 checks totaling \$700.00 were issued to the son of a Board member. Sponsorship of a race car does not meet the requirements of the *Code* for a charitable event. As a result, the \$900.00 of sponsorship disbursements does not comply with the *Code*.
- Other donations – The remaining 17 checks totaling \$3,407.48 included checks paid to individuals. The checks included 3 checks totaling \$800.00 for an Easter egg hunt and 2 checks totaling \$375.00 to sponsor a catfish tournament. The remaining \$2,432.48 of disbursements were made to various organizations to sponsor volleyball, co-ed softball, and baseball teams. As previously stated, the *Code* requires a donation to be for an “educational, civic, public, charitable, patriotic, or religious use” or a “charitable” purpose. Sponsoring or donating to a specific team or event does not meet the definition of an educational, civic, public, charitable, patriotic, or religious use or a charitable event as defined by the *Code*. Because the checks were issued to an individual(s), we cannot determine if these disbursements were used for the stated purpose and used for the stated event or purpose.

We also identified 3 checks issued to 2 businesses which were not related to donations. The 2 business and the items purchased from the businesses are listed below:

- Power Grafx – Check number 4166 for \$1,657.00 issued on June 10, 2015 was for “Buffalo Shirts” according to the notation on the memo line of the check. In addition, check number 4201 for \$128.00 issued on November 9, 2015 was for Youth tee shirts. Because the checks were issued to a business and there was no information explaining how the purchase of shirts meets the requirements of the *Code*, the \$1,657.00 and the \$128.00 are included as improper donations.
- Wal-Mart – Check number 4010 posted on November 21, 2013 for \$2,020.38 included a notation “xmas kids” on the memo line of the check. The receipt attached listed items such as clothing, gift sets, craft supplies, and toys. Because support was not available explaining or documenting the date of an event, and who received the gifts, the purchases, or part of the purchases, may be personal items as well. In addition, gifts do not meet the requirements of a donation established by the *Code*. As a result, the \$2,020.38 is included as an improper donation.

The remaining 8 checks totaling \$1,091.96 were issued to organizations which requested funds for sponsoring a baseball or volleyball team.

Because the disbursements discussed above did not meet the requirements of the *Code*, were not related to bingo or the operations of the Community Center, and may be personal in nature, the \$11,404.82 included in **Exhibit F** is included in **Exhibit A** as improper donations.

Exhibits F also includes \$5,068.00 of unsupported disbursements. The \$5,068.00 included disbursements to cities, schools, and the Community Center. Selected disbursements are discussed below:

- Check number 3981 for \$1,500.00 issued on August 8, 2013 to the BCC (*Buffalo Community Center*). The Community Center is a part of the City, but the documentation submitted does not show if the \$1,500.00 was used to maintain the building which would comply with the *Code*, or if it was used to purchase supplies for the concession or bar to generate profits for the Center which may not comply with the *Code*.
- Check number 4065 for \$1,270.00 issued on June 12, 2014 to “Buffalo Buffalo School” include a note on the memo line of the check “shirts.” The documentation included the purchase of t-shirts for youth and adults. The back of the shirts included “Always on the lookout for random act of kindness.” The support did not include enough information to determine how the purchase was related to an educational, civic, public, charitable, patriotic, or religious use as stated in the *Code*.
- Check number 4230 for \$250.00 issued on March 10, 2016 to the Moline Park & Rec. The memo line of the check included a notation “Baseball team.” The Community Center was unable to provide any documentation to show how the disbursement met the requirements of an educational, civic, public, charitable, patriotic, or religious use as stated in the *Code*.

Although these organizations provide educational services, maintain public buildings or works, or otherwise lessen the burden of government, the documentation provided did not include sufficient information to determine if the disbursement complied with the *Code*. As a result, the \$5,068.00 of unsupported disbursements listed **Exhibit F** is included in **Exhibit A** as unsupported donations.

As previously stated, the *Code* requires bingo proceeds be used to pay the related expenses of holding the event and to make donations for educational, civic, public, charitable, patriotic, or religious uses. During our review of expenses from the Bingo account, we also identified \$632.87 of disbursements which were not related to holding the event, but were reasonable for the operations of the Center. The unallowable disbursements from the Bingo account included:

- Walmart – We identified 2 checks totaling \$331.76 paid to Walmart. The receipts show the items purchased included soft drinks, hamburger buns, and turkey.
- Hy-Vee – Check number 4005 issued on November 8, 2013 for \$248.92 included a receipt showing 12 packs of various soft drinks and 7 “Tom Turkeys” were purchased. According to a City Council member, the Board sometimes gave away food as a door prize or as a prize for a bingo game. In addition, soft drinks and food were prepared for sale at the concession stand.
- Cash – Check number 3914 issued on January 15, 2013 for \$52.19 payable to cash included a receipt showing food was purchased for the Community Center. The receipt and memo line of the check did not include who submitted the receipts and received the cash.

The \$632.87 of disbursements listed above are not required in order to provide a bingo event and are considered improper disbursements from the Bingo account. However, the expenses are related to the operations of the concession stand in the Community Center. Because the \$632.87 of disbursements were for the operations of the Community Center, they are not considered improper disbursement for the Community Center and are not included in **Exhibit A** as improper disbursements.

UNDEPOSITED COLLECTIONS

As previously stated, the Community Center collected revenue from the rental of the Community Center, concession stand sales, bar sales, and bingo events. The majority of the deposit slips provided by the bank for the General account identified the purpose of the deposit. For example,

“concessions and pop sales”, “pop and bar sales”, and “concession and bar sales.” Other deposit slips included enough information to identify the deposit was related to the rental of the Community Center. According to the City Clerk, only deposits related to bingo events were to only be deposited to the Bingo account. Collections from the rental of the building, concession stand, and bar were to be deposited in the General account.

The concessions stand and bar were operated by the Board from 2013 until July 1, 2016 when the City took over the operations of the concession stand and bar. Using the information on the deposit slips and the disbursements to vendors related to the purchase of food, soft drinks, water, and alcohol for the concession stand and bar, we attempted to determine if the collections generated were sufficient to cover the costs running the concession stand and bar. **Table 2** compares the collections and disbursements related to the concession stand and bar while under the control of the Board and the City.

Table 2

| Fiscal Year | Operator | Purchases | Collections | Profit/ (Loss) |
|--------------------|-----------------|------------------|--------------------|-----------------------|
| 2013^ | Board | \$ 16,454.66 | 14,803.04 | (1,651.62) |
| 2014 | Board | 32,679.84 | 21,182.00 | (11,497.84) |
| 2015 | Board | 23,604.26 | 19,034.00 | (4,570.26) |
| 2016 | Board | 20,482.13 | 22,835.70 | 2,353.57 |
| 2017 | City | 18,043.15 | 34,270.20 | 16,227.05 |
| 2018~ | City | 13,682.24 | 30,895.44 | 17,213.20 |

^ - Deposit slips from the bank were only available for the period January 1, 2013 through June 30, 2013

~ - The City closed the concession stand at the end of December 31, 2017.

The **Table** shows the concession stand and bar operated at a loss during the period the Board operated the concession stand and bar. As previously stated, the Community Center did not maintain records of inventory purchase and sales for the concession stand and bar. In addition the Community Center did not use the cash registers purchased and did not perform a reconciliation of the amounts collected to the amount deposited for the concession stand and bar. The loss could be the result of several factors or a combination of the these factors including;

- the prices charged for the items sold may have been less than the cost of operating the stand and bar,
- the items purchased had to be disposed of because of they were not sold,
- food items may have been purchased for personal use, or not used at the concessions stand or bar, and
- collections from the concession stand and bar were not all deposited.

When the City took over the operations of the concession stand and bar in July 2016, they raised the prices of some items and reduced the types and numbers of items they sold as well as the quantities purchased in order to control costs. By limiting the number of items available for sale and raising the prices, the City began to earn a profit. According to the City Clerk, the City maintains a list of events, but does not maintain documentation for sales at the concession stand and bar.

After the City took over operations of the Community Center in July 2016, all rent payments for the Community Center were to be collected by the City Clerk. The current Director of the Community Center also keeps a calendar of when the Community Center is rented; however, a copy is not provided to the City Clerk in order to reconcile the amounts collected. The sales from bingo, concession stand, and bar were collected and deposited by the current Director of the Community Center and a copy of the deposit slip was provided so the City Clerk to enter the

information into the City's accounting system. According to the City Clerk, the Director did not keep adequate documentation for the sales at the concession stand, bar, and bingo events. Currently, the City is not offering bingo or concessions, but opens the bar during events.

Because the Community Center and City did not maintain adequate records for receipts for sales from the concession stand, bar, and bingo, we are unable to determine if all the collections related were deposited.

OTHER ADMINISTRATIVE ISSUES

During our testing and fieldwork, we identified the additional items discussed in detail in the following paragraphs.

Oversight – City officials have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of the City's operations and maintain the public trust. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity. Based on our review, we determined the City officials did not provide sufficient oversight of the Community Center's Board and financial transactions and did not:

- Require or maintain policies and procedures for holding events at the Community Center.
- Require and maintain original, itemized receipts for all disbursements, including employee reimbursements, and review the supporting documentation to ensure the public purpose of the disbursements.
- Require and maintain receipts or other supporting documentation for all collections including rent, concession sales, bar sales, and bingo sales.
- Review donations made from the Bingo account to determine compliance with the *Code of Iowa*.
- Review the Community Center's bank statements.
- Request and review bank reconciliations.
- Request and review financial statements or other information related to the operations of the Community Center. Including profit and loss statements for the concession stand.
- Require the Board to maintain minutes of Board meetings.

Form 1099 – As previously stated, the Community Center conducts bingo and prizes were awarded for each game. In addition, there was a jackpot prize awarded during each event. IRS rules require the Community Center to issue form 1099-MISC, Miscellaneous income, when an individual receives at least \$600.00 in prizes or awards. Prizes for most games were set at 1/2 the amount collected from the sale of the bingo cards for the game. However, the “Jackpot” game was usually \$600.00.

We reviewed the disbursements from the Bingo account and identified 27 checks totaling \$19,965.00 issued to individuals who won \$600.00 or more during a bingo event. According to the City Clerk, neither the City nor the Community Center issued 1099's to those receiving \$600.00 or more in prize money from a bingo event.

As previously stated, the Board members also kept the \$100.00 clearing fee after each large event and were paid \$50.00 for bartending at an event. The Board did not maintain records showing the total amount received by each Board or if a form 1099 was issued to each Board member.

Gaming Reports – Section 99B.16 of the *Code of Iowa* requires licensed qualified organizations to maintain proper books of accounts and records showing the following:

- gross receipts and the amount of the gross receipt taxes collected or accrued with respect to gambling activities conducted by the licensed qualified organization,
- all expenses, charges, fees, and other deductions,
- the cash amounts, or the cost to the licensee of goods and other noncash valuables, distributed to participants in the licensed activity, and
- the amounts dedicated and the date and name and address of each person to whom distributed.

Licensed qualified organizations are required to submit an annual report to the Department of Inspection and Appeals (DIA) by January 31 of each year for the prior calendar year period of January 1 through December 31. The annual report includes the following be reported:

- money collected - all money collected from bingo, raffles, and games of skill and chance,
- cost of prizes - the total amount of cash and the cost of merchandise awarded as prizes,
- allowable expenses - reasonable expenses, which according to 481 IAC 100.33, shall not exceed 25 percent of net receipts, and
- dedicated funds which are defined as the amount used for charitable, religious, educational, public, civic or patriotic purposes.

According to City officials, Ms. LaMar prepared the required reports manually and gave the information to the City Clerk to be entered and submitted electronically. The City could not locate the information provided to them by Ms. LaMar. Additionally copies of the manual reports prepared by Ms. LaMar were not maintained at the Community Center. We obtained and reviewed copies of the 2013, 2014, and 2015 annual reports submitted on-line from a DIA representative. As previously stated, the Community Center did not maintain adequate supporting documentation in order to determine if all collections were properly recorded and deposited. The Community Center also did not maintain a listing of prizes awarded during the event, except for checks issued to individuals who won \$600.00 or more. City officials also stated Ms. LaMar only reported 25% of the net receipts as allowable expenses; however, the actual expenses were higher.

Because of the lack of supporting documentation, we were unable to verify the 2013, 2014, and 2015 gaming reports submitted by the City to the Department of Inspections and Appeals.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Buffalo and the Community Center to perform bank reconciliations and process receipts, and disbursements. An important aspect of internal control is to establish procedures to 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 Community Center Manager had control over each of the following areas for the Community Center:
- (1) Bank accounts – receiving and reconciling monthly bank statements to accounting records and custody.
 - (2) Receipts – collecting, posting, deposit preparation and depositing.
 - (3) Disbursements - preparation of disbursements listing for Board approval, check preparation, signing, distribution and posting.
 - (4) Reporting – preparation of Community Center Board meeting minutes, monthly reports, and other reports related to the operations of the Community Center requested by City officials.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. The City took over operations of the Community Center on July 1, 2016. The City should ensure the duties within each function listed above are segregated between the 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.

- B. Separately Maintained Accounts – 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.”

The Community Center maintained separate bank accounts showing receipts and disbursements during the period of our investigation. The Community Center is considered part of the City for financial reporting purposes. As a result, the Community Center's separate accounts should be included in the City Clerk's monthly financial reports.

Based on our review of the sources of the deposits made to the Community Center's accounts, the funds in the Community Center's separate accounts are public funds collected for a City purpose. The transactions and the resulting balances were not reported to the City Council, were not under the control of the City Council, and disbursements from the accounts were not reviewed or approved by the City Council.

Status - The City took over the operations of the Community Center and closed the Community Center's General account. The Bingo account has been transferred to the City and is under the control of the City Clerk. The City is budgeting for the Community Center and its financial activity is being recorded in the City's accounting system.

C. Disbursements – During our review of the Community Center’s disbursements, the following were identified:

- (1) Disbursements were not always supported by invoices or other documentation.
- (2) Cash disbursements were made to Board members for cleaning the Community Center after a large event and to the bartender at the end of an event where a bar was provided
- (3) There was no evidence the Board or the City Council approved and reviewed the disbursements.
- (4) Checks only required 1 signature and were not compared to supporting documentation or reviewed by an independent person.

Recommendation – Disbursements should not be paid in cash. All disbursements should be paid by check and approved by the City Council prior to payment, with the exception of those specifically allowed by a City Council approved policy. For those disbursements 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. The City should also ensure all disbursements are supported by adequate documentation, reviewed, and approved prior to payment.

D. Fuel purchases – Board members were allowed to fuel their personal vehicles at Casey’s as compensation for the use of their personal vehicles for running errands for the Community Center. Each time a Board member filled their vehicle, a \$40.00 check was issued to Casey’s. We identified the following related to the fuel purchases made at Casey’s:

- (1) City officials could not locate a policy or resolution allowing the Community Center Board members to fill their personal vehicles or allowing Board members to issue a \$40.00 check from the Community Center bank account to pay for fuel.
- (2) The receipts submitted to support the \$40.00 check issued to Casey’s included the purchase of 1 or 2 soft drinks and showed change was returned when the purchase of fuel and other items was less than the \$40.00 check written to Casey’s.
- (3) A Board member was also reimbursed for fuel based on a claim submitted to the City Council. The City Council disallowed a portion of the mileage as excessive.
- (4) The City or Community Center did not require mileage logs or other support be submitted which included the date of the trip, number of miles driven, and the purpose of the trip.

Recommendation – The City Council should develop a policy requiring all non-payroll checks issued to City employees, officials, or Board members be on a reimbursement basis. The policy should require all reimbursements be supported by adequate documentation and establish limits for the amounts to be reimbursed.

E. Bingo account – The *Code* requires bingo proceeds be used to pay the related expenses of holding the event and to make donations for educational, civic, public, charitable, patriotic, or religious uses. During our review of disbursements from the Bingo account we identified disbursements which were not related to holding a bingo event. However, the disbursements were reasonable for the operations of the concession stand at the Community Center.

Because disbursements related to the Concession stand were paid from the Bingo account, the funds were not available to make additional donations.

Recommendation – City officials should reimburse the Bingo account from the General account for the amount which was not related to holding a bingo event. The City Council should then determine how the funds will be donated in accordance with the requirements of the *Code of Iowa*.

F. Receipts – During our review of the Community Center’s receipts, the following were identified:

- The Community Center did not maintain supporting documentation to support collections from the rental of the Community Center, collections from concession stand and bar sales, or collections during bingo events.
- A cleaning fee of \$100.00 was required to be paid in cash for large events held at the Community Center and was not deposited.
- Collections were not reconciled to deposits.

Recommendation – City officials should ensure they have a complete listing of all events for which deposits should be expected. The policy should also require deposits be made in a timely manner and all collections be reconciled to the amount deposited after every event. In addition, City officials should establish policies which ensure at least 2 individuals are involved in determining the amount collected at the events. The 2 individuals should count the proceeds, document the amount collected, and ensure the collections are deposited with the City or to the Bingo account in a timely manner.

G. Form 1099 – The Community Center conducts bingo and prizes are awarded for each game and for the jackpot. As required by IRS rules, the Community Center did not issue an IRS Form 1099 to those recipients receiving prizes of \$600.00 or more. In addition the Board members kept the cleaning fee and where paid \$50.00 each time they were a bartender at an event.

Recommendation – The City should ensure all individuals receiving compensation or prizes of \$600.00 or more, are issued IRS Form 1099 as required by the Internal Revenue Service.

H. Gaming Reports – Chapter 99B.16 of the *Code of Iowa* requires licensed qualified organizations to submit an annual report and maintain proper books of accounts and records.

The City submitted the required annual report on-line but did not maintain copies of the reports. The City was able to request copies of the reports submitted from DIA. Because the City and Community Center did not maintain adequate supporting documents, the reports submitted could not be reconciled.

In addition, the Community Center did not retain adequate supporting documentation necessary to determine how the amounts for money collected, cost of prizes, allowable expenses and dedicated funds were determined. Additionally, the amount of allowable expenses reported was always 25 percent of the amount of net receipts (money collected less cost of prizes).

Recommendation – The City should ensure all required supporting documentation is retained for accurate financial reporting. Additionally, the actual amount of allowable expenses should be reported.

- I. Oversight by City Officials – City officials have a fiduciary responsibility to provide oversight of the City’s operations and financial transactions. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity.

Based on our observations and the procedures we performed, we determined City officials failed to exercise proper fiduciary oversight of the Community Center. The lack of appropriate oversight and the failure to ensure implementation of adequate internal controls permitted the Board to exercise too much control over the financial operations of the Community Center.

Recommendation – Oversight by City officials is essential and should be an ongoing effort. City officials should exercise due care and review all pertinent information, such as bank statements, supporting documentation for disbursements, and other financial records related to the operations of a Department of the City.

City officials should also ensure sufficient information is prepared and provided to them for making decisions and appropriate policies and procedures are adopted, implemented, and monitored to ensure compliance.

For example, bank statements should be delivered to an official who does not collect or disburse City funds. The bank statements should be reviewed in a timely manner for unusual activity. Bank reconciliations should be performed monthly and reviewed by someone independent of other financial responsibilities. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Exhibits

Report on Special Investigation of the
City of Buffalo Community Center

Summary of Findings
For the period January 1, 2013 through June 30, 2016

| Description | Exhibit/Page Number | Improper | Unsupported | Total |
|--|--------------------------------|-----------------|--------------------|--------------|
| Improper and unsupported disbursements: | | | | |
| Community Center - General Account | | | | |
| General operations: | | | | |
| Casey's | Exhibit B | \$ 704.58 | - | 704.58 |
| Reimbursements | Page 10 | 117.36 | - | 117.36 |
| Other vendors | Page 11/ Exhibit C | 184.14 | 9,546.58 | 9,730.72 |
| Subtotal | | 1,006.08 | 9,546.58 | 10,552.66 |
| Concession stand: | | | | |
| Cash | Page 12 | 261.27 | 21.90 | 283.17 |
| Hy-Vee/Walmart/Sam's Club | Page 12 | 464.13 | 9,445.11 | 9,909.24 |
| Subtotal | | 725.40 | 9,467.01 | 10,192.41 |
| Total General Account | | 1,731.48 | 19,013.59 | 20,745.07 |
| Community Center - Bingo Account | | | | |
| Operations: | | | | |
| Casey's | Exhibit B | 705.10 | - | 705.10 |
| Machine Shed | Page 13 | 233.96 | - | 233.96 |
| Other | Table 1 / Exhibit E | 554.47 | 2,254.32 | 2,808.79 |
| Subtotal | | 1,493.53 | 2,254.32 | 3,747.85 |
| Donations | Exhibit F | 11,404.82 | 5,068.00 | 16,472.82 |
| Total Bingo account | | 12,898.35 | 7,322.32 | 20,220.67 |
| Total improper and unsupported disbursements | | 14,629.83 | 26,335.91 | 40,965.74 |
| Repayment by Connie Lamar | Page 10 | 41.02 | - | 41.02 |
| Total | | \$14,588.81 | 26,335.91 | 40,924.72 |

Report on Special Investigation of the
City of Buffalo Community Center

Improper Disbursements to Casey's
For the period January 1, 2013 through June 30, 2016

| Check Date^ | Check Number | Payee | Check Memo |
|--------------------|---------------------|----------------------------------|-------------------|
| 01/15/13 | 3913 | Caseys Gen Store 5159656100 3913 | <i>None</i> |
| 02/19/13 | 3924 | Casey Gen Store 5159656100 3924 | <i>None</i> |
| 03/06/13 | 3931 | Caseys Gen Store 5159656100 3931 | <i>None</i> |
| 04/15/13 | 3944 | Caseys Gen Store 5159656100 3944 | <i>None</i> |
| 05/06/13 | 7973 | Caseys Gen Store 5159656100 7973 | <i>None</i> |
| 06/07/13 | 8003 | Caseys Gen Store 5159656100 8003 | <i>None</i> |
| 07/08/13 | 3968 | Caseys Gen Store 5159656100 3968 | <i>None</i> |
| 08/05/13 | 8043 | Caseys Gen Store 5159656100 8043 | <i>None</i> |
| 09/05/13 | 8068 | Caseys Gen Store 5159656100 8068 | <i>None</i> |
| 10/08/13 | 8095 | Caseys Gen Store 5159656100 8095 | <i>None</i> |
| 11/12/13 | 4006 | Caseys Gen Store 5159656100 4006 | <i>None</i> |
| 12/04/13 | 8144 | Caseys Gen Store 5159656100 8144 | <i>None</i> |
| 01/06/14 | 8161 | Caseys Gen Store 5159656100 8161 | <i>None</i> |
| 02/10/14 | 8179 | Caseys Gen Store 5159656100 8179 | <i>None</i> |
| 03/13/14 | 4039 | Caseys Gen Store 5159656100 4039 | <i>None</i> |
| 04/07/14 | 8221 | Caseys Gen Store 5159656100 8221 | <i>None</i> |
| 05/12/14 | 8249 | Caseys Gen Store 5159656100 8249 | <i>None</i> |
| 06/05/14 | 8264 | Caseys Gen Store 5159656100 8264 | <i>None</i> |
| 07/09/14 | 4073 | Caseys Gen Store 5159656100 4073 | <i>None</i> |
| 08/04/14 | 4078 | Caseys Gen Store 5159656100 4078 | <i>None</i> |
| 09/08/14 | 8317 | Caseys Gen Store 5159656100 8317 | <i>None</i> |
| 10/06/14 | 4095 | Caseys Gen Store 5159656100 4095 | <i>None</i> |

| Amount paid from | | | |
|-------------------------|----------------------|--|--|
| General Account | Bingo Account | | Description per receipt |
| \$ - | 40.00 | | \$37.00 SNL fuel - \$3.00 change |
| - | 40.00 | | \$40.00 SNL fuel |
| - | 40.00 | | \$40.00 SNL fuel |
| - | 40.00 | | <i>None</i> |
| 40.00 | - | | 11.682 Gallons of Gas plus cash change of \$1 |
| 40.00 | - | | 10.767 gallons of Gas and pop |
| - | 40.00 | | \$35.00 snl fuel, \$2.29 ice (less discount of \$1.49), change received \$4.20 |
| 40.00 | - | | 11.769 Gallons of Gas |
| 40.00 | - | | 9.857 Gallons of gas \$6 cash change |
| 40.00 | - | | 10.321 Gallons of Gas, 2 pop plus deposit, \$4.19 cash change |
| - | 25.10 | | \$25.10 snl fuel |
| 40.00 | - | | 12.075 Gallons of Gas \$4.99 cash change |
| 40.00 | - | | 10.743 Gallons of Gas, \$8.00 cash change |
| 40.00 | - | | 9.841 Gallons of Gas, 2 pop plus deposit, \$6.68 cash change |
| - | 40.00 | | \$40.00 SNL fuel |
| 40.00 | - | | 11.769 Gallons of Gas |
| 40.00 | - | | 11.579 Gallons of Gas 38.20, pizza \$1.80 |
| 40.00 | - | | 11.821 Gallons of Gas, \$1 cash change |
| - | 40.00 | | \$40.01 SNL fuel |
| - | 40.00 | | \$40.01 SNL fuel, \$1.69 pepsi, \$.05 bottle deposit, \$1.09 12oz coffee, \$0.20 tax (total \$43.04, \$40.00 check, \$3.04 cash) |
| 40.00 | - | | 12.505 Gallons of Gas |
| - | 40.00 | | \$31.00 snl, \$9.00 cash received |

Report on Special Investigation of the
City of Buffalo Community Center

Improper Disbursements to Casey's
For the period January 1, 2013 through June 30, 2016

| Check Date[^] | Check Number | Payee | Check Memo |
|-------------------------------|---------------------|----------------------------------|-------------------|
| 11/05/14 | 4105 | Caseys Gen Store 5159656100 4105 | <i>None</i> |
| 12/15/14 | 4114 | Caseys | <i>None</i> |
| 01/16/15 | 8377 | Caseys Gen Store 5159656100 8377 | <i>None</i> |
| 02/12/15 | 4121 | Caseys Gen Store 5159656100 4121 | <i>None</i> |
| 03/11/15 | 8405 | Caseys Gen Store 5159656100 8405 | <i>None</i> |
| 04/10/15 | 4144 | Caseys Gen Store 5159656100 4144 | <i>None</i> |
| 06/04/15 | 4163 | Caseys Gen Store 5159656100 4163 | <i>None</i> |
| 07/10/15 | 8474 | Caseys Gen Store 5159656100 8474 | <i>None</i> |
| 08/12/15 | 8499 | Caseys Gen Store 5159656100 8499 | <i>None</i> |
| 09/25/15 | 4185 | Caseys Gen Store 5159656100 4185 | <i>None</i> |
| 10/07/15 | 4190 | Caseys Gen Store 5159656100 4190 | <i>None</i> |
| 11/05/15 | 8544 | Caseys Gen Store 5159656100 8544 | <i>None</i> |
| 12/07/15 | 8563 | Caseys Gen Store 5159656100 8563 | <i>None</i> |
| 01/22/16 | 4214 | Caseys Gen Store 5159656100 4214 | <i>None</i> |
| Total | | | |

[^] - The purchases were processed as electronic fund transfers (EFT), except check number 4114. As a result, we used the post date per the bank statements as the check date for those processed as an EFT.

| Amount paid from | | Description per receipt |
|-------------------------|----------------------|--|
| General Account | Bingo Account | |
| - | 40.00 | \$32.00 SNL fuel, \$1.50 mt. dew, \$1.50 pepsi, \$0.10 BD, \$4.69 cash received |
| - | 40.00 | \$30.00 snl fuel, \$10 cash received |
| 40.00 | - | 18.901 Gallons of Gas, cash change of \$6.00 |
| - | 40.00 | \$21.38 SNL fuel, \$0.89 donut, \$1.50 pepsi, \$1.50 cherry pepsi, \$0.10 BD, \$0.21 tax (total \$25.58, \$14.42 change received |
| 40.00 | - | 12.255 Gallon of Gas, \$10.60 cash change |
| - | 40.00 | \$26.00 SNL fuel, \$1.79 pepsi, \$0.05 BD, \$1.39 20oz coffee, \$22 tax, \$10.55 change received |
| - | 40.00 | 2 pizza slice @\$2.29 ea, pepsi @\$1.79, \$0.05 BD, \$24.00 snl fuel, \$9.41 change received |
| 40.00 | - | 11.331 Gallons of Gas, 2 pop plus deposit, \$7.91 cash change |
| 40.00 | - | 16.676 Gallons of Gas |
| - | 40.00 | \$32.75 snl fuel, 2 pepsi's @\$1.50 ea, \$0.10 BD, \$0.21 tax, \$3.94 change received |
| - | 40.00 | \$25.90 SNL fuel, \$1.79 pepsi, \$0.05 BD, Sterzing 2oz potato, tax \$0.13, \$11.14 change received |
| 29.58 | - | 13.395 Gallons of Gas, \$.49 in cash change. Loyalty customer Ricky Harland |
| 35.00 | - | |
| - | 40.00 | \$32.60 SNL fuel, \$7.40 change returned |
| \$ 704.58 | 705.10 | |

Report on Special Investigation of the
City of Buffalo Community Center

Unsupported Vendor Disbursements - General Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check Number | Payee | Check Memo | Amount |
|-------------------|---------------------|----------------------------------|-------------------|---------------|
| 01/07/13 | 7878 | Post Office | None | \$ 45.00 |
| 03/11/13 | 7923 | Cash Bar | None | 300.00 |
| 04/02/13 | 7944 | Cash Bar | None | 100.00 |
| 04/28/13 | 7967 | Carol Goodrick | None | 100.00 |
| 04/28/13 | 7966 | Cheryl Honeycutt | None | 225.00 |
| 05/05/13 | 7976 | Pro-Tek Cleaner | None | 128.88 |
| 05/18/13 | 7988 | Builders | None | 427.04 |
| 07/01/13 | 8020 | Cash Bar 4 July | None | 250.00 |
| 07/08/13 | 8030 | Jim Frank | None | 37.35 |
| 09/03/13 | 8067 | Post Office | None | 46.00 |
| 10/03/13 | 8089 | American Industrial Door | 76561 50# | 390.74 |
| 10/03/13 | 8092 | Wood Auction | None | 42.50 |
| 10/17/13 | 8107 | MBR | None | 261.50 |
| 10/17/13 | 8109 | Wood Auction | None | 56.00 |
| 10/26/13 | 8115 | MBR | None | 174.78 |
| 11/04/13 | 8120 | MBR | INV1787 | 243.35 |
| 11/25/13 ^ | 8139 | Menards Davenpor 8662377650 8139 | None | 154.96 |
| 03/17/14 | 8202 | Patty Padilla | None | 100.00 |
| 03/17/14 | 8203 | Ted Teel | None | 50.00 |
| 04/02/14 | 8218 | Post Office | None | 49.00 |
| 06/30/14 | 8278 | Cash Bar 4 July | None | 600.00 |
| 09/26/14 | 8328 | Cash | For Bar | 300.00 |
| 10/27/14 | 8349 | MBR | INV19211 | 274.56 |
| 02/23/15 | 8393 | michelle Laymon | None | 50.00 |
| 03/02/15 | 8397 | Cash Bar | None | 200.00 |
| 06/01/15 | 8451 | Brandy Harland | None | 15.00 |
| 06/29/15 | 8466 | MBR Inc. | None | 321.35 |
| 07/30/15 | 8487 | BHS Alumni | None | 200.00 |
| 08/05/15 | 8496 | Adel | None | 30.25 |

| Proper | Unsupported | Description per receipt |
|---------------|--------------------|---|
| - | 45.00 | <i>None</i> |
| - | 300.00 | Cash for bar startup |
| - | 100.00 | Cash for bar startup |
| - | 100.00 | <i>None</i> |
| - | 225.00 | <i>None</i> |
| - | 128.88 | <i>None</i> |
| - | 427.04 | <i>None</i> |
| - | 250.00 | Cash bar start up |
| 13.47 | 23.88 | 2 bags of ice (Casey's) 4 Express Lane Shell receipts - "Grocery" |
| - | 46.00 | <i>None</i> |
| - | 390.74 | <i>None</i> |
| - | 40.00 | ~ Table, lanterns, silverware, office supplies, paper, envelopes |
| - | 261.50 | <i>(Per check stamp, Mechanical Building Repair, Inc.)</i> |
| - | 56.00 | <i>None</i> |
| - | 174.78 | <i>(Per check stamp, Mechanical Building Repair, Inc.)</i> |
| - | 243.35 | <i>(Per check stamp, Mechanical Building Repair, Inc.)</i> |
| - | 154.96 | <i>None</i> |
| - | 100.00 | <i>None</i> |
| - | 50.00 | <i>None</i> |
| - | 49.00 | <i>None</i> |
| - | 600.00 | Cash bar start up |
| - | 300.00 | Cash bar start up |
| - | 274.56 | <i>(Per check stamp, Mechanical Building Repair, Inc.)</i> |
| - | 50.00 | <i>None</i> |
| - | 200.00 | Cash bar start up |
| 14.70 | 0.30 | Community Center Website |
| - | 321.35 | <i>(Per check stamp, Mechanical Building Repair, Inc.)</i> |
| - | 200.00 | <i>None</i> |
| - | 30.25 | <i>(Per check stamp, Adel Wholesalers Inc.)</i> |

Report on Special Investigation of the
City of Buffalo Community Center

Unsupported Vendor Disbursements - General Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check Number | Payee | Check Memo | Amount |
|-------------------|---------------------|-----------------------------|-------------------------|--------------------|
| 08/24/15 | 8507 | Catarina Pena | None | 200.00 |
| 10/19/15 | 8534 | Hanssen Electric | None | 384.13 |
| 10/26/15 | 8538 | Jim Frank | None | 31.47 |
| 10/29/15 | 8542 | Caro Century | None | 45.98 |
| 10/31/15 | 8543 | Hanssen Electric | None | 145.67 |
| 11/23/15 | 8557 | Dickinsons | #155728 City of Buffalo | 26.87 |
| 12/21/15 | 8567 | Cash Bar | None | 250.00 |
| 01/11/16 | 8580 | Cash Bar | None | 300.00 |
| 02/08/16 | 8597 | Cash Bar | None | 250.00 |
| 03/07/16 | 8615 | Cash Bar Party | None | 300.00 |
| 03/15/16 | 8623 | MBR | None | 291.60 |
| 03/28/16 | 8630 | Company One | None | 70.15 |
| 03/29/16 | 8631 | Cash Bar | None | 250.00 |
| 04/18/16 | 8638 | Cash Bar | None | 300.00 |
| 05/04/16 | 8642 | Cash | Bar/Kitchen cash | 300.00 |
| 05/23/16 | 8652 | Dick N Son's Lumber | Breaker 20A | 8.12 |
| 05/23/16 | 8647 | Reflection Cleaning Company | None | 200.00 |
| 06/01/16 | 8654 | Cash | Bar/Kitchen set up | 150.00 |
| 06/03/16 | 8655 | Shane Lorentzen | Com. Center Sign | 300.00 |
| 06/10/16 | 8658 | Cash | Bar/Kitchen Cash | 300.00 |
| 06/17/16 | 8663 | Cash | Bar Start up | 300.00 |
| Total | | | | \$ 9,577.25 |

~ - The check includes \$2.50 for the purchase of yarn which is considered improper.

^ - The purchases were processed as electronic fund transfers (EFT). As a result, we used the post date per the bank statements as the check date.

| Proper | Unsupported | Description per receipt |
|---------------|--------------------|--|
| - | 200.00 | <i>None</i> |
| - | 384.13 | <i>None</i> |
| - | 31.47 | <i>None</i> |
| - | 45.98 | <i>None</i> |
| - | 145.67 | <i>None</i> |
| - | 26.87 | <i>None</i> |
| - | 250.00 | Cash bar start up |
| - | 300.00 | Cash bar start up |
| - | 250.00 | Cash bar start up |
| - | 300.00 | Cash bar start up |
| - | 291.60 | <i>(Per check stamp, Mechanical Building Repair, Inc.)</i> |
| - | 70.15 | <i>None</i> |
| - | 250.00 | Cash bar start up |
| - | 300.00 | Cash bar start up |
| - | 300.00 | Cash bar start up |
| - | 8.12 | <i>None</i> |
| - | 200.00 | <i>None</i> |
| - | 150.00 | Cash bar start up |
| - | 300.00 | <i>None</i> |
| - | 300.00 | Cash bar start up |
| - | 300.00 | Cash bar start up |
| 28.17 | 9,546.58 | |

Report on Special Investigation of the
City of Buffalo Community Center

Unsupported Concession Stand Disbursements - General Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check Number | Payee | Check Memo | Amount |
|-------------------|---------------------|---------------------------------------|-------------------|---------------|
| 01/02/13 ^ | 7871 | Wal-Mart Stores Purchase 7871 DAVEIA | None | \$ 163.08 |
| 01/02/13 | 7872 | Hy-Vee | None | 719.40 |
| 03/07/13 | 7919 | Jason Dis | None | 134.56 |
| 03/09/13 | 7920 | Hy-Vee | None | 781.10 |
| 03/21/13 | 7933 | Cash | Receipt | 88.90 |
| 07/16/13 | 8034 | Hy-Vee | None | 839.60 |
| 10/04/13 | 8093 | Hy-Vee | None | 1,042.67 |
| 01/13/14 | 8166 | Hy-Vee | Refund Beer | 160.00 |
| 01/28/14 | 8172 | Hy-Vee | None | 410.00 |
| 02/06/14 | 8178 | Pepsi Cola | 16601 | 240.95 |
| 03/28/14 | 8212 | Hy-Vee | None | 561.05 |
| 04/15/14 | 8228 | TPC | None | 172.66 |
| 04/19/14 | 8233 | Hy-Vee | None | 220.23 |
| 04/25/14 ^ | 8236 | Wal-Mart Stores Purchase 8236 DAVEIA | None | 123.16 |
| 05/26/14 | 8258 | Hy-Vee | None | 141.22 |
| 09/03/14 | 8313 | Hy-Vee | None | 511.97 |
| 11/07/14 | 8356 | Hy-Vee | None | 557.78 |
| 03/02/15 | 8401 | Vangaurd Dis | None | 186.00 |
| 03/10/15 | 8406 | Hy-Vee | None | 479.40 |
| 05/19/15 ^ | 8443 | Wal-Mart Stores Purchase 8443 DAVEIA | None | 45.74 |
| 05/19/15 | 8445 | Hy-Vee | None | 594.74 |
| 05/21/15 ^ | 8444 | Sams Club Stores Purchase 8444 DAVEIA | None | 350.53 |
| 08/05/15 | 8495 | Hy-Vee | None | 484.54 |
| 08/13/15 | 8501 | Jim Frank | None | 138.95 |
| 10/05/15 | 8526 | Connie Lamar | None | 77.29 |
| 12/27/15 | 8571 | Hy-Vee | None | 165.36 |
| 12/29/15 | 8574 | Hy-Vee | None | 160.00 |
| 02/08/16 | 8599 | Vangaurd Dis | None | 253.00 |

| Proper | Unsupported | Description per receipt |
|--------|-------------|--|
| - | 163.08 | None |
| - | 719.40 | Ground Hamburger and Rolls - receipt not itemized |
| - | 134.56 | None |
| - | 781.10 | Alcohol for Firemen's Dance, Receipt not Itemized |
| 67.00 | 21.90 | Case of Mountain Dew, Taco Seasoning, Tape, Pens, Rolo Candy, Manwich sloopy joe sauce, 30 pack Busch Light, 3 x Jellos, \$21.90 unsupported (hyvee receipt not legible) |
| - | 839.60 | None |
| 302.27 | 740.40 | Eggs, Milk, Cool whip, 20 cases of pop, manwich, Tomatos, Bread, Jello, Chili Seasoning, Hamburger Buns, Hot dog buns, Chili Beans, Oreo Pie, Meat (\$380.40) and frozen (\$360) receipt not itemized. |
| - | 160.00 | None |
| - | 410.00 | Frozen Food, Meat-Key Entered, no detailed receipt |
| - | 240.95 | None |
| - | 561.05 | None |
| - | 172.66 | None |
| - | 220.23 | None |
| - | 123.16 | None |
| - | 141.22 | None |
| 62.57 | 449.40 | Wool whip, Mustard, Hot Dog Buns, Bread, Jello, Hamburger Buns, Cubed Steak, Bananas |
| 78.42 | 479.36 | Milk, Eggs, 11 cases of pop, Hot dog buns, Beef, Cheese |
| - | 186.00 | None |
| - | 479.40 | None |
| - | 45.74 | None |
| 35.44 | 559.30 | Milk, Shredded Cheese, Cool Whip, Pizzas, Bread, Chips, 3 x 12 packs of non |
| - | 350.53 | None |
| 5.14 | 479.40 | Colby Cheese |
| 103.38 | 35.57 | 5 cases of beer, Bud Light, Bud Select, 6 cases of Monster, |
| 77.29 | - | Reimbursement for 6 packs of pop, bread/buns, beef rnd bttm |
| 85.36 | 80.00 | 6 cases of pop, Chili Beans, tomato Juice, Hot Dog Buns, Diced Tomatoes, |
| - | 160.00 | Meat Key Entered |
| - | 253.00 | None |

Report on Special Investigation of the
City of Buffalo Community Center

Unsupported Concession Stand Disbursements - General Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check Number | Payee | Check Memo | Amount |
|-----------------------|-------------------------|--------------|-----------------------|---------------------|
| 02/28/16 | 8608 | Hy-Vee | <i>None</i> | 407.22 |
| 04/18/16 | 8641 | Wolfe | <i>None</i> | 128.00 |
| Total | | | | <u>\$ 10,339.10</u> |

^ - The purchases were processed as electronic fund transfers (EFT). As a result, we used the post date per the bank statements as the check date.

| Proper | Unsupported | Description per receipt |
|---------------|--------------------|--|
| 55.22 | 352.00 | Eggs, Milk, Veg Oil, Hot Dog Buns, Hamburger Buns, Jello, Bread, Hot Dogs, Onions, Bananas |
| - | 128.00 | <i>None</i> |
| <u>872.09</u> | <u>9,467.01</u> | |

Report on Special Investigation of the
City of Buffalo Community Center

Unsupported Disbursements - Bingo Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check # | Payee | Check Memo | Amount |
|-----------------------|----------------|--------------------------------------|-------------------|--------------------|
| 01/15/13 | 3918 | Conquest Const | <i>None</i> | \$ 415.00 |
| 03/25/13 | 3938 | Doolins | <i>None</i> | 774.00 |
| 06/19/13 | 3964 | Post Office | <i>None</i> | 46.00 |
| 03/13/14 | 4040 | Advanced Business Systems | ARIN025094 Ink | 247.16 |
| 10/13/14 | 4098 | Hy-Vee | <i>None</i> | 800.00 |
| 11/13/14 | 4107 | Post Office | <i>None</i> | 49.00 |
| 09/28/15 | 4187 | Post Office | Stamps | 49.00 |
| 11/23/15 ^ | 4202 | Wal-Mart Stores Purchase 4202 DAVEIA | <i>None</i> | 71.46 |
| 01/21/16 | 4216 | Post Office | <i>None</i> | 49.00 |
| | | | | <u>\$ 2,500.62</u> |

^ - The purchases were processed as electronic fund transfers (EFT). As a result, we used the post date per the bank statements as the check date.

| Proper | Unsupported | Description per receipt |
|---------------|--------------------|--|
| 246.30 | 168.70 | Includes lowes receipt for plumbing supplies, no invoice from Conquest Const |
| - | 774.00 | <i>None</i> |
| - | 46.00 | <i>None</i> |
| - | 247.16 | <i>None</i> |
| - | 800.00 | Bingo Money (per note on check stub) |
| - | 49.00 | <i>None</i> |
| - | 49.00 | <i>None</i> |
| - | 71.46 | <i>None</i> |
| - | 49.00 | <i>None</i> |
| <u>246.30</u> | <u>2,254.32</u> | |

Report on Special Investigation of the
City of Buffalo Community Center

Improper and Unsupported Donations - Bingo Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check # | Payee | Check Memo | Withdrawal Amount |
|-------------------|----------------|---|------------------------------|--------------------------|
| 02/08/13 | 3921 | Randy Lamar | None | \$ 200.00 |
| 02/18/13 | 3925 | Tommy Harland | None | 400.00 |
| 03/04/13 | 3932 | Tri-City Tigers | None | 400.00 |
| 03/07/13 | 3933 | Gina Wolfe | None | 100.00 |
| 04/01/13 | 3941 | Buffalo Youth Baseball | None | 500.00 |
| 04/08/13 | 3943 | Food Pantry | None | 500.00 |
| 05/06/13 | 3951 | Buffalo School | Donation | 2,000.00 |
| 05/11/13 | 3953 | Tom Riggs Benefit | Benefit | 300.00 |
| 05/13/13 | 3954 | Frog | Reading program | 100.00 |
| 05/29/13 | 3959 | Mike Steward | None | 200.00 |
| 07/07/13 | 3972 | Carol Goodrick | Funeral donation | 200.00 |
| 07/18/13 | 3974 | Kamara Jackson | Jackie Jackson (funeral) | 300.00 |
| 07/18/13 | 3975 | Michelle Cox | Larry Crane Sr. (funeral) | 300.00 |
| 07/29/13 | 3978 | Food Pantry | None | 500.00 |
| 08/08/13 | 3981 | BCC | Donation | 1,500.00 |
| 08/12/13 | 3983 | Stephanie Vanden Berg | Donation | 200.00 |
| 08/12/13 | 3985 | Quad City A's Baseball | None | 200.00 |
| 10/07/13 | 3996 | John Kimes | None | 200.00 |
| 10/21/13 | 3999 | Davenport West High School | None | 20.00 |
| 11/14/13 | 4008 | Courtney Bailey | None | 250.00 |
| 11/21/13 | ^ 4010 | Wal-Mart Stores Purchase 4010 DAVEIA | xmas kids | 2,020.38 |
| 12/09/13 | 4015 | Cybil Hines | None | 200.00 |
| 02/08/14 | 4029 | Cindy Beaudette | None | 150.00 |
| 02/10/14 | 4030 | Kennedi's Kisses | None | 200.00 |
| 03/03/14 | 4034 | Randy Lamar | None | 250.00 |
| 03/03/14 | 4035 | Tri City Tigers | Baseball donation | 250.00 |

| Proper | Improper | Unsupported | Notes |
|----------|----------|-------------|---|
| - | 200.00 | - | Donation to 2013 race car season |
| - | 400.00 | - | None |
| - | - | 400.00 | Donation to Tigers little league team |
| - | 100.00 | - | Donation for Scott County National Corrections Officers Appreciation Week - STARS (Staff Acknowledgement Reward System) |
| - | - | 500.00 | None |
| 500.00 | - | - | Food pantry serves the community |
| 2,000.00 | - | - | Donation for T-shirts to support non-bullying efforts (considered educational) |
| 300.00 | - | - | Medical benefit |
| 100.00 | - | - | Education purpose - reading program |
| - | 200.00 | - | Donation to annual catfish tournament |
| - | 200.00 | - | Donation for funeral expenses |
| - | 300.00 | - | Donation for funeral expenses |
| - | 300.00 | - | Donation for funeral expenses |
| 500.00 | - | - | Food pantry serves the community |
| - | - | 1,500.00 | None |
| - | 200.00 | - | Donation for unpaid expenses after untimely death (does not specify medical expenses) |
| - | - | 200.00 | Donation to little league |
| - | 200.00 | - | Benefit for medical expenses |
| 20.00 | - | - | Donation for vocational automotive service learning project (educational) |
| - | 250.00 | - | Benefit for medical expenses |
| - | 2,020.38 | - | clothing items, gift sets, crafting supplies, toys |
| - | 200.00 | - | Donation to adopt a family after loss of family member to purchase gift cards to help family financially |
| - | 150.00 | - | Donation to benefit to help with expenses left for the family after death of family members battle with cancer |
| 200.00 | - | - | Donation to non profit organization that helps families after the death of a child |
| - | 250.00 | - | Donation to 2014 racing season |
| - | - | 250.00 | Donation to baseball team |

Report on Special Investigation of the
City of Buffalo Community Center

Improper and Unsupported Donations - Bingo Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check # | Payee | Check Memo | Withdrawal Amount |
|-------------------|----------------|-------------------------|-----------------------------------|--------------------------|
| 03/10/14 | 4038 | Tom Harland | <i>None</i> | 250.00 |
| 03/14/14 | 4233 | Frog | <i>None</i> | 250.00 |
| 03/22/14 | 4042 | Troy Hass Baseball Team | <i>None</i> | 250.00 |
| 03/23/14 | 4044 | Brockton Frank | <i>None</i> | 250.00 |
| 03/27/14 | 4045 | Cris Collins | <i>None</i> | 40.00 |
| 04/07/14 | 4050 | Nancy Harland | Car show | 42.48 |
| 04/14/14 | 4052 | Frog Program | <i>None</i> | 100.00 |
| 04/15/14 | 4053 | Food pantry | <i>None</i> | 250.00 |
| 06/08/14 | 4165 | Mariah Richardson | <i>None</i> | 100.00 |
| 06/12/14 | 4065 | Buffalo Buffalo School | Shirts | 1,270.00 |
| 06/19/14 | 4067 | Gunchies | <i>None</i> | 105.00 |
| 07/02/14 | 4071 | Walcott 8th DC Trip | <i>None</i> | 200.00 |
| 08/09/14 | 4081 | Nancy Oetzel | <i>None</i> | 400.00 |
| 08/14/14 | 4084 | Nancy Harland | Benefit | 100.00 |
| 09/11/14 | 4091 | Ed Dean Benefit | <i>None</i> | 200.00 |
| 09/11/14 | 4090 | Dugout sport | <i>None</i> | 100.00 |
| 09/11/14 | 4089 | Gunchies | <i>None</i> | 100.00 |
| 10/16/14 | 4099 | Quad City A's Baseball | Sponsor Ray 10V | 100.00 |
| 01/20/15 | 4118 | Bettendorf Police Dept. | <i>None</i> | 100.00 |
| 02/23/15 | 4125 | Moline Park Recreation | Tues night Co-ed (99 problems) | 223.00 |
| 03/02/15 | 4128 | Tom Harland | <i>None</i> | 250.00 |
| 03/09/15 | 4131 | Randy Lamar | <i>None</i> | 250.00 |
| 03/09/15 | 4132 | Steve Cox | <i>None</i> | 100.00 |
| 03/26/15 | 4135 | Brockton Frank | Gun club sponsors | 250.00 |
| 03/26/15 | 4136 | Buffalo Youth Baseball | Baseball sponsors | 250.00 |
| 03/30/15 | 4139 | Kennedi's Kisses | Donation | 250.00 |

| Proper | Improper | Unsupported | Notes |
|--------|----------|-------------|---|
| - | 250.00 | - | Donation to put on Easter Egg hunt |
| 250.00 | - | - | Donation to reading program |
| - | 250.00 | - | Donation to youth baseball team |
| - | 250.00 | - | Donation to 2014 youth trap shooting season |
| - | 40.00 | - | Donations for the family of Wilbur Dipple |
| - | 42.48 | - | Reimbursement for supplies for car show |
| 100.00 | - | - | Education purpose - reading program |
| 250.00 | - | - | Food pantry serves the community |
| - | 100.00 | - | Donation to benefit to offset medical expenses |
| - | - | 1,270.00 | Student t-shirts |
| - | 105.00 | - | Donation for sand volleyball tournament |
| 200.00 | - | - | Donation to Walcott 8th Grade DC Trip - trip is during the summer; does not specify if it is for the entire class or limited to those who can't afford it. Additionally, donation is to benefit a <i>definite</i> number of people rather than an <i>indefinite</i> number. |
| - | 400.00 | - | Donation for funeral expenses |
| - | 100.00 | - | <i>None</i> |
| - | 200.00 | - | Donation to benefit to offset medical expenses |
| - | 100.00 | - | Donation to co-ed softball |
| - | 100.00 | - | Donation to volleyball team |
| - | - | 100.00 | Donation to baseball team |
| 100.00 | - | - | Donation for 2015 Iowa Association of Women Police Conference |
| - | - | 223.00 | Donation to softball team |
| - | 250.00 | - | Donation for Easter Egg Hunt |
| - | 250.00 | - | Donation for 2015 race season |
| - | 100.00 | - | Donation for 2015 race season |
| - | 250.00 | - | Donation to 2015 Davenport trap team |
| - | - | 250.00 | Donation to youth baseball team |
| 250.00 | - | - | Donation to non profit organization that helps families after the death of a child |

Report on Special Investigation of the
City of Buffalo Community Center

Improper and Unsupported Donations - Bingo Account
For the period January 1, 2013 through June 30, 2016

| Check Date | Check # | Payee | Check Memo | Withdrawal Amount |
|-------------------|----------------|----------------------------|--------------------|--------------------------|
| 04/20/15 | 4147 | William Havel | None | 100.00 |
| 04/20/15 | 4148 | Gunchies | Volleyball | 100.00 |
| 05/04/15 | 4151 | Food pantry | None | 250.00 |
| 05/04/15 | 4152 | Future Falcons | None | 250.00 |
| 05/18/15 | 4156 | Hand-n-hand | None | 100.00 |
| 06/01/15 | 4162 | City of Buffalo | Queen sponser | 250.00 |
| 06/01/15 | 4161 | Mike Stewart | None | 175.00 |
| 06/10/15 | 4166 | Power grafx | Buffalo Shirts | 1,657.00 |
| 11/05/15 | 4199 | Wildcats Youth Wrestling | Sponser | 150.00 |
| 11/09/15 | 4201 | Power Grafx | None | 128.00 |
| 01/25/16 | 4217 | Tom Harland | None | 300.00 |
| 02/24/16 | 4223 | Kimberly Blake | None | 100.00 |
| 02/25/16 | 4224 | Randy Lamar | None | 250.00 |
| 03/10/16 | 4230 | Moline Park & Rec | Baseball team | 250.00 |
| 03/14/16 | 4234 | Kennedi's Kisses | None | 250.00 |
| 03/14/16 | 4232 | One Eighty | Baseball Sponser | 250.00 |
| 03/21/16 | 4237 | Team Tamara | None | 150.00 |
| 04/04/16 | 4241 | Jen Wohlers & Shelly Fritz | Team Shelly | 150.00 |
| 04/11/16 | 4245 | BCC | Car Show 2015 | 175.00 |
| 04/11/16 | 4246 | BCC | School Basket 2015 | 11.96 |
| | | | | \$ 22,267.82 |

^ - The purchases were processed as electronic fund transfers (EFT). As a result, we used the post date per the bank statements as the check date.

| Proper | Improper | Unsupported | Notes |
|-----------------|------------------|--------------------|--|
| - | 100.00 | - | Donation for 2015 race season |
| - | 100.00 | - | Donation to volleyball team |
| 250.00 | - | - | Food pantry serves the community |
| - | 250.00 | - | Donation to baseball team |
| 100.00 | - | - | Donation to poker tournament to raise money for Hand-n-Hand, a non-profit organization specializing in kids with special needs |
| 250.00 | - | - | Donation to Buffalo Days |
| - | 175.00 | - | Donation to catfish tournament |
| - | 1,657.00 | - | <i>None</i> |
| - | - | 150.00 | Donation to youth wrestling |
| - | 128.00 | - | Youth tee shirts |
| - | 300.00 | - | Donation to Easter Egg Hunt |
| - | 100.00 | - | Donation to medical benefit for medical bills |
| - | 250.00 | - | <i>None</i> |
| - | - | 225.00 | Donation to baseball team |
| 250.00 | - | - | Donation to non profit organization that helps families after the death of a child |
| - | 250.00 | - | Donation to baseball team |
| 150.00 | - | - | Donation to medical benefit for medical bills |
| - | 150.00 | - | Donation to medical benefit for medical bills |
| - | 175.00 | - | <i>None</i> |
| - | 11.96 | - | <i>None</i> |
| 5,770.00 | 11,404.82 | 5,068.00 | |

Report on Special Investigation of the
City of Buffalo Community Center

Staff

This special investigation was performed by:

Donna F. Kruger, CPA, Manager
James S. Cunningham, CPA, Manager
Sarah J. Swisher, Senior Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State