



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

**NEWS RELEASE**

Contact: Pam Bormann  
515/281-5834

**FOR RELEASE**

**January 16, 2025**

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Auditor of State Rob Sand today released an agreed-upon procedures report on the City of Dallas Center, Iowa, for the period July 1, 2023 through June 30, 2024. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa.

Sand reported seven findings related to the receipt and disbursement of taxpayer funds. They are found on pages 9 and 10 of this report. The findings address issues such as a lack of segregation of duties, deficit fund balances, disbursements exceeding budgeted amounts and transfers not properly approved by resolution. Sand provided the City with recommendations to address each of the findings.

One of the findings discussed above is repeated from the prior year. The City Council has 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.

A copy of the agreed-upon procedures report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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**CITY OF DALLAS CENTER**  
**AUDITOR OF STATE'S INDEPENDENT REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**  
**FOR THE PERIOD**  
**JULY 1, 2023 THROUGH JUNE 30, 2024**

**City of Dallas Center**



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November 8, 2024

Officials of the City of Dallas Center  
Dallas Center, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the agreed-upon procedures report for the City of Dallas Center, Iowa, for the period July 1, 2023 through June 30, 2024. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Dallas Center throughout the agreed-upon procedures engagement. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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**City of Dallas Center**

**Officials**

**(Before January 2024)**

| <u>Name</u>                        | <u>Title</u>         | <u>Term Expires</u> |
|------------------------------------|----------------------|---------------------|
| Danny Beyer                        | Mayor                | Jan 2026            |
| Ryan Kluss                         | Mayor Pro tem        | Jan 2024            |
| Angie Beaudet (Appointed Feb 2022) | Council Member       | Nov 2023            |
| Ryan Coon                          | Council Member       | Jan 2024            |
| Amy Strutt                         | Council Member       | Jan 2026            |
| Daniel Willrich                    | Council Member       | Jan 2026            |
| Cindy Riesselman                   | City Clerk/Treasurer | Indefinite          |
| Ralph R. Brown                     | Attorney             | Indefinite          |

**(After January 2024)**

| <u>Name</u>      | <u>Title</u>         | <u>Term Expires</u> |
|------------------|----------------------|---------------------|
| Danny Beyer      | Mayor                | Jan 2026            |
| Daniel Willrich  | Mayor Pro tem        | Jan 2026            |
| Amy Strutt       | Council Member       | Jan 2026            |
| Angie Beaudet    | Council Member       | Jan 2028            |
| Bret Van De Pol  | Council Member       | Jan 2028            |
| Beth Wright      | Council Member       | Jan 2028            |
| Cindy Riesselman | City Clerk/Treasurer | Indefinite          |
| Ralph R. Brown   | Attorney             | Indefinite          |

**City of Dallas Center**



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Rob Sand  
Auditor of State

Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

We performed the procedures below, which were established at Iowa Code Chapter 11.6, to provide oversight of Iowa cities. Accordingly, we have applied certain procedures to selected accounting records and related information of the City of Dallas Center for the period July 1, 2023 through June 30, 2024, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Dallas Center's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The City of Dallas Center's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, recommendations pertaining to selected accounting records and related information of the City including the City's compliance with certain Code of Iowa requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed are summarized as follows:

1. We observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We obtained an understanding of the City's internal controls to determine if proper control procedures were in place and incompatible duties, from a control standpoint, were not performed by the same employee.
3. We observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances, journal entries and monthly financial reports provided to the City Council.
5. We scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances were properly maintained and accurately accounted for.
6. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
7. We observed depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa.



8. We scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
9. We scanned selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
10. We observed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
11. We traced selected receipts for accurate accounting and consistency with the recommended COA.
12. The City had no voter approved levies.
13. We traced selected disbursements to proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We traced transfers between funds to proper authorization and accurate accounting and to determine whether transfers were proper.
15. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
16. We observed the annual certified budget for proper authorization, certification and timely amendment.

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

We were engaged by the City of Dallas Center's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Dallas Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting findings and recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Dallas Center during the course of our agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Pam Bormann". The signature is written in a cursive, flowing style.

Pam Bormann, CPA  
Deputy Auditor of State

November 8, 2024

## **Detailed Findings and Recommendations**

City of Dallas Center

Detailed Findings and Recommendations

For the period July 1, 2023 through June 30, 2024

(A) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements. Generally, one or two individuals have control over the following area for which no compensating controls exist:

- (1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from recording and accounting for receipts.
- (2) Bank reconciliations are not performed by an individual who is not involved in the cash receipt or disbursement functions.
- (3) The individual responsible for detailed record keeping of investments is also the custodian of the investments.
- (4) Mail is opened by an individual who is also responsible for recording and accounting for receipts.
- (5) Long-term debt records are not maintained by an individual who is not responsible for cash functions.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

(B) Financial Condition – At June 30, 2024, the City had deficit balances of \$614,429 in the General Fund and \$39,634 in the Debt Service Fund.

Recommendation – The City should investigate alternatives to eliminate the deficit balances and return these funds to a sound financial position.

(C) Business Transactions – Business transactions between the City and City officials or employees which may represent conflicts of interest are detailed as follows:

| Name, Title and Business Connection                                  | Transaction Description                | Amount   |
|--|--|----------|
| Brian Slaughter, Public Works Director, Owner of Concrete & More LLC | Street/building repair and maintenance | \$ 9,337 |

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions may represent a conflict of interest since total transactions were more than \$6,000 during the fiscal year and the transactions were not competitively bid.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

City of Dallas Center

Detailed Findings and Recommendations

For the period July 1, 2023 through June 30, 2024

(D) Disbursements – The following items were noted:

- Of two credit card disbursements observed, one did not have supporting documentation.
- Of two credit card disbursements observed, both included the payment of sales tax. As a government entity, the City maintains a tax-exempt status. As a result, the City should not incur sales tax.
- One of 30 disbursements observed was not approved or authorized by the City Council.

Recommendation – The City should maintain support for all disbursements. In addition, the City should establish procedures to ensure all payments are reviewed to prevent the payment of sales tax. Also, all disbursements should be approved by the City Council prior to payment and the approval should be documented in the City Council minutes.

(E) Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amount budgeted in the capital projects function prior to the first budget amendment. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

(F) Bank Reconciliations – For the month of June 2024, the City’s general ledger did not reconcile to the City’s bank accounts. The City’s general ledger was \$1,330 less than the bank. We were unable to determine the reason for this variance.

Recommendation – The City should establish procedures to ensure bank and investment account balances are reconciled to the City Clerk’s report and to the general ledger monthly and variances, if any, are reviewed and resolved timely. The reconciliations should be reviewed by an independent person, and the review should be documented by the signature or initials of the reviewer and the date of the review.

(G) Interfund Transfers – Section 545-2 of the City Finance Committee Rules requires “A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred.”

For the year ended June 30, 2024, four transfers totaling \$11,581 were not approved by the City Council by resolution.

Recommendation – Transfers should be approved by resolution and the resolutions approving all fund transfers should include the information required by Section 545-2 of the City Finance Committee Rules.

City of Dallas Center

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Deputy  
Tiffany M. Ainger, CPA, Manager  
Amila Tursunovic, Staff Auditor  
Stella F. Tsai, Assistant Auditor