



**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 Walford, 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 six 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, the lack of independent review of bank and utility reconciliations, disbursements exceeding budgeted amounts and transfers not properly approved by resolution. Sand provided the City with recommendations to address each of the findings.

Four of the findings discussed above are 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 WALFORD**

**AUDITOR OF STATE'S INDEPENDENT REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD  
JULY 1, 2023 THROUGH JUNE 30, 2024**

**City of Walford**



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

Rob Sand  
Auditor of State

January 7, 2025

Officials of the City of Walford  
Walford, 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 Walford, 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 Walford 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 that reads "Rob Sand". The signature is stylized and written in a cursive-like font.

Rob Sand  
Auditor of State

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**City of Walford**

**Officials**

**(Before January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bill Voss	Mayor	Jan 2024
Jo Ellen Carter	Council Member	Jan 2024
Matt Greiner	Council Member	Jan 2024
Aaron Voss	Council Member	Jan 2024
Amy Ellis	Council Member	Jan 2026
Ashley Grimm	Council Member	Jan 2026
Janet Gann	City Clerk/Treasurer	Indefinite
Erek Sittig	Attorney	Indefinite

**(After January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Todd Gibbs	Mayor	Jan 2026
Amy Ellis	Council Member	Jan 2026
Ashley Grimm	Council Member	Jan 2026
Randy Bauer	Council Member	Jan 2028
Matt Greiner	Council Member	Jan 2028
Kathryn Jones	Council Member	Jan 2028
Janet Gann	City Clerk/Treasurer	(Resigned Dec 2023)
Tami Richardt (Appointed Jan 2024)	City Clerk/Treasurer	Indefinite
Erek Sittig	Attorney	Indefinite

**City of Walford**



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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 Walford 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 Walford'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 Walford'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 observed the City's fiscal year 2024 Annual Financial Report to determine whether it was completed timely and accurately reflected the City's financial information.
7. We scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. 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.



9. 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.
10. 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.
11. 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.
12. We traced selected receipts for accurate accounting and consistency with the recommended COA.
13. The City had no voter approved levies.
14. 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.
15. We traced transfers between funds to proper authorization and accurate accounting and to determine whether transfers were proper.
16. We traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether payroll was proper.
17. 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 Walford'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 Walford 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 Walford 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

January 7, 2025

## **Detailed Findings and Recommendations**

City of Walford

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 individual has control over each of the following areas for the City:

- (1) Accounting system – performing all general accounting functions, including journal entries, and having custody of City assets.
- (2) Cash – handling, reconciling and recording.
- (3) Investments – detailed recordkeeping, investing, custody of investments and reconciling earnings.
- (4) Receipts – opening mail, collecting, depositing, recording, reconciling and posting.
- (5) Long-term debt – recordkeeping, compliance and debt payment processing.
- (6) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (7) Payroll – entering pay rates, recordkeeping, preparing, and distributing.
- (8) Utilities – billing, collecting, depositing, posting, maintaining accounts receivable and write-off records.
- (9) Computer systems – performing all general accounting functions and controlling all data input and output.

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) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Although the system performs a reconciliation of utility billings, collections and delinquent accounts, supporting documentation for amounts in the reconciliation did not agree to supporting documentation for certain line items. Explanations for utility adjustments are not consistently documented on tracking reports. Additionally, the reconciliation ending balance for December 2023 did not match the beginning accounts receivable balance of January 2024 and the variance was not resolved. Also, the outstanding accounts listing total amount was \$177 less than the ending balance included on the reconciliation.

Recommendation – Documentation to support the amounts reported in the reconciliation of utility billings, collections and delinquent accounts should be maintained for each billing period and variances investigated and resolved in a timely manner. In addition, documentation of the reason for billing adjustments should be maintained. The City Council or other independent person designated by the City Council should review the reconciliations, adjustments, and monitor delinquent accounts. The reviewer should ensure information from the system agrees to amounts reported in the reconciliation. The review should be documented by the signature or initials of the reviewer and the date of the review.

City of Walford

Detailed Findings and Recommendations

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

- (C) Receipts – The City recorded \$22,046 of tier I business property tax replacement tax as property tax rather than intergovernmental receipts according to the Uniform Chart of Accounts (COA) recommended by the City Finance Committee.

Recommendation – The City should implement procedures to ensure all receipts are properly coded and recorded.

- (D) Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amount budgeted in the business-type activities function. 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.

- (E) Interfund Transfers – Rule 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.” The City made six transfers which were not approved by resolution.

Recommendation – The City Council should ensure all transfers are approved by resolution as required by Section 545-2 of the City Finance Committee Rules.

- (F) Bank Reconciliations – Bank reconciliations did not document evidence of independent reviews.

Recommendation – An independent person should review the reconciliations and document the review by the signature or initials of the reviewer and the date of the review.

City of Walford

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Deputy  
Janet K. Mortvedt, CPA, Manager  
Jared A. Marshall, Staff Auditor  
Gabriel D. Waz, Assistant Auditor