



**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**

**FOR RELEASE**

**May 28, 2025**

Contact: Pam Bormann  
515/281-5834

Auditor of State Rob Sand today released an agreed-upon procedures report on the City of Buffalo, 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 twelve findings related to the receipt and disbursement of taxpayer funds. They are found on pages 9 through 11 of this report. The findings address issues such as a lack of segregation of duties, disbursements exceeding budgeted amounts and deficit fund balances. Sand provided the City with recommendations to address each of the findings.

Seven 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](#).

# # #

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

**City of Buffalo**



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Rob Sand  
Auditor of State

April 22, 2025

Officials of the City of Buffalo  
Buffalo, 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 Buffalo, 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 Buffalo 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", written in a cursive style.

Rob Sand  
Auditor of State

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**City of Buffalo**

**Officials**

**(Before January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sally Rodriguez	Mayor	Jan 2024
Brandon Berg	Council Member	(Resigned Jul 2023)
Rachel Teel-Vanderpool (Appointed Jul 2023)	Council Member	Nov 2023
Joe Buffington	Council Member	Jan 2024
Ted Teel	Council Member	Jan 2024
Austin Miller	Council Member	Jan 2026
Mary Moore	Council Member	Jan 2026
Tanna Leonard	City Clerk/Treasurer	Indefinite
Judy Blessing	Deputy City Clerk	Indefinite
William McCullough	Attorney	Indefinite

**(After January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sally Rodriguez	Mayor	Jan 2026
Austin Miller	Council Member	Jan 2026
Mary Moore	Council Member	Jan 2026
Rachel Teel-Vanderpool	Council Member	Jan 2026
Trent Adams	Council Member	Jan 2028
Sean Roman	Council Member	Jan 2028
Tanna Leonard	City Clerk/Treasurer	Indefinite
Judy Blessing	Deputy City Clerk	Indefinite
William McCullough	Attorney	Indefinite

**City of Buffalo**



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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 Buffalo 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 Buffalo'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 Buffalo'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. The City had no TIF.
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 Buffalo'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 Buffalo 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 Buffalo 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 fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Pam Bormann, CPA  
Deputy Auditor of State

April 22, 2025

## **Detailed Findings and Recommendations**

City of Buffalo

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) Cash – handling, reconciling and recording.
- (2) Investments – recordkeeping, investing, custody of investments and reconciling earnings.
- (3) Long-term debt – recordkeeping, compliance and debt payment processing.
- (4) Receipts – opening mail, collecting, depositing, recording, reconciling and posting.
- (5) Utilities – billing, collecting, depositing, recording, reconciling, maintaining accounts receivable and posting.
- (6) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.

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) Bank Reconciliations – Although the November 2023 and June 2024 bank reconciliations were reviewed by an independent person, the reviews were not done timely. In addition, the City record is overstated due to a duplicate journal entry to record June 2024 interest of \$419.

Recommendation – The City should establish procedures to ensure bank and investment account balances are reconciled to the general ledger monthly and variances, if any, are reviewed and resolved timely. An independent person should review the reconciliation timely and document the review by the signature or initials of the reviewer and the date of review on the monthly reconciliations.

- (C) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of the Treasurer of State annually. The City did not remit one check which was outstanding for greater than two years.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State annually, as required.

City of Buffalo

Detailed Findings and Recommendations

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

- (D) Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amounts budgeted in the community and economic development, debt service, capital projects and business type activities functions prior to 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.” In addition, according to Chapter 24.17 of the Code of Iowa, the 2024 budget was required to be certified by April 30, 2023; however, it was certified on May 18, 2023.

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. In addition, the City should ensure the budget for subsequent years is certified in accordance with Chapter 24.17 of the Code of Iowa.

- (E) Financial Condition – At June 30, 2024, the City had deficit balances of \$84,779, \$283,275 and \$70,917 in the Special Revenue, Employee Benefit and Enterprise, Water Utility and Sewer Utility Funds, respectively.

Recommendation – The City should investigate alternatives to eliminate these deficit balances in order to return the funds to a sound financial condition.

- (F) Disbursements – One credit card transaction observed included sales tax totaling \$11. As a government entity, the City maintains a tax-exempt status. As a result, the City should not incur sales tax.

Recommendation – The City should establish procedures to ensure all payments are reviewed to prevent the payment of sales tax.

- (G) Credit Card – The City has credit cards for use by City employees for City business. The credit cards earn reward points on purchases made; however, the City does not have a policy addressing how these rewards are to be used.

Recommendation – The City should consult legal counsel to determine the use of a credit card with a rewards program. If the card continues to be used, the City should develop a written policy addressing rewards programs in order to establish appropriate guidelines.

- (H) 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.” The resolution approving monthly local option sales tax transfers to be made throughout the year did not include the dollar amount to be transferred. In addition, the transfer from the Enterprise, Water Utility Fund to the Enterprise, Electric Utility Fund exceeded the resolution by \$16,000.

Recommendation – Resolutions approving fund transfers should include the information required by Section 545-2 of the City Finance Committee Rules and be for the correct amounts.

- (I) Journal Entries – One journal entry observed was not reviewed timely by an independent person.

Recommendation – The City should ensure journal entries are being review timely by an independent person and are supported. The review should be documented by the signature or initials of the reviewer and the date of the review.

City of Buffalo

Detailed Findings and Recommendations

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

- (J) Receipts – Sales and use tax refund amount of \$637 was miscoded as a property tax receipt.

Recommendation – The City should ensure all receipts are accurate, supported and are coded to the correct receipt code.

- (K) Solid Waste Rates – City Officials were unable to provide the City ordinance which established the solid waste rates for a second trash cart.

Recommendation – Utility rates should be established by ordinance of the City Council as required by Chapter 384.84 of the Code of Iowa. In addition, the City should maintain documentation of the approved utility rates.

- (L) Community Development Event Gift Cards – On August 14, 2023 the Council approved a motion for the purchase of \$250 in gift cards from businesses to use as prizes for raffle events. According to discussions with the City Clerk and Mayor, the City did not have a policy addressing procedures over gift cards including a method to track the purchase and monitor the distribution of these gift cards.

Recommendation – The City should establish a gift card policy which includes procedures to require an accounting of all gift card purchases and distributions, including signatures of recipients, acknowledging receipt of the gift cards.

City of Buffalo

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Deputy  
Alexander N. Kawamura, CPA, Manager  
Enoch Duval, Staff Auditor  
Audra N. Davis, Staff Auditor