



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

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

Rob Sand  
Auditor of State

**NEWS RELEASE**

**FOR RELEASE**

**June 23, 2025**

**Contact: Pam Bormann**  
**515/281-5834**

Auditor of State Rob Sand today released an agreed-upon procedures report on the City of Galt, 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 fifteen findings related to the receipt and disbursement of taxpayer funds. They are found on pages 9 through 12 of this report. The findings address issues such as a lack of segregation of duties, disbursements exceeding budgeted amounts, the lack of utility reconciliations, the lack of an independent review of bank reconciliations and the City not using a uniform chart of accounts. Sand provided the City with recommendations to address each of the findings.

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

**City of Galt**



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Rob Sand  
Auditor of State

June 9, 2025

Officials of the City of Galt  
Galt, 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 Galt, 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 Galt 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 Galt**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Began</u>	<u>Term Expires</u>
Steven Chambers	Mayor	Jan 2024	Jan 2026
John Leist	Council Member	Jan 2024	Jan 2026
Zeke Rosales	Council Member	Jan 2024	Jan 2026
Delano Teslik	Council Member	Jan 2024	Jan 2026
Joshua Weis	Council Member	Jan 2024	Jan 2026
Shallon Weis	Council Member	Jan 2024	Jan 2026
Vicki Waters	City Clerk		Indefinite

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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 Galt 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 Galt'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 Galt'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 2023 Annual Financial Report to determine whether it was completed timely and accurately reflects the City's financial information.
7. The City had no investments.
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. The City had no transfers.
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 Galt'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 Galt 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 Galt 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 name "Pam" and last name "Bormann" clearly distinguishable.

Pam Bormann, CPA  
Deputy Auditor of State

June 9, 2025

## **Detailed Findings and Recommendations**

City of Galt

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 and having custody of assets.
- (2) Cash – handling, reconciling, recording and custody of the petty cash fund.
- (3) Receipts – opening mail, collecting, depositing, recording, posting and reconciling.
- (4) Long-term debt – recordkeeping, compliance and debt payment processing.
- (5) Disbursements – purchasing, invoice processing, check writing, mailing, recording and reconciling.
- (6) Utilities – billing, collecting, depositing, recording, reconciling, posting and maintaining accounts receivable.
- (7) Payroll – recordkeeping, preparing and distributing.
- (8) Financial reporting – preparing and reconciling.

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) Deposits and Investments – The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa. In addition, a resolution naming official depositories has not been adopted by the City Council as required by Chapter 12C.2 of the Code of Iowa.

Recommendation – The City should adopt a written investment policy which complies with the provisions of Chapter 12B.10B of the Code of Iowa. The City Council, by resolution, should approve amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12C.2 of the Code of Iowa.

- (C) Chart of Accounts and Accounting System – The City's accounting system consists of a checking account register and bank statements. The City did not maintain its accounting system in a format to facilitate fund accounting required for governmental accounting and financial reporting. In addition, the City has not implemented the recommended Uniform Chart of Accounts (COA) for Iowa City Governments approved by the City Finance Committee. Fund accounting is required as a means for the City to demonstrate compliance with legal requirements pertaining to the various funding sources of the City, including but not limited to, road use tax and local option sales tax.

Recommendation – To provide financial information and control, the City should implement a financial reporting system and establish procedures to ensure records are maintained to facilitate fund accounting and the use of the COA or its equivalent.

City of Galt

Detailed Findings and Recommendations

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

(D) Annual Financial Report (AFR) – Chapter 384.22 of the Code of Iowa states in part, “a city shall publish an annual financial report as under Section 362.3 containing a summary for the preceding fiscal year of all collections and receipts, all accounts due the city, and all expenditures...” The following were noted regarding the City’s fiscal year 2023 AFR:

- The City did not maintain financial records in a format which coded receipts and summarized receipts by category and disbursements by function and did not retain documentation to support the preparation of the AFR. Therefore, the receipts and disbursements reported on the City’s AFR were not supported.
- Although Road Use Tax receipts were reported in a Special Revenue Fund on the AFR, the disbursements were not reported in the Special Revenue Fund. Because the City did not maintain a Special Revenue, Road Use Tax fund in the City’s accounting system, the City is unable to provide accurate information for reporting the Special Revenue, Road Use Tax activity and balance on the AFR.
- The beginning balance reported on the fiscal year 2023 AFR was \$8,438 less than the ending balance reported on the fiscal year 2022 AFR.
- The ending balance reported on the fiscal year 2023 AFR was \$9,958 greater than the June 30, 2023 City Clerk’s Report balance of \$7,583.

Recommendation – The City establish procedures to ensure all financial information is properly reported on the AFR and supported by City records. An independent person should review the AFR for accuracy and the review should be documented by the signature or initials of the reviewer and the date of the review.

(E) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or other independent person designated by the City Council should review the reconciliation and monitor delinquent accounts. The review should be documented by the signature or initials of the reviewer and the date of the review.

(F) Disbursements – For the twenty transactions observed, one transaction was not properly supported and two were not properly approved in the City Council minutes.

Recommendation – All disbursements should be supported by invoices or other supporting documentation. Invoices or other supporting documentation should be provided to the check signer and City Council for approval. All disbursements should be approved in the City Council minutes.

City of Galt

Detailed Findings and Recommendations

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

- (G) City Council Meeting Minutes – Chapter 372.12(6) of the Code of Iowa requires cities with a population of less than 200 establish by ordinance three designated locations to post minutes. The City has not approved an ordinance establishing the designated locations. In addition, although the minutes of City Council proceedings were posted, they did not include a list of claims being paid including a description, the total disbursements by fund or a summary of all receipts as required by Chapter 372.12(6) of the Code of Iowa.

Recommendation – The City should adopt an ordinance to reflect the locations that minutes are posted. The City should comply with Chapter 372.13(6) of the Code of Iowa and include a description of claims being paid, the total disbursements by fund and a summary of all receipts in the posted minutes.

- (H) Prenumbered Receipts – Prenumbered receipts were not issued for all collections received.

Recommendation – Prenumbered receipts should be issued for all collections. An independent person should account for the numerical sequence of the prenumbered receipts and compare these collections to the bank deposit and the accounting records, and the evidence of review should be documented with the signature or initials of the reviewer and the date of the review.

- (I) Payroll – The following items were noted for payroll:

- The approved salaries for the City Clerk and Maintenance Supervisor were not approved by resolution of the City Council.
- There was no documentation for the approval of additional pay for the City Clerk for mowing.
- The City Council members and Mayor's compensation was not established and approved by ordinance as required by Chapter 372.13(8) of the Code of Iowa.

Recommendation – All salaries and wages should be approved by the City Council and documented in the minutes record, including pay for additional services. In addition, the City should establish and approve the compensation for the City Council members and Mayor by ordinance, as required.

- (J) Accounting Policies and Procedures Manual – The City did not have an accounting policies and procedures manual:

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (2) Help achieve uniformity in accounting and the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

City of Galt

Detailed Findings and Recommendations

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

- (K) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires the retention in this manner to include an image of both the front and back of each cancelled check. The City did not receive an image of the back of each cancelled check.

Recommendation – The City should obtain and retain images of both front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

- (L) Local Option Sales Tax – The City’s local option sales tax (LOST) ballot requires the LOST collections be used 100% for water and streets. The City has not properly tracked the use and unspent balances of LOST collections to demonstrate compliance with the ballot requirements.

Recommendation – The City should establish procedures to track the use of LOST collections and unspent balances to ensure LOST collections are being used in accordance with the ballot.

- (M) Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the public safety, health and social services and general government. 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.

- (N) Monthly City Clerk’s Report – City Clerk’s financial reports were not provided to the City Council monthly which would include beginning balances, receipts, disbursements, transfers and ending balances by fund and comparisons of total disbursements for all funds to the certified budget by function.

Recommendation – The City Clerk should prepare monthly City Clerk’s reports which include a summary of beginning balances, receipts, disbursements, transfers and ending balances by fund. In addition, to provide better control over budgeted disbursements and the opportunity for timely budget amounts to the certified budget, the reports should include comparisons of total disbursements to the certified budget by function. The City Council or a designated member should review and approve the monthly City Clerk’s reports and the review/approval should be documented by the reviewer’s signature or initials and the date approved.

- (O) Bank Reconciliations – Bank reconciliations were prepared throughout the year; however, there was no documentation of an independent review as there were no initials on the bank reconciliations or being accepted in the minutes by the City Council.

Recommendation – The City should establish procedures to ensure the bank reconciliations are independently reviewed, and the review should be documented by the signature or initials of the reviewer and the date of the review.

City of Galt

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Deputy  
Gwen D. Fangman, CPA, Manager  
Jennifer L. Wall, CPA, Manager  
Tristan J. Swiggum, Senior Auditor  
David R. Roszak, Staff Auditor