



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

Rob Sand  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE

July 10, 2025

Contact: Pam Bormann  
515/281-5834

Auditor of State Rob Sand today released an agreed-upon procedures report on the City of Williamson, Iowa, for the period April 1, 2023 through March 31, 2024. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa.

Sand reported nineteen findings related to the receipt and disbursement of taxpayer funds. They are found on pages 7 through 13 of this report. The findings address issues such as a lack of segregation of duties, the lack of bank reconciliations, separately maintained fire department funds not included in the City's financial records, a lack of adequate monthly reports and a lack of support for annual financial reports. 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 WILLIAMSON**  
**AUDITOR OF STATE'S INDEPENDENT REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**  
**FOR THE PERIOD**  
**APRIL 1, 2023 THROUGH MARCH 31, 2024**

**City of Williamson**



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**STATE OF IOWA**

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

Rob Sand  
Auditor of State

June 16, 2025

Officials of the City of Williamson  
Williamson, 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 Williamson, Iowa, for the period April 1, 2023 through March 31, 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 Williamson 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 Williamson**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Began</u>	<u>Term Expires</u>
Jack Miller	Mayor	Jan 2022	(Resigned Jul 2024)
Mickayla McCarty	Council Member	Jan 2022	Jan 2026
Sara Welch	Council Member	Jan 2022	Jan 2026
Teresa Buckalew	Council Member	Jan 2024	Jan 2028
Mike McCarty	Council Member	Jan 2024	Jan 2028
Tammy Shriver	Council Member	Jan 2024	Jan 2028
Nancy Stansbery	City Clerk/Treasurer		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 Williamson for the period April 1, 2023 through March 31, 2024, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Williamson'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 Williamson'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 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. 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 Williamson'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 Williamson 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 Williamson 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.



Pam Bormann, CPA  
Deputy Auditor of State

June 16, 2025



### **Detailed Findings and Recommendations**

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

- (A) Fiduciary Oversight – 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. Many of the findings included in this report indicate the City Council needs to exercise additional fiduciary oversight.

Recommendation – Oversight by the City Council is essential and should be an ongoing effort. In the future, the City Council should provide appropriate oversight, including exercising due care and requiring and reviewing pertinent information and documentation prior to making decisions affecting the City. Appropriate policies and procedures should be adopted, implemented and monitored to ensure compliance.

- (B) 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, collecting, depositing, reconciling and recording.
- (2) Investments – investing, recordkeeping, custody and reconciling earnings.
- (3) Receipts – opening mail, collecting, depositing, recording, reconciling and posting.
- (4) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (5) Payroll – entering rates in the system, recordkeeping, preparing and distributing.
- (6) 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.

- (C) Chart of Accounts and Financial Reporting – The City has not implemented the recommended Uniform Chart of Accounts (COA) for Iowa City Governments approved by the City Finance Committee. In addition, the City does not maintain its accounting system in a format to facilitate fund accounting or the classification of receipts by source or disbursements by function/activity required for governmental accounting and financial reporting. This 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, and compliance with budget requirements.

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

The following were also noted:

- Although a monthly report showing the General Fund and Special Revenue, Road Use Tax Fund beginning balance, receipts, disbursements and ending balances is prepared and presented to the City Council, the City does not maintain a general ledger classifying receipts by fund and source or disbursements by fund, function, or activity. The City Clerk prepares the Annual Financial Report by "classifying" receipts and disbursements during the report preparation. Therefore, there was no support of the classifications of the City's records and as a result, there was no support to document the Annual Financial Report accurately reflected the City's financial activity.
- Since disbursements were not classified by function in the City's accounting system, a comparison of the certified budget to actual disbursements was not performed.
- Although road use tax receipts were traceable to the City Clerk's monthly report, which lists the month's receipts, we were unable to determine if the road use tax funds were properly recorded in the Special Revenue, Road Use Tax Fund rather than the General Fund, and therefore, whether they were used for proper purposes.

Recommendation – To provide better financial information and control, and to facilitate the documentation all collections are used in accordance with their legal purpose, the recommended COA, or its equivalent, should be followed. The City should review the current financial accounting system and establish procedures to require and ensure records are maintained to facilitate fund accounting and the classification of receipts by source and disbursements by function/activity required for governmental accounting and financial reporting. The City Clerk should prepare a monthly City Clerk's report which includes receipts, disbursements, transfers and beginning and ending balances by fund. In addition, to provide better control over budgeted disbursements and the opportunity for timely amendments to the certified budget, the City should establish procedures to ensure monthly City Clerk's reports include a comparison of total disbursements for all funds to the certified budget by function.

- (D) Bank Reconciliations – Complete monthly bank to book reconciliations were not prepared. Although the City's investment balance is reported on the monthly treasurer's report, it is not reconciled to the bank. The auditor attempted to reconcile the March 30, 2024 bank account balance to the City's book balance as reported in the March 2024 monthly report. Based on that reconciliation, the City Clerk's monthly report balance was \$9,046 lower than the bank balance. In addition, for the period observed, listings of outstanding checks were not prepared and retained each month.

Recommendation – The City should establish procedures to ensure bank and investment account balances are reconciled to the City's general ledger and the City Clerk's financial reports monthly, and variances, if any, should be reviewed and resolved timely. 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 on the monthly reconciliations.

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

- (E) Annual Financial Report (AFR) – Chapter 384.22 of the Code of Iowa States in Part, “a city shall publish an annual financial report as provided under section 362.3 containing a summary for the preceding fiscal year of all collections and receipts, all accounts due to the city, and all expenditures...”.

The following were noted:

- Receipts and disbursements reported in the City’s AFR were not supported by City records.
- The ending balance of \$50,142 reported on the fiscal year 2023 AFR did not agree to the ending balance of \$47,487 reported on the June 2023 monthly report to the City Council.
- The City's fire truck loan with an outstanding balance of \$29,066 was not reported in Part V, Long-Term Debt, of the Annual Financial Report, as required.

Recommendation – The City should establish procedures to ensure the AFR is properly supported and reported. Also, the City’s fire truck loan should be reported in Part V of the AFR, as required. 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.

- (F) Separately Maintained Records – Chapter 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, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property.”

The City Fire Department maintained a bank account for activity separate from the City Clerk’s accounting records. While this Department is part of the City, the transactions and the resulting balances were not included in the City’s accounting records and were not included in the City’s annual budget, monthly financial reports or Annual Financial Report.

In addition, the transactions and resulting balances of this account were not reported to the City Council and disbursements from the account were not reviewed and approved by the City Council. Also, a summary of the account’s receipts, total disbursements and the listings of claims allowed each month were not published in accordance with Chapter 372.13(6) of the Code of Iowa.

Recommendation – In accordance with Chapter 384.20 of the Code of Iowa, and to strengthen internal control and increase operating efficiencies, the financial transactions of the Fire Department’s separate account should be integrated with the City’s accounting records in the City Clerk’s office. The financial activity should be included in the City Clerk’s accounting records, monthly financial reports and the Annual Financial Reports. The activity in this account should be subject to City Council review and approval and should be included in the City’s budget process. Also, a summary of each account’s receipts, total disbursements and listings of claims allowed each month should be published, as required.

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

- (G) Fire Department – The City Fire Department did not maintain a proper book balance for the separately maintained account and a monthly bank to book reconciliation was not prepared for the account. In addition, disbursements, including debit card purchases, for the Fire Department's account were not supported by an invoice or other supporting documentation.

Recommendation – The Fire Department should establish procedures to ensure a book balance is documented and this book balance is reconciled to the bank account monthly and variances, if any, are reviewed and resolved timely. An independent person should review the reconciliations and document the review by the signature or initials of the review and the date of the review on the monthly reconciliations. In addition, the Fire Department should establish procedures to ensure all disbursements are properly supported by invoices or other adequate supporting document, which is retained.

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

Recommendation – Prenumbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all receipts.

- (I) Local Option Sales Tax – The City's local option sales tax (LOST) ballot requires LOST receipt collections be allocated for City maintenance and improvements. The City has not properly tracked LOST receipts, disbursements and unspent balances to demonstrate compliance with the ballot requirements.

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

- (J) Disbursements – For thirty disbursements observed, the following items were noted:

- Two disbursements observed were not supported by a detailed invoice or contract.
- Ten disbursements observed were not approved by the City Council during the two months when no City Council meeting was held.

Recommendation – The City should establish procedures to ensure all disbursements are properly supported by invoices or other adequate supporting documentation, which is properly retained, and all disbursements should be approved by the City Council prior to payment.

- (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 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 for several bank accounts. Images of backs of checks were also not received and retained for the separately maintained Fire Department account.

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

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

- (L) Payroll – Timesheets were not required to be submitted for City employees. In addition, the City Clerk’s compensation approval was not included in the City Council meeting minutes.

Recommendation – Timesheets should be prepared by all employees to support hours worked. The timesheets should be reviewed and approved by supervisory personnel prior to processing payroll. Approved wages for employees should be adequately documented in the City Council minutes.

- (M) City Council Meeting Minutes – Minutes of the City Council meetings were not signed as required by Chapter 380.7(4) of the Code of Iowa. Also, the minutes record did not show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa. In addition, minutes of the City Council meetings were not posted in three public places permanently designated by City ordinance as required by Chapter 362.3 of the Code of Iowa.

Recommendation – The City should ensure City Council meeting minutes are signed, show sufficient information to indicate the vote of each member present and are posted in three public places permanently designated by City ordinance, as required.

- (N) 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.

- (O) Questionable Disbursements – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. A disbursement paid to Hy-Vee for \$142 for the purchase of food for a celebration of life was observed which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented.

According to the opinion, it is possible for certain disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City Council should determine and document the public purpose served by these types of disbursements prior to authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper public purpose documentation.

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

- (P) Ambulance Levy – The City receives proceeds of an ambulance levy from English Township. However, the City did not account for or track the use of these funds for the required purpose or include them in the City budget.

Recommendation – For better accountability, financial and budgetary control, and to demonstrate compliance with the legal use of these funds, the financial activity of the ambulance levy should be tracked separately and integrated with the City’s accounting records and the City budget.

- (Q) Debit Cards – The City has debit cards available for use by city officials and fire department volunteers; therefore, there was no process for prior approval of purchases made with the debit cards.

Recommendation – The City Council should prohibit the use of debit cards including purchases by the City Fire Department. The function of a debit card is to provide immediate access to the City’s funds. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. In addition, there is no process for prior approval of purchases made with a debit card.

- (R) Donation – In September 2023, the City Council approved a donation of \$500 to the Chariton Valley Regional Housing Trust Fund, Inc., a 504 nonprofit corporation.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to private, nonprofit corporations. Article III, Section 31 of the Iowa Constitution states “...no public money or property shall be appropriated for local, or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly.”

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that “a governmental body may not donate public funds to a private entity, even if the entity is established for charitable educational purposes and performs work which the government could perform directly. The Opinions further state, “Even if the function of a private nonprofit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes.”

“Political subdivisions and municipalities, including cities, counties, schools, and townships are municipal – governmental – entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support ‘public’ services which are the same or similar to the services provided by government, the private organizations are not subjected to the same degree of public accountability and oversight as governmental entity howes.”

Recommendation – We are not aware of any statutory authority for the City to donate public funds to any entity or organization. If the entity or organization provides a service to the City, the City may enter into a contract for services. The agreement should detail the services provided and the cost of those services, as well as provide transparency for the City which allows confirmation the funds were spent as agreed and a clawback provision in the event they were not spent as agreed. If the donation is not providing a service to the City, the City should immediately cease making such donations.

City of Williamson

Detailed Findings and Recommendations

For the period April 1, 2023 through March 30, 2024

- (S) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit outstanding obligations, including checks held for more than two years, to the Office of Treasurer of State annually. The City did not maintain documentation of a consideration of whether unclaimed property exists, including preparation of an unclaimed property report in accordance with Chapter 556.11 of the Code of Iowa.

Recommendation – The City should establish procedures to ensure outstanding checks are reviewed annually and amounts over two years old are remitted to the Office of Treasurer of State annually, as required.



City of Williamson

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Brandon L. Weddell, Staff Auditor  
Jennifer H. Wagner, Assistant Auditor