



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

May 16, 2019

Sanborn Pioneer
121 Main Street
Sanborn, IA 51248

In keeping with Iowa law, we are hereby informing you that our report on the agreed upon procedures related to certain cash receipts at the City of Sanborn has been completed and is on file in Sanborn City Hall. These procedures covered specific transactions dating over 2017 and 2018.

Sincerely,

Tim McCartan

Timothy McCartan, CPA
T. P. Anderson & Company, PC
Certified Public Accountants

Enclosure



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the City Council and management of
The City of Sanborn
P.O. Box 548
Sanborn, IA 51248

We have performed the procedures listed below, which were agreed to by the City of Sanborn, Iowa, solely to assist the City in evaluating the reported cash receipts from the Miller Park Campground, the Miller Park Cabin, certain swimming pool receipts and certain golf course receipts with the cash receipts and disbursements method of accounting. The time periods considered for these procedures include the calendar years 2016-2018 for the campground, 2017-2018 for the cabin, and 2017-18 fiscal years for the swimming pool and golf course. City management is responsible for the presentation of the financial reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the City of Sanborn. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We were unable to obtain the register documenting camper nights at Miller Park Campground for the calendar year 2016.

We recalculated the estimated revenue for Miller Park Campground for calendar years 2017 and 2018 and compared estimated cash receipts to the amounts reported in the City's general ledger. The findings are listed below.

	<u>Calendar Year 2018</u>
Estimated Gross income	\$ 43,376
Variance to general ledger	(8,929)
Collections per general ledger	<u>\$ 34,447</u>

	<u>Calendar Year 2017</u>
Estimated Gross income	\$ 24,360
Variance to general ledger	(2,508)
Collections per general ledger	<u>\$ 21,852</u>

Finding: A report showing the nights each camp site was occupied has been prepared. This document, at least for 2016 was not maintained by the City Clerk in accordance with the City's

record retention policy. Also, the Clerk did not prepare a reconciliation of the anticipated campground revenue and what was actually deposited.

Criteria: An effective system of internal controls would reconcile income to all supporting documentation and retain that paperwork in accordance with an established record retention policy.

Cause: The City Clerk at the time did not maintain the records nor cause a reconciliation to be prepared to allow for an investigation of any variance.

Effect: For the two years that were examined above, there is a \$11,437 unexplained shortfall in reported campground receipts. Also, law enforcement is conducting a further investigation into the matter.

Recommendation – Use the ledger provided by the campground supervisor to reconcile recorded campground receipts to expected receipts based on campground occupancy. This should be done monthly while the campground is in use any variances should be timely investigated.

Response – Our former clerk has resigned and we will implement the recommendations when the campground opens.

Conclusion – Response accepted.

2. We recalculated the estimated revenue for Miller Park Cabin for fiscal years ended June 30, 2017 and 2018 and compared estimated cash receipts to the amounts reported in the City’s general ledger. The findings are listed below.

	<u>Fiscal Year 2016-2017</u>		
Nights the cabin was rented		38	
Nightly Rent	\$	100	
Gross income		3,800	
Variance to general ledger		170	
	\$	<u>3,970</u>	Ok to A/C 54.178

	<u>Fiscal Year 2017-2018</u>		
Nights the cabin was rented		72	
Less: Invoiced but not paid nights		<u>-6</u>	
		66	
Nightly Rent	\$	100	
Gross income		6,600	
Variance to general ledger		35	
	\$	<u>6,635</u>	Ok to A/C 54.178

Finding: No reconciliation of the calendar that documents the usage of the cabin to the general ledger was prepared.

Criteria: An effective system of internal controls would reconcile income to all supporting documentation and retain that paperwork in accordance with an established record retention policy.

Cause: The City Clerk at the time did not prepare any such reconciliation.

Effect: Internal controls over cabin receipts were lacking.

Recommendation – Use the calendar that documents the nights the facility was used to the revenue recorded in the general ledger monthly.

Response – Our former clerk has resigned and we will implement the recommendations.

Conclusion – Response accepted.

- Using the general ledger, we selected 4 deposits recorded for the swimming pool. We requested all supporting documentation for the deposits that were made. We traced the deposits listed below to the “Sanborn Aquatic Center Daily Cash Balance” sheets and related bank deposit ticket. No variances were noted.

Date selected:

July 17, 2017	\$ 2,248.25
August 7, 2017	182.50
June 4, 2018	2,970.65
June 19, 2018	1,604.85

- Using the general ledger, we selected 5 deposits recorded for golf course receipts. We requested all supporting documentation for the deposits that were made. We traced the green fees and related clubhouse sales deposits listed below to the “Sanborn Golf & Country Club – Pro Shop Receipt Ledger” sheets. No variances were noted. No supporting documentation was available for the deposits from the Tuesday Night League or the Course Improvement Tournament.

Date/Deposit selected:

August 25, 2017	Course Improvement Tournament	\$ 2,248.25
September 22, 2017	Tuesday Night League	575.00
August 22, 2017	Green Fees and related clubhouse sales	1,692.51
May 23, 2018	Green Fees and related clubhouse sales	237.85
June 6, 2018	Green Fees and related clubhouse sales	569.30

Finding: No supporting documentation was available for 2 deposits made from the Sanborn Golf & Country Club.

Criteria: An effective system of internal controls requires proper documentation to support various receipts and disbursements.

Cause: No such documentation was requested by the City Clerk and therefore none was received. This results in an opportunity to divert funds prior to those funds being deposited to the City's bank accounts.

Effect: Internal controls with respect to the two deposits from the golf club mentioned above are lacking.

Recommendation – Require all committees, agencies, and groups collecting funds on behalf of the City to submit a recap and total of the funds being dropped off at City hall for recording and depositing.

Response – We will make all groups that collect money on behalf of the City aware of this recommendation and implement the procedure immediately.

Conclusion – Response accepted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the reported campground receipts, the cabin receipts, golf course receipts and swimming pool receipts of the City of Sanborn. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Sanborn, and is not suitable for any other purpose.

TP Anderson & Company, PC

March 11, 2019
Humboldt, IA