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NEWS RELEASE

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FOR RELEASE June 28, 2017

Auditor of State Mary Mosiman today released a report on a special investigation of the Earlville Athletic Association (Association) for the period December 12, 2011 through July 10, 2016. The special investigation was requested by the Delaware County Sheriff and the Earlville City Clerk because the Association's bank account balance was lower than expected. Further review identified unauthorized payments issued from the Association's bank account by the former Secretary/Treasurer, Kimberly Snyder.

Mosiman reported the special investigation identified \$8,501.74 of improper disbursements, including \$2,682.79 of utility payments and \$1,595.24 of loan payments for Ms. Snyder's personal residence or personal vehicle, \$2,898.71 of purchases made from various vendors not related to the Association's operations, and a \$500.00 payment issued to Ms. Snyder's husband which had no supporting documentation. The improper disbursements identified also include \$825.00 of improper cash withdrawals from the Association's bank account.

Mosiman reported it was not possible to determine if additional amounts were improperly disbursed or if any collections were not properly deposited because adequate records were not available.

The report also includes recommendations to strengthen the Association's internal controls and overall operations, such as improving segregation of duties, maintaining supporting documentation for all disbursements, and maintaining adequate financial records, including ledgers, receipt books, and bank reconciliations.

Copies of the report have been filed with the City of Earlville, the Delaware County Sheriff's Office, the Division of Criminal Investigation, the Delaware County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1621-0260-BE00> and in the Office of Auditor of State.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
EARLVILLE ATHLETIC ASSOCIATION
FOR THE PERIOD
DECEMBER 12, 2011 THROUGH JULY 10, 2016**

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Auditor of State's Report

To the President and Members
of the Earlville Athletic Association:

As a result of alleged improprieties regarding certain financial transactions and at your request, we conducted a special investigation of the Earlville Athletic Association (Association). We have applied certain tests and procedures to selected financial transactions of the Association for the period December 12, 2011 through July 10, 2016. Based on a review of relevant information and discussions with Association officials, we performed the following procedures for the period specified.

- (1) Evaluated the organization of the Association to determine its relationship to the City of Earlville.
- (2) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Interviewed Association officials to determine the accounting records maintained, obtain an understanding of how financial transactions were processed, and determine if bank reconciliations were performed in a timely manner, reviewed, and approved.
- (4) Obtained and reviewed bank statements for the Association's checking account to identify any unusual activity.
- (5) Examined images of redeemed checks and withdrawal documents for payments from the Association's bank account to determine reasonableness. We also examined all disbursements to determine if they were appropriate, properly approved, and supported by adequate documentation.
- (6) Examined deposits to the Association's bank account to determine if the deposits were made timely and intact.
- (7) Obtained and reviewed the personal bank statements for the former Secretary/Treasurer, Kimberly Snyder, to determine whether checks issued to the Association were redeemed and deposited in the Association's bank account and to identify the source of certain deposits.
- (8) Interviewed Ms. Snyder to obtain additional information regarding certain transactions.

These procedures identified \$8,501.74 of improper disbursements. We were unable to determine if additional amounts may have been improperly disbursed or if all collections were properly deposited because adequate records were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibit A** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Earlville Athletic Association, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the City of Earlville, the Delaware County Sheriff's Office, the Division of Criminal Investigation, the Delaware County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Delaware County Sheriff, the City of Earlville, and the Earlville Athletic Association during the course of our investigation.

A handwritten signature in black ink that reads "Mary Mosiman". The signature is written in a cursive, flowing style.

MARY MOSIMAN, CPA
Auditor of State

June 1, 2017

Report on Special Investigation of the
Earlville Athletic Association

Investigative Summary

Background Information

The City of Earlville (City) is located in Delaware County and has a population of approximately 800. The Earlville Athletic Association (Association) is a volunteer organization established to provide select sports programs to children within the community, including baseball, softball, and fall soccer, as part of the Delaware County Little League Program.

The Association was formed approximately 20 years ago and is staffed by volunteers living in and around the City. The Association does not have a formal charter or by-laws; rather, operating procedures are passed on by each officer to his/her replacement by "handing off the binder." Officers are elected to a two-year term and usually resign from their position when their children no longer participate in the Little League Program. The Association generally meets 2 to 3 times per year to coordinate player registrations, organize the teams, and prepare the ball diamond for the season. Minutes of the discussions held and/or the decisions made during the meetings are not maintained. None of the volunteers are paid for their service.

Kimberly Snyder served as the Association's Secretary/Treasurer from January 2012 until she was relieved of her duties on May 11, 2016. As Secretary/Treasurer, Ms. Snyder was responsible for maintaining the Association's bank account and overseeing the Association's financial operations, including:

- 1) Receipts – collecting, posting to the check register, and preparing and making deposits to the Association's bank account,
- 2) Disbursements – making certain purchases, receiving certain goods and services, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the check register,
- 3) Bank accounts – reconciling monthly bank statements to the accounting records, and
- 4) Reporting – preparing the annual Treasurer's Report and other reports requested by the members of the Association.

The Little League season for baseball and softball runs from mid-May to late-June each year, and fall soccer runs from mid-August to late-September. In addition to player registration fees, the Association operates a concession stand at the baseball and softball games played at the City's ball diamond. However, they do not operate the concession stand during the fall soccer season. The Association also hosts a baseball and softball tournament every other year at the City's ball diamond.

All officers have the ability to issue checks from the Association's bank account. Based on a review of the Association's bank statements, several different individuals, including Ms. Snyder, either signed or co-signed checks in calendar year 2012. However, beginning January 1, 2013, we identified only 3 checks which had been either signed or co-signed by an officer other than Ms. Snyder. After Ms. Snyder was removed as Treasurer, all checks have been signed by 2 officers. Disbursements from the Association's bank account are to be supported by documentation which clearly shows what was purchased and how it benefits the operations of the Association. Team coaches were allowed to purchase equipment, supplies, and other miscellaneous items for the Association; however, receipts, invoices, or other supporting documentation were to be provided to Ms. Snyder to receive reimbursement.

The bank statements for the Association's bank account were mailed directly to Ms. Snyder at her home. All unused and voided checks, bank statements, supporting documentation, reports, and other documentation were also maintained at Ms. Snyder's home. The current president of the Association was able to recover supporting documentation from Ms. Snyder for the period

January 1, 2012 to May 11, 2016. However, it is unknown what, if any, documentation was withheld by Ms. Snyder. When asked about specific transactions at a later date, Ms. Snyder did provide additional documentation.

Although the Association is not part of the City, because the Association used the City's tax identification number to establish its bank account, the Association's bank account is included on the "customer profile" provided to the City by the bank. As a result, the Association's monthly account balance is included on the report provided to the City Council by the City Clerk. In April 2016, a City Council member familiar with the Association's operations expressed a concern that the Association's bank balance was lower than it should be. The City Clerk contacted the Delaware County Sheriff to review the matter further.

After reviewing the Association's bank statements and images of redeemed checks from January 2013 to April 2016, the Delaware County Sheriff identified certain checks issued for insurance, as well as electronic payments to Alliant Energy. Because the Community School District provides property insurance and the City provides utilities for the Association, these payments appeared improper to the Delaware County Sheriff. In addition, Association officials expressed concerns regarding payments issued to "ATS," which they determined to be American Trust & Savings Bank. They stated there would be no reason the Association would be issuing payments to American Trust & Savings Bank.

As a result of the concerns identified, the Delaware County Sheriff contacted the Office of Auditor of State and requested a review of the Association's financial transactions. We performed the procedures detailed in the Auditor of State's report for the period December 12, 2011 through July 10, 2016.

Detailed Findings

These procedures identified \$8,501.74 of improper disbursements for the period December 12, 2011 through July 10, 2016. **Table 1** summarizes the amounts identified.

Description	Improper
Payments to vendors	Exhibit A \$ 7,587.77
Cash withdrawals	Page 9 825.00
Cash purchases	Page 10 88.97
Total improper disbursements	8,501.74
Less: Repayment from Ms. Snyder	Page 8 (416.92)
Net amount	<u>\$ 8,084.82</u>

The \$8,501.74 of improper disbursements identified includes \$2,682.79 of utility payments and \$1,595.24 of loan payments for Ms. Snyder's personal residence or personal vehicle, \$2,898.71 of purchases made from various vendors not related to the Association's operations, and a \$500.00 payment issued to Ms. Snyder's husband which had no supporting documentation. The improper disbursements identified also include \$825.00 of improper cash withdrawals from the Association's bank account. We were unable to determine if additional amounts were improperly disbursed or if any collections were not properly deposited because adequate records were not available.

IMPROPER DISBURSEMENTS

We reviewed all disbursements from the Association's bank account for the period December 12, 2011 through July 10, 2016. We also attempted to review supporting documentation for the disbursements to determine if they were appropriate; however, supporting documentation was not maintained for some of the disbursements.

Because supporting documentation was not available for all disbursements, we reviewed the payees and other notations on images of redeemed checks. We also reviewed receipts, invoices, and other documentation which was maintained, such as game schedules and player registration information. In addition, we discussed the disbursements with Association officials to determine propriety.

Based on our review of the available supporting documentation, the vendor, the frequency, and amount of the payments, and discussions with Association officials, we classified payments as improper or reasonable. Payments were classified as improper if they appeared personal in nature or were not reasonable for Association operations. Disbursements were classified as reasonable if the supporting documentation showed items were purchased for Association operations or if the vendor, frequency, and amount of the payments to vendors appeared appropriate for the Association's operations. Reasonable transactions identified include, but were not limited to, purchases of food and supplies for the concession stand, purchases of equipment, and t-shirt purchases for program participants.

Payments to Vendors – We reviewed all disbursements to retail vendors from the Association's bank account for the period December 12, 2011 through July 10, 2016. For most of these disbursements, an image of the redeemed check issued to the vendor was included with the monthly bank statements. However, certain payments were issued to the vendors electronically. As a result, there was no image of these payments. Association officials were able to locate support for a number of the disbursements to vendors.

We reviewed the disbursements to the retail vendors from the Association's bank account to determine if the transactions appeared reasonable for Association operations. According to Association officials, they purchase meat from local lockers, as well as from Fareway, for the concession stand. Other food items, such as candy, chips, and soda, cleaning supplies, and utensils are purchased from Fareway, Walmart, or Sam's Club. Occasionally, if an emergency purchase is required, certain items are purchased at the local convenience store.

Table 2 summarizes the improper disbursements identified by vendor. The improper disbursements identified are listed in **Exhibit A** and the total of \$7,397.84 is included in **Table 1**. The improper disbursements identified are discussed in detail in the following paragraphs.

Vendor	Improper
Alliant Energy	\$ 2,576.03
Dish Network	106.76
Utilities subtotal	2,682.79
American Trust & Savings Bank	1,595.24
Brian Snyder	500.00
Retail vendors:	
Walmart	1,233.83
Fareway	913.12
Sam's Club-Walmart GE Card	200.00
Allied Insurance	139.29
Synchrony Bank	130.16
Chad's Pizza	115.00
Posy Place	78.34
Retail vendors subtotal	2,809.74
Total	\$ 7,587.77

Alliant Energy – During our review of disbursements from the Association’s bank account, we identified 3 electronic payments totaling \$2,576.03 issued to Alliant Energy for which supporting documentation could not be located. As previously stated, the City provides utility services for the ball diamond used by the Association. According to the Delaware County Sheriff, Alliant Energy is the utility provider for the area in which Ms. Snyder’s personal residence is located. Association officials knew of no reason for payments to be issued to Alliant Energy. During our interview with Ms. Snyder, she stated the City was responsible for the water and electricity at the fields. Ms. Snyder also could not provide any explanation for the specific disbursements. She speculated during our interview she may have inadvertently used the wrong bank account to pay her personal bills. Because these payments are not for Association operations, the 3 payments are included in **Exhibit A**.

American Trust & Savings Bank (ATS) – We identified 3 checks totaling \$1,595.24 issued to ATS from the Association’s bank account for which supporting documentation could not be located. According to Association officials, there is no reason for the Association to be issuing payments to ATS. Of the 3 checks identified, a check was issued to ATS for \$416.92 on January 8, 2016, and the remaining 2 checks were each for \$589.16 and were issued on July 25, 2015 and August 15, 2015. According to the Association President, shortly after this check was issued, Ms. Snyder contacted him to inform him she had mistakenly written a check from the Association’s account instead of her personal checking account. Ms. Snyder subsequently issued a check to the Association on January 14, 2016 for \$416.92, which was deposited to the Association’s account on February 10, 2016. The \$416.92 deposit is included in **Table 1** as a repayment. During our interview with Ms. Snyder, she explained she holds both a mortgage and a vehicle loan at ATS and stated, “I hope I wasn’t grabbing the wrong checkbook.” Because these payments are not for Association operations, the 3 payments are included in **Exhibit A**.

Walmart – According to Association officials, the Association purchases food, condiments, flatware, and cleaning supplies from Walmart to be used for concession stand operations during the baseball and softball seasons. We reviewed all purchases from Wal-Mart for propriety and identified 11 payments totaling \$1,481.21 which were improper or included improper items. The 11 payments identified are included in **Exhibit A**. Of these 11 payments, \$1,233.83 was considered to be improper and \$247.38 was considered reasonable for Association operations.

Of the 11 payments identified, 5 included the purchase of alcoholic beverages which are not served at the concession stand. However, the Association President stated he allowed the purchase of alcohol during the Association’s spring clean-up event. Of the 5 purchases identified which included alcohol, a purchase dated April 19, 2015 was approximately a week before the spring clean-up for that season; however, the other 4 purchases did not occur at that time of year. Because the April 19th purchase was before the spring clean-up event and the supporting documentation did not specify the purchase was for that event, we determined that purchase to be improper.

According to Ms. Snyder, there were several members and volunteers of the Association who kept a stock of beer in the back room of the supply room in order to stay and drink after the day’s games were done. Ms. Snyder also stated she was against the practice and that she had voiced her concerns to the other members of the Association. Ms. Snyder stated she did not participate and did not feel parents’ registration fees should be used to purchase alcoholic beverages for the volunteers. However, as the Treasurer, it was Ms. Snyder’s responsibility to ensure Association funds were spent appropriately.

Of the 5 remaining payments identified, 4 occurred during August and September. However, as previously stated, the Association did not operate the concession stand during the soccer season. The other purchase was on June 24, 2013; however, the baseball and softball seasons were over prior to that date. During our interview with Ms. Snyder, she stated the Association held an “end of season grill out” in August for which she bought groceries. However, according to several Association officials, they do not recall ever holding a cookout in August. They further stated no groceries or supplies should have been purchased with Association funds in August.

Fareway – According to Association officials, the Association maintains a charge account with the Fareway located in Manchester, Iowa to purchase food, condiments, flatware, and cleaning supplies to be used for concession stand operations during the baseball and softball seasons. Fareway maintains the original receipts for all purchases on the charge account, which are provided to Association personnel when they pay the account balance. We reviewed all purchases from Fareway for propriety and identified 7 payments totaling \$1,064.99 which were improper or included improper items. The 7 payments identified are included in **Exhibit A**. Of these 7 payments, \$913.12 was considered to be improper and \$151.87 was considered reasonable for Association operations.

Of the 7 payment identified, 3 included the purchase of alcoholic beverages. As previously stated, the Association does not serve alcohol at the concession stand. However, the Association President stated he allowed the purchase of alcohol during the Association's spring clean-up event. Of the 3 purchases identified which included alcohol, a purchase dated April 24, 2014 was approximately 2 days before the spring clean-up for that season; however, the other 2 purchases did not occur at that time of year. We identified a purchase in April 2013 which specified it was for clean-up days. This payment was not included on **Exhibit A**; however, the Association should consult with City officials to determine whether it is appropriate to provide alcohol for clean-up on City property.

Of the remaining 4 payments identified, 3 occurred during August and September. However, as previously stated, the Association did not operate the concession stand during the soccer season, and there were no other Association activities which required groceries held in August. The other purchase was on May 6, 2016, which was prior to the start of the 2016 baseball and softball seasons. In addition, the quantity of the items purchased did not support the purchase being for the concession stand.

Other – We identified 7 payments totaling \$1,191.21 which did not have supporting documentation and were not related to Association operations, including:

- 2 checks issued to Chad's Pizza totaling \$115.00. Although the Association uses that vendor to purchase pizza for the clean-up day volunteers, neither of these purchases occurred on clean-up day.
- 2 checks issued to Posy Place totaling \$78.34. Of the 2 checks identified, a payment totaling \$38.10 was dated November 22, 2013, which is significantly later than soccer season.
- a check issued to Ms. Snyder's husband for \$500. During our interview with Ms. Snyder, she speculated she used the wrong checkbook to write this check.
- an electronic payment to Sam's Club-Walmart GE Card totaling \$200.00 in March 2014 prior to baseball and softball seasons. It is unusual to have an even dollar payment when purchasing supplies. During our interview with Ms. Snyder, she was unable to provide an explanation for this disbursement.
- an electronic payment to Allied Insurance for \$139.29. During our interview with Ms. Snyder, she indicated she did not know which provider the Association's insurance agent used. Based on a review of the insurance agent's website, Allied Insurance is not offered by the agency used by the Association.
- a check issued to Synchrony Bank for \$130.16. During our interview with Ms. Snyder, she stated the Association has no accounts through Synchrony Bank.
- an electronic payment to Dish Network totaling \$106.76; however, the Association does not have a Dish Network account. As previously stated, Ms. Snyder speculated during our interview she may have inadvertently used the wrong bank account to pay personal bills.

Cash Withdrawals – According to Association officials, cash withdrawals are made in conjunction with baseball and softball registration, to provide a change fund at the beginning of each season for the concession stand, and at various other times, as necessary, for concession stand operations. Based on the Association’s bank statements, there were cash withdrawals before most of the home games in 2012. However, the number of cash withdrawals subsequently decreased to 2 or 3 each season. According to Association officials, they expected a cash withdrawal at the beginning of each season; however, they also stated they believe cash was withheld from each deposit to provide the change fund necessary for the next home game. According to Ms. Snyder, she withdrew \$100.00 for baseball and softball registration and \$177.00 to start the concession stand.

We identified 3 cash withdrawals totaling \$825.00 which did not correspond to Association event dates for concession stand operations or registration activities, including:

- \$75.00 on June 1, 2012,
- \$600.00 on May 31, 2013, and
- \$150.00 on August 28, 2015.

As a result, the 3 cash withdrawals identified totaling \$825.00 are included in **Table 1** as improper cash withdrawals.

During our review of receipts and other supporting documentation, we also identified \$294.41 of purchases which could not be traced to the Association’s bank account. We determined these purchases were made with cash. We are unable to determine if the cash was withheld from concession stand or registration collections. Of the \$294.41 identified, \$88.97 was for the purchase of alcoholic beverages and is included in **Table 1** as improper cash purchases. The remaining \$205.44 included \$187.21 for equipment purchased at MC Sports and \$18.23 for pop and lemonade for the concession stand purchased at Walmart.

COLLECTIONS

As previously stated, the Association’s primary revenue sources include registration fees and concession stand proceeds. We reviewed documentation related to these revenues sources to determine if collections were properly deposited.

Registration Fees – The Association holds a sign-up event each spring for baseball and softball season. The event is usually held in late February or early March at either the City’s Community Center or Fire Department. At this event, parents register their children by paying a registration fee and a uniform fee. All cash and checks collected by the volunteers working at the event are given to the Treasurer to be deposited into the Association’s bank account. If a parent is unable to attend the sign-up event, he/she remits the registration form and related payment directly to the Treasurer. The Association does not hold a sign-up event for fall soccer. All parents mail the registration forms and related payments directly to the Treasurer for deposit.

According to Association officials, in recent years, several parents complained their checks were not deposited in a timely manner. Based on a review of the Association’s bank statements, we determined registration and uniform fees were often not deposited in a timely manner following the spring sign-up event, ranging from 46 days to 62 days between payment dates and the deposit. Although the supporting documentation provided for fall soccer registration did not list payment dates, based on the available game schedules, no deposits were made for soccer until well after the end of the season. According to certain Association officials, they felt the delay was intentional to encourage more parents to pay their registration fees with cash.

We attempted to calculate the expected registration and uniform fees for the 2014 through 2016 seasons for baseball and softball and the 2012 through 2015 seasons for soccer. Rosters prior to 2014 were not available for baseball and softball. Although we identified significant variances

between projected receipts and actual deposits for baseball and softball, we were unable to determine the reason for the variances primarily because sufficient supporting documentation was not maintained for uniform purchases. According to Association officials, because the uniforms have not changed, participants often wear them for multiple seasons or they are passed on to younger siblings who also participate. As a result, we were unable to calculate the registration and uniform fees that should have been collected for baseball and softball and determine if any collections for registration fees were not properly deposited.

The registration information provided for the 2012 through 2014 soccer seasons included both the registration fee and the uniform fee collected. We compared the receipts to be collected according to the soccer roster sheets to the actual deposits for those seasons and identified the following:

- Actual deposits were greater than the collections recorded on the soccer roster sheets by \$230 in 2012,
- Actual deposits were less than the collections recorded on the soccer roster sheets by \$112 for 2013, and
- There were 4 deposits totaling \$5,649.69 dated August 11, 2014. However, because sufficient supporting documentation was not maintained, we are unable to determine what portion of these deposits may be concession stand collections from the 2014 baseball and softball seasons and what portion of these deposits were soccer registration fees.

The 2015 soccer rosters did not include information regarding which parents purchased uniforms. As a result, we were unable to determine if any collections for that season were not properly deposited.

Because sufficient records were not available to definitively determine the registration fees to be collected and which deposits included registration fees, no amounts are included in **Table 1**.

Concession Stand Proceeds – As previously stated, the Association operates a concession stand during all home baseball and softball games. An Association officer is selected each season to manage concession stand operations for the season. This individual is responsible for ordering the food and supplies, coordinating volunteers to work during games, and working with the Treasurer for all payments. The concession stand is normally manned by 3 to 5 parent volunteers who all have access to the single cash drawer used to make change for customers.

According to Association officials, Ms. Snyder brought the cash to open the cash drawer prior to the concession stand opening the first day of the season. They further stated Ms. Snyder was very protective of the cash collected and refused to let the volunteers working in the concession stand count the cash collected. The concession stand only accepts payment by cash, unless the individual is known by the volunteers. In those cases, they will accept a check as payment. In addition, coaches and volunteers are often allowed to establish a tab for their children's purchases, which is to be paid in full by the end of the season. According to Association officials, Ms. Snyder established a tab for her family; however, there is no supporting documentation to verify the balance, if any, accrued during the season or if any accrued balance was paid. According to Ms. Snyder, a notebook was kept in order to document the families with a tab, the items purchased, and the amount paid. Ms. Snyder also stated she asked another volunteer to total her family tab when she wanted to pay her balance. Association officials confirmed a notebook was kept; however, they further stated the pages were torn from the notebook and discarded after the balance was paid.

According to Association officials, Ms. Snyder resisted their efforts to count cash when the concession stand was closed at the end of a game stating "that was her job." We spoke with the former Association President who stated he ensured cash was counted at the end of every concession stand event; however, he never followed up to ensure the proper amount of cash was deposited following the event. Based on a review of the Association's bank statements, we

determined, in 2012, there were deposits of both cash and checks made following the games held. However, in the years following, approximately half of the deposits made after home games were cash only, until 2016 when almost all deposits were cash only. However, the final deposit of the 2016 season contained several checks. Because there was no established pattern of deposit dates and the composition of deposits was not consistent, we are unable to determine if the cash and checks being deposited were reasonable for concession stand operations.

No inventory records are maintained of the items purchased for resale, and no supporting documentation was maintained of the collections. As a result, we are unable to recalculate the concession stand proceeds and determine if any collections were not properly deposited. In addition, no supporting documentation was maintained for the tabs established at the concession stand to determine if the balances were paid in full at the end of the season. **Table 3** summarizes total collections deposited during the 2012 through 2016 baseball and softball seasons.

Table 3

Season	Date of First Game	Date of Final Game	Total Number of Home Games	Total Amount Deposited
2012	05/14/12	06/25/12	14	\$ 12,237.64
2013	05/13/13	06/26/13	12*	20,560.10
2014	05/09/14	06/26/14	20	5,605.78
2015	05/07/15	06/28/15	14^	22,814.75
2016	05/09/16	06/22/16	14	13,213.40
Total				\$ 74,431.67

* - The Association also hosted a tournament from May 31, 2013 to June 2, 2013.

^ - The Association also hosted 2 tournaments from June 19, 2015 to June 21, 2015 and June 25, 2015 to June 28, 2015, respectively.

As illustrated by the **Table**, only \$5,605.78 was deposited during the baseball and softball seasons in 2014, with the last deposit made on June 4, 2014. However, as previously stated, there were 4 deposits totaling \$5,649.69 dated August 11, 2014. Because sufficient supporting documentation was not maintained, we are unable to determine what portion of these deposits may be concession stand collections and what portion of these deposits were soccer registration fees.

In addition, the Association hosted tournaments in 2013 and 2015, which increased the sales at the concession stand for those seasons. The 2013 tournament was held from May 31, 2013 through June 2, 2013. Because there were additional regular season games after the tournament, we are unable to separately identify the concession stand collections from the tournament. The 2015 tournament was held from June 25, 2015 through June 28, 2015, and a deposit totaling \$10,138.70 was made on June 30, 2015. As illustrated by the **Table**, total deposits for the 2015 season were \$22,814.75; therefore, \$12,676.05 was deposited as a result of concessions sold at regular season games.

As previously stated, Ms. Snyder was relieved of her duties May 11, 2016. As a result, she was not responsible for the amount deposited for the 2016 season.

Because sufficient records were not available to definitively determine the concession stand collections and which deposits included concession stand collections, no amounts are included in **Table 1**.

Ms. SNYDER'S PERSONAL BANK ACCOUNT

We obtained bank statements for the personal bank accounts held by Ms. Snyder for the period January 1, 2012 through June 30, 2016 to identify the source of certain deposits and determine if checks written to the Earlville Athletic Association were redeemed.

We identified 9 cash deposits totaling \$3,265.97. Of those, 5 were made on the same day as an Association event and 3 were made within a day of an Association event. **Table 4** summarizes the date of the Association event, or game, the date of the cash deposit, and the amount.

Table 4

Game Date	Deposit Date	Amount
05/21/12	05/21/12	\$ 1,080.97
06/06/13	06/06/13	200.00
05/19/14	05/20/14	200.00
05/21/14	05/22/14	185.00
06/02/14	06/02/14	400.00
06/11/14	06/11/14	200.00
06/18/14	06/18/14	200.00
06/25-06/26/14	06/27/14	300.00
Total		<u>\$ 2,765.97</u>

As illustrated by the **Table**, of the 8 deposits which correlate with an Association event, 6 were in 2014, which is the season the lowest amount was deposited for the concession stand. No deposits were made to the Association's bank account between June 4, 2014 and August 11, 2014.

In addition to deposits made on, or within a day of, game days, we identified a deposit totaling \$500.00 in March 2014 which was after the Association's spring registration event but prior to the first deposit into the Association's bank account in April.

According to Association officials, they expected at least 9 checks from Ms. Snyder to be deposited in the Association's account. Of those, 5 would have been written for registration fees for the 5 years Ms. Snyder's son participated in Earlville Little League, and 4 would have been written at, or near, the end of the baseball and softball seasons to settle the tab at the concession stand. In addition, the Association auctions the unused concession stand meat and other perishable items at the end of each season. The Association President stated Ms. Snyder made a large meat purchase at the auction at the end of a baseball and softball season; however, he could not remember which season the purchase was made.

We identified 3 checks issued to the Association by Ms. Snyder during the period of our investigation, including:

- \$25.00 issued on July 18, 2012 with no notations in the memo line of the check,
- \$50.00 on March 13, 2013, which stated "Signup Fee" in the memo line of the check, and
- \$200.00 on June 28, 2014 with no notations in the memo line of the check.

However, sufficient supporting documentation was not available to determine the amounts owed to the Association by Ms. Snyder. Although Ms. Snyder could have paid amounts owed with cash, during our interview, she did not indicate she made any cash payments to the Association. As a

result, we are unable to determine if any amounts were not properly paid or properly deposited and did not include any amount in **Table 1**.

OTHER ADMINISTRATIVE ISSUES

Annual Reports – As previously stated, Ms. Snyder was responsible for preparing an annual Treasurer’s report at the end of the season. Although the report was prepared for 2012, reports for 2013 and 2014 could not be located. In addition, in 2015, a joint income and expense report was prepared but net income was not identified as part of the report.

Association Oversight – Ms. Snyder had control over the financial transactions of the Association with limited oversight provided by Association officials. Specifically, there was no independent review of the Association’s bank statements or bank reconciliations performed.

As previously stated, the initial concern was brought to the City’s attention by a City Council member who thought the Association’s bank balance was lower than it should be. Based on a review of the Association’s bank statements, the balance in the account ranged from \$1,517.99 to \$19,727.85 during the period reviewed. The balance of \$1,517.99 occurred during the 2014 baseball and softball seasons and corresponds to the lowest amount deposited for the concession stand for the seasons reviewed. On April 10, 2014, the bank balance was \$15,408.17; however, we identified several large purchases, including \$3,095.85 for uniforms, \$2,807.00 for insurance, \$1,658.55 for lumber, and approximately \$6,800.00 for food and supplies for the concession stand. Because sufficient supporting documentation was not maintained for all receipts and disbursements, we are unable to determine if there were collections which were not properly deposited or if there were additional cash purchases which are not accounted for.

Recommended Control Procedures

We reviewed the procedures used by the Earlville Athletic Association (Association) to process receipts and disbursements. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be identified within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Association’s controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among officers to prevent an individual from handling duties which are incompatible. The former Secretary/Treasurer had control over each of the following areas:
 - (1) Receipts – collecting, posting to the ledger, and preparing and making deposits to the Association’s bank account,
 - (2) Disbursements – making certain purchases, receiving certain goods and services, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the ledger,
 - (3) Bank accounts – reconciling monthly bank statements to the accounting records, and
 - (4) Reporting – preparing the annual Treasurer’s report and other reports requested by the members of the Association.

Recommendation – We realize segregation of duties is difficult with a limited number of volunteers. However, Association officials should review control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available volunteers. The Association’s financial records are now maintained by more than one

individual and checks are now signed by 2 officers to ensure at least 2 individuals have reviewed the supporting documentation and agree the disbursement is proper.

- B. Concession Stand Operations – No inventory or sales records were maintained for the concession stand operations for the 2012 through 2015 baseball and softball seasons.

Recommendation – The Association should establish policies and procedures to ensure concession stand receipts are properly collected, recorded, and deposited in a timely manner. Cash counts should be performed by 2 individuals prior to opening the concession stand and again immediately upon closing. A deposit slip should be prepared and the individuals responsible for counting and preparing the deposit should initial the supporting documentation. An independent individual should reconcile concession collections to deposits each month and the reconciliation should be signed and dated by the preparer.

- C. Registration Fees – Baseball and softball uniform and registration information was not available prior to 2014. In addition, the rosters maintained for the 2014 through 2016 baseball and softball seasons and the 2015 soccer season included only the registration fees collected and not the uniform fees collected.

Recommendation – The Association should establish policies and procedures to ensure all registration and uniform fees collected are properly recorded and deposited in a timely manner. The Association should continue to maintain rosters of all participants by team/coach and ensure the registration and uniform fees collected for each participant is documented. An independent person should reconcile the amount collected for each team to deposits each month and the reconciliation should be signed and dated by the preparer.

- D. Policies and Procedures – The Association does not maintain written policies or procedures addressing Association operations. In addition, the Association does not keep meeting minutes to document the topics discussed and/or the decisions made during meetings.

Recommendation – The Association should develop and implement written policies and procedures, or by-laws, for the organization. Specifically, the by-laws should include a mission statement, identify leadership positions, and define the duties of those positions. In addition, they should include a description of concession stand operations, the procedures for making purchases, supporting documentation requirements, and financial reporting requirements. The Association should also maintain a record of the discussions and/or decisions made during meetings.

- D. Supporting Documentation – Sufficient supporting documentation was not maintained for a significant number of the purchases from the Association's bank account.

Recommendation – The Association should implement procedures requiring adequate supporting documentation be provided to ensure all transactions are appropriate for the Association's operations. Disbursements should not be approved unless adequate supporting documentation is available. In addition, disbursements should be approved by Association officials prior to payment.

- E. Cash Withdrawals – We identified a number of cash withdrawals from the Association's bank account. Sufficient supporting documentation was not maintained for the withdrawals identified.

Recommendation – Disbursements should be made by check. In those instances when cash must be obtained, Association officials should ensure adequate supporting documentation is provided to clearly document how the cash was used for the Association's operations. In addition, Association officials should authorize the cash withdrawal prior to the transaction.

F. Financial Accounting Records – Very limited financial records were maintained for the period of our investigation. The following were identified:

- Receipts and disbursements were not posted to a ledger or other accounting system.
- Pre-numbered receipts were not issued for collections from parents or donors.
- On occasion, checks were not issued in chronological order and some check numbers appear to have never been used.
- Monthly bank account reconciliations were not completed and bank statements were delivered to and reviewed by the individual responsible for disbursing the Association's funds.

Recommendation – The Association should ensure financial transactions are recorded in formal accounting records to account for all receipts and disbursements. Records should include:

- Pre-numbered receipts for collections.
- Adequate supporting documentation for disbursements, including invoices and receipts.
- Checks should be prepared by the Treasurer in sequential order. Checks should be reviewed by an independent party and the review should include comparing invoices and supporting documentation to the check.
- Monthly bank to book reconciliations should be prepared and reviewed by an independent person.

Exhibits

Report on Special Investigation of the
Earlville Athletic Association

Improper Disbursements
For the period of December 12, 2011 through July 10, 2016

Per Bank Statement and/or Redeemed Check Image

Check Date	Cleared Date	Check Number	Description	Memo	Amount
05/25/12	05/29/12	2004	Posy Place	-	\$ 40.24
04/02/13	04/04/13	2039	Chad's Pizza	-	65.00
##	06/24/13	##	Wal-Mart Stores Purchase	-	84.31
11/22/13	11/27/13	2098	Posy Place	-	38.10
02/19/14	02/21/14	2099	Chad's Pizza	-	50.00
##	03/24/14	##	Samsclub-Walmart GE Card	-	200.00
##	04/11/14	##	Alliant_Energy e-bill e-bill	-	871.71
04/24/14	04/28/14	2109	Fareway	-	151.66
##	04/29/14	##	Dish Network Dish Ntwrk	-	106.76
05/21/14	05/23/14	2124	Fareway	-	71.55
##	06/06/14	##	Wal-Mart Stores Purchase	-	105.06
06/13/14	06/17/14	2131	Fareway	-	82.13
06/14/14	06/19/14	3941	Synchrony Bank	-	130.16
##	08/05/14	##	Wal-Mart Stores Purchase	-	101.32
##	08/11/14	##	Wal-Mart Stores Purchase	-	141.11
08/13/14	08/15/14	2149	Brian Snyder	-	500.00
##	10/27/14	##	Allied Allied 02 ONETIME IVR	-	139.29
##	04/14/15	##	Alliant_Energy e-bill e-bill	-	751.15
##	04/21/15	##	Wal-Mart Stores Purchase	-	218.63
##	05/15/15	##	Wal-Mart Stores Purchase	-	104.80
##	06/19/15	##	Wal-Mart Stores Purchase	-	177.52
##	06/22/15	##	Wal-Mart Stores Purchase	-	99.65
07/25/15	07/28/15	2202	ATS	on acct	589.16
08/03/15	08/05/15	2204	Fareway	-	122.28
##	08/10/15	##	Alliant_Energy e-Bill e-Bill	-	953.17
##	08/13/15	##	Wal-Mart Stores Purchase	-	154.38
08/15/15	08/18/15	2208	ATS	-	589.16
08/27/15	08/31/15	2209	Fareway	-	313.57
##	09/08/15	##	Wal-Mart Stores Purchase	-	182.84
09/05/15	09/09/15	2210	Fareway	-	275.89
##	09/14/15	##	Wal-Mart Stores Purchase	-	111.59
01/08/16	01/12/16	2216	ATS	-	416.92
05/06/16	05/10/16	2228	Fareway	-	47.91
					\$ 7,987.02

- Payments were made electronically to the vendor.

Note: Items in italics added by auditor.


Reasonable	Improper	Description of Improper Purchase
-	40.24	<i>No explanation was provided.</i>
-	65.00	Pizza
-	84.31	Alcoholic beverages
-	38.10	<i>No explanation was provided.</i>
-	50.00	Pizza
-	200.00	<i>No explanation was provided.</i>
-	871.71	Personal utilities
63.49	88.17	Alcoholic beverages
-	106.76	Personal utilities
51.99	19.56	Alcoholic beverages
19.00	86.06	Alcoholic beverages
36.39	45.74	Alcoholic beverages
-	130.16	<i>Credit card provider</i>
-	101.32	Personal groceries
-	141.11	Personal groceries
-	500.00	<i>No explanation was provided.</i>
-	139.29	Personal insurance
-	751.15	Personal utilities
138.58	80.05	Alcoholic beverages
23.91	80.89	Alcoholic beverages
17.69	159.83	Alcoholic beverages
48.20	51.45	Alcoholic beverages
-	589.16	<i>American Trust & Savings Bank</i>
-	122.28	Personal groceries
-	953.17	Personal utilities
-	154.38	Personal groceries and home office supplies
-	589.16	<i>American Trust & Savings Bank</i>
-	313.57	Personal groceries
-	182.84	Dehumidifier and body pillow
-	275.89	Personal groceries
-	111.59	Personal groceries
-	416.92	<i>American Trust & Savings Bank</i>
-	47.91	Personal groceries
<u>399.25</u>	<u>7,587.77</u>	

Report on Special Investigation of the
Earlville Athletic Association

Staff

This special investigation was performed by:

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