

**OFFICE OF AUDITOR OF STATE
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NEWS RELEASE

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FOR RELEASE _____ May 18, 2016 _____

Auditor of State Mary Mosiman today released a report on a special investigation of the City of Boyden for the period July 1, 2013 through April 30, 2015. The special investigation was requested by City officials as a result of concerns regarding payments from a City bank account by the former City Clerk, Beth Sipma.

Mosiman reported the special investigation identified \$36,227.60 of improper and unsupported disbursements. The \$34,659.27 of improper disbursements identified include \$30,735.42 of payments made to or for Ms. Sipma, including payroll and reimbursements. Mosiman also reported the improper disbursements identified include \$3,059.82 of purchases made with the City's credit cards, including \$1,321.10 for airline tickets from Minneapolis, MN to Abendeen, Scotland; a \$506.46 personal cell phone bill; and \$428.82 of personal purchases from IKEA.

The improper disbursements identified also include late fees and interest incurred by the City for late credit card payments and contributions not remitted in a timely manner to the Iowa Public Employees' Retirement System (IPERS).

Mosiman reported the \$1,568.33 of unsupported disbursements identified include purchases from various vendors for which sufficient supporting documentation was not available.

The report includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, ensuring all disbursements are properly supported, and adequate records be maintained for monthly utility collections.

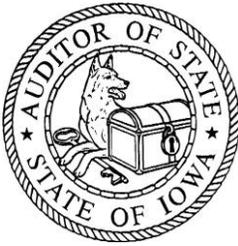
Copies of the report have been filed with the Iowa Division of Criminal Investigation, the Sioux County Attorney's Office, and the Iowa Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1421-0799-BE00>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF BOYDEN
FOR THE PERIOD
JULY 1, 2013 THROUGH APRIL 30, 2015**

Table of Contents

	<u>Page</u>
Auditor of State's Report	3-4
Investigative Summary:	
Background Information	5-6
Detailed Findings	6-16
Recommended Control Procedures	16-18
Exhibits:	
	<u>Exhibit</u>
Summary of Findings	A 21
Payroll Information for Beth Sipma	B 22-25
Other Reimbursements to Beth Sipma	C 27
Improper and Unsupported City Credit Card Purchases	D 28-29
Staff	30



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Auditor of State's Report

To the Honorable Mayor and Members
of the City Council:

As a result of concerns regarding certain disbursements and at your request, we conducted a special investigation of the City of Boyden. We have applied certain tests and procedures to selected financial transactions of the City for the period July 1, 2013 through April 30, 2015 unless otherwise specified. Based on a review of relevant information and discussions with City officials and personnel, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in the City's bank accounts to identify any unusual activity.
- (3) Obtained and reviewed images of redeemed checks issued from the City's bank accounts for reasonableness. We also examined certain disbursements to determine if they were for appropriate purposes, properly approved, and supported by adequate documentation.
- (4) Examined certain deposits to the City's bank accounts to determine the source, purpose, and propriety of each deposit.
- (5) Reviewed payments from the City's bank accounts to the former City Clerk, Beth Sipma, to determine if the payments were appropriate, properly approved, and supported by adequate documentation. We also determined whether the payments were for payroll or reimbursements. For payroll payments, we determined if the number and amounts of the payments were appropriate.
- (6) Obtained and examined reports submitted to Iowa Public Employees' Retirement System (IPERS) to determine if the proper amount of covered wages and contributions were reported and remitted to IPERS for Ms. Sipma for the period July 1, 2013 through June 30, 2015. We also determined if the proper amounts were reported and remitted for other City employees for the period July 1, 2006 through September 30, 2015.
- (7) Examined credit card statements for the City's credit cards to determine if the purchases made with the credit cards were appropriate, reasonable, and properly approved. We also determined if the purchases were supported by adequate documentation.
- (8) Examined utility billing and collection records to determine if collections were properly accounted for and deposited. We also performed analytical procedures to determine the reasonableness of the amounts deposited and confirmed billing and payment amounts with certain customers.

- (9) Confirmed payments to the City by the State of Iowa and Sioux County to determine if they were properly deposited to the City's bank accounts.
- (10) Reviewed available City Council meeting minutes to identify significant actions and to determine if certain payments were properly approved.
- (11) Obtained and reviewed Ms. Sipma's personal bank statements to identify the source of certain deposits.

These procedures identified \$36,227.60 of improper and unsupported disbursements. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **D** 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 City of Boyden, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Iowa Division of Criminal Investigation, the Sioux County Attorney's Office, and the Iowa Attorney General's Office.

We would like to acknowledge the assistance extended to us by officials and personnel of the City of Boyden during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 16, 2016

City of Boyden
Investigative Summary

Background Information

The City of Boyden is located in Sioux County and has a population of approximately 700. The City employs a City Clerk who is responsible for the business operations of the City. Beth Sipma began employment with the City as the City Clerk/Administrator (City Clerk) on July 1, 2013. As the City Clerk, Ms. Sipma was responsible for the following functions:

- Receipts – collecting, posting to the accounting records, and preparing and making bank deposits,
- Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing and distributing checks, and posting to the accounting records,
- Payroll – calculating payroll amounts; preparing, signing, and distributing checks or making arrangements for deposits to be made electronically to employees' personal bank accounts; and posting payments to the accounting records,
- Bank accounts – receiving and reconciling monthly bank statements to accounting records, and
- Reporting – preparing City Council meeting minutes and financial reports, including monthly reports and the Annual Financial Reports.

Hours at City Hall were from 8:30 a.m. to 3:30 p.m. Monday through Friday. In addition to being at City Hall during the hours it was open, the City Clerk was to attend all City Council meetings and work additional time, as required, to complete periodic reports on behalf of the City. However, according to former and current City Council members we spoke with, the City Clerk was not expected to work more than 32.5 hours per week. The City Clerk was paid a monthly salary.

The City maintains several bank accounts. According to former City Council members we spoke with, the monthly bank statements were not periodically reviewed by members of the City Council.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Sioux County and remitted to the City. Revenue is also received from customers for water, sewer, and garbage services. The City receives payments from the State and County electronically. All other payments are collected through the mail, in person, or in the collection box at City Hall. Ms. Sipma did not consistently prepare receipts for collections or record the collections on an initial receipts listing.

All City disbursements are to be made by check. All disbursements are to be supported by invoices or other documentation obtained by or submitted to the City Clerk. Each month, the City Clerk is to prepare a listing of bills to be paid and provide the listing to the City Council for approval. After the City Council approves the bills, the City Clerk is to prepare and sign the checks. The Mayor's signature was also applied to the checks by the City Clerk using a stamp of the Mayor's signature. The Mayor did not manually sign checks.

As the City Clerk, Ms. Sipma was also responsible for preparing payroll payments to all City employees, including herself. The City did not establish consistent pay periods for all employees. Some employees were paid on a weekly basis, some were paid bi-weekly, and others were paid monthly. Some employees received payroll checks and others were paid electronically through a direct deposit to their personal bank accounts. Ms. Sipma was to receive an electronic payment each month for her payroll.

In April 2015, a representative of the City's bank notified the Mayor of unusual electronic disbursements from the City's primary bank account. Specifically, the bank representative reported multiple electronic payments had been made from the City's bank account to Ms. Sipma's personal bank account during certain months. When reviewed individually, the electronic payments appeared to be Ms. Sipma's monthly payroll; however, she had received more than 1 electronic payment during several months.

After reviewing the City's bank statements, City officials met with Ms. Sipma on April 24, 2015. The Mayor reported when they asked her about the unusual transactions identified, she stated she had done a "terrible thing." The Mayor also reported Ms. Sipma stated she had made advance payroll payments to herself. City officials placed Ms. Sipma on leave and took her keys to City Hall. She verbally resigned later the same day.

As a result of the concerns identified, the Office of Auditor of State was requested to review the City's financial transactions. We performed the procedures detailed in the Auditor of State's Report for the period July 1, 2013 through April 30, 2015.

Detailed Findings

The procedures performed identified \$36,227.60 of improper and unsupported disbursements. The \$34,659.27 of improper disbursements identified includes \$30,735.42 of payments issued to or for Ms. Sipma, including payroll and reimbursements. The improper disbursements identified also include \$3,134.82 of purchases with credit cards and from vendors.

The \$1,568.33 of unsupported disbursements identified includes payments for purchases which may have been personal in nature. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

We reviewed all disbursements from the City's bank accounts for the period July 1, 2013 through April 30, 2015. Based on our review of the available supporting documentation, the vendor, the frequency and amount of the payments, discussions with City officials, and approved disbursement listings, we classified payments as improper, unsupported, or reasonable. Payments were classified as improper if they appeared personal in nature or were not reasonable for City operations. Payments were classified as unsupported if appropriate documentation was not available or it was not possible to determine if the payment was related to City operations or personal in nature. Other payments were classified as reasonable based on the vendor, the frequency and amount of the payments, and approved disbursement listings. The improper and unsupported disbursements identified are explained in detail in the following paragraphs.

Payments to or for Beth Sipma - We identified a number of electronic payments and checks Ms. Sipma issued to herself during the period of our investigation. The payments total \$72,868.60 and include payroll, bonuses, health insurance reimbursements, and payments which appear to be reimbursements for other purposes. The payments are discussed in detail in the following paragraphs.

Unauthorized Payroll – As previously stated, Ms. Sipma became the City Clerk on July 1, 2013. Her authorized salary is summarized in **Table 1**. Ms. Sipma also began receiving health insurance reimbursements combined with her payroll in 2014. She was authorized to receive a \$200.00 reimbursement each month from January 2014 through January 2015. The authorized reimbursement for health insurance was increased to \$230.00 per month effective February 2015.

Table 1

Time Period	Authorized Annual Salary	Calculated Monthly Salary
07/01/13-12/31/13	\$ 24,500.00	2,041.67
01/01/14-12/31/14	25,000.00	2,083.33
01/01/15-04/30/15	26,500.00	2,208.33

As part of her duties, Ms. Sipma prepared the payroll for all City employees. As previously stated, the City did not establish consistent pay periods for all employees. Some employees were paid on a weekly basis, some were paid bi-weekly, and others were paid monthly. Some employees received payroll checks and others were paid electronically through a direct deposit to their personal bank accounts. Ms. Sipma chose to receive a direct deposit to her personal bank account for her monthly payroll payment.

Ms. Sipma recorded payroll information for all City employees in a computerized accounting system. However, the City did not maintain the accounting system used. Instead, Ms. Sipma used a computerized accounting system maintained by a local CPA firm. When she was ready to prepare payroll, she contacted a representative of the CPA firm who opened the accounting system on one of the firm’s computers. When Ms. Sipma arrived at the CPA firm, she used the firm’s computer and accounting system to prepare the payroll for each employee to be paid at that time. Because the City did not establish a consistent pay period for all employees, Ms. Sipma used the payroll system at the CPA firm several times each month. She used the information generated by the payroll system to prepare paychecks, bank information for electronic payroll payments, and periodic reports for federal and state taxes and IPERS.

The information Ms. Sipma recorded in the payroll system for herself is summarized in **Exhibit B**. The **Exhibit** also includes the date funds were electronically deposited to Ms. Sipma’s personal bank account for each payment recorded in the payroll system. As illustrated by the **Exhibit**, Ms. Sipma recorded bonus payments to herself in the payroll system in December 2013 and December 2014. We discussed these payments with City officials who confirmed the year-end bonuses were authorized. We also reviewed Ms. Sipma’s job description which stated a year-end bonus would be provided.

Exhibit B also illustrates Ms. Sipma recorded reimbursements to herself in the payroll system. These reimbursements are discussed in a separate section of this report.

By comparing Ms. Sipma’s authorized monthly pay to the information she recorded in the payroll system and the dates funds were directly deposited to her personal bank account, we determined Ms. Sipma prepared her payroll during the last few days of the month prior to September 2014. We also determined the funds were directly deposited to her personal bank account on the same day or a few days after the pay date recorded in the payroll system. However, we identified 5 instances from September 2014 through February 2015 for which the pay date and/or the date funds were directly deposited to her personal bank account was more than a few days prior to the end of the month recorded in the payroll system. The 5 instances identified are listed in **Table 2**.

Table 2

Date of Direct Deposit	From Payroll System		Number of Days Deposited Early
	Pay Date	Pay Period	
09/16/14	09/15/14	09/01/14-09/30/14	14
09/30/14	10/29/14	10/01/14-10/31/14	58
10/15/14	11/10/14	11/01/14-11/30/14	46
01/06/15	01/05/15	01/01/15-01/31/15	25
01/30/15	02/02/15	02/01/15-02/28/15	29

Exhibit B illustrates Ms. Sipma received payments for comp [compensatory] time. According to a City Council member we spoke with, payments for comp time were made infrequently and were approved by the City Council on a case by case basis for City employees. We reviewed minutes of City Council meetings and did not identify any approvals by the City Council for comp time to be paid to Ms. Sipma. When asked if Ms. Sipma had been approved for payment of comp time, the City Council member we spoke with said he didn't think she would have worked enough hours to earn comp time. As stated previously, Ms. Sipma was not expected to work more than 32.5 hours per week and she was to attend all City Council meetings. In order to earn comp time, City employees must work in excess of 40 hours per week. We did not identify any timesheets in the City's records on which Ms. Sipma recorded the number of hours she worked. In addition, no one we spoke with was aware of any method by which Ms. Sipma recorded the number of hours she worked. As a result, the 4 payments Ms. Sipma made to herself for comp time are improper disbursements.

Exhibit B also illustrates Ms. Sipma recorded multiple payments for the same pay periods. As a result, using the pay dates and pay amounts recorded in the payroll system and the dates of the direct deposits to Ms. Sipma's personal bank account, we matched certain payments with the month for which it appeared the payment was made. As illustrated by **Exhibit B**, we identified a payment for each month of Ms. Sipma's employment with the City. The **Exhibit** also illustrates we identified 2 unauthorized payments, including the payment electronically deposited to Ms. Sipma's account on April 10, 2015. The payroll system for this payment shows it included Ms. Sipma's monthly salary of \$2,208.33 and a \$507.45 bonus. The bonus was not authorized. The payroll system also shows the pay period for the payment was April 9, 2015 through April 9, 2015.

The second unauthorized payment was electronically deposited to Ms. Sipma's personal bank account on March 17, 2015. The payroll system shows the payment included Ms. Sipma's \$2,208.33 monthly salary for June 1, 2015 through June 30, 2015 and her \$230.00 monthly health insurance reimbursement. Because Ms. Sipma resigned on April 24, 2015, she should not have received a payment for June.

Table 3 summarizes the unauthorized comp time paid to Ms. Sipma and the unauthorized payments we identified by comparing Ms. Sipma's authorized pay periods to the information she recorded in the payroll system and the dates funds were directly deposited to her personal bank account. The **Table** also includes the amount recorded in the payroll system for Ms. Sipma's contributions to IPERS for the unauthorized payments. As explained in a subsequent section of this report, the information from the payroll system was not used to report and remit the employees' and City's contributions to IPERS. Because the amount recorded in the payroll system for Ms. Sipma's IPERS contributions for these payments was not the amount actually paid by the City, it is deducted from the total unauthorized gross pay. The \$7,838.72 of unauthorized payments paid by the City summarized in **Table 3** are included in **Exhibit A** as improper disbursements.

Table 3

Direct Deposit Date	From Payroll System				Unauthorized Amount Paid
	Pay Date	Pay Period	Unauthorized Gross Pay	Less: IPERS Contributions	
07/30/14	07/29/14	07/01/14-07/31/14	\$ 621.60 ^	(38.42)	583.18
01/30/15	02/02/15	02/01/15-02/28/15	784.00 ^	(48.45)	735.55
04/10/15	04/09/15	04/09/15-04/09/15	2,715.78 #	(167.84)	2,547.94
04/14/15	04/13/15	03/01/15-03/31/15	1,293.60 ^	(79.94)	1,213.66
03/31/15	04/17/15	04/01/15-04/17/15	501.76 ^	(31.01)	470.75
03/17/15	06/30/15	06/01/15-06/30/15	2,438.33 #	(150.69)	2,287.64
Total			\$ 8,355.07	(516.35)	7,838.72

^ - Unauthorized comp time payment.

- Unauthorized payment includes monthly salary and bonus or health insurance reimbursement, as illustrated in **Exhibit B**.

The payment included in **Exhibit B** with a pay date and direct deposit date of April 30, 2015 was prepared and issued by the City after Ms. Sipma's resignation. City officials determined it was appropriate to pay Ms. Sipma for the entire month of April based on the date of her resignation. As a result, the payment is not included in **Table 3**.

Exhibit B includes 5 instances for which an entry recorded in the payroll system for Ms. Sipma included no financial information and no funds were directly deposited to Ms. Sipma's personal bank account. The 5 instances identified include pay dates of September 29, 2014, November 24, 2014, January 30, 2015, and 2 instances with a pay date of February 17, 2015. Because no City funds were disbursed for these entries, no amounts are included in **Exhibit A**.

Exhibit B also includes 2 entries Ms. Sipma recorded in the payroll system which included financial information but for which no funds were directly deposited to her personal bank account. The 2 entries identified have pay dates of March 2, 2015 and May 4, 2015. The information recorded in the payroll system for these 2 entries was included in the amounts used to report and remit payments to the federal and state governments for withholding taxes and FICA contributions. The amounts included in the payroll system for FICA contributions and withholding taxes for the pay dates of March 2, 2015 and May 4, 2015 should not have been paid by the City because they were not associated with authorized, actual payroll disbursements. **Table 4** summarizes the \$1,232.14 of excess payroll costs paid by the City for these entries in the payroll system. The excess payroll costs are included in **Exhibit A** as improper disbursements.

Table 4

Description	Recorded in Payroll System		Total
	Pay Date of 03/02/15	Pay Date of 05/04/15	
FICA:			
Employee's contribution	\$ 186.54	186.53	373.07
City's contribution	186.54	186.53	373.07
Federal withholding tax	159.00	159.00	318.00
State withholding tax	94.00	94.00	188.00
Total	\$ 626.08	626.06	1,232.14

IPERS Contributions - While Ms. Sipma did not receive the \$1,897.26 net amount recorded in the payroll system for the May 4, 2015 pay date, the \$2,208.33 of gross wages and the \$230.00 health insurance reimbursement were incorrectly reported for Ms. Sipma to IPERS as \$2,438.33 of covered wages for the month of May 2015. This amount was reported by the City after Ms. Sipma's resignation and the City paid both the employee's share and the City's share of

contributions on the incorrectly reported covered wages. It is unclear why \$2,438.33 of covered wages was reported when the \$1,897.26 was not paid to Ms. Sipma.

We obtained reports from IPERS which summarized covered wages and member and employer contributions paid to IPERS by the City. The reports obtained include wages and contributions reported for Ms. Sipma for May and June 2015, even though she was not employed by the City during this period. Some of the reports submitted by Ms. Sipma prior to her resignation were also incorrectly prepared. Specifically:

- For a number of months, Ms. Sipma reported her net wages to IPERS rather than her gross wages. As a result, the amount of covered wages, her contributions, and the City’s contributions she reported and remitted to IPERS were underreported and underpaid for these months.
- For other months, Ms. Sipma included a bonus or amounts she received as reimbursement for health insurance as part of her covered wages when those amounts should have been excluded. As a result, the amount of covered wages, her contributions, and the City’s contributions she reported and remitted were overreported and overpaid for these months.

After Ms. Sipma’s resignation, the report submitted to IPERS for April 2015 improperly included the total amount of gross wages Ms. Sipma improperly recorded in the payroll system for herself, rather than her authorized payroll. In addition, the reports submitted to IPERS for May and June 2015 included the amounts Ms. Sipma improperly recorded in the payroll system for herself.

When we compared the total covered wages reported to IPERS for Ms. Sipma for July 1, 2013 through June 30, 2015 to the amount which should have been reported for her, we determined \$9,121.08 of excess covered wages were reported. The amounts reported and remitted as Ms. Sipma’s and the City’s contributions for the excess covered wages improperly paid by the City total \$1,357.19. The \$1,357.19 paid by the City for the excess contributions is included in **Exhibit A** as improper disbursements.

FICA Contributions - The \$8,355.07 of unauthorized gross pay identified in the payroll system and summarized in **Table 3** resulted in \$639.16 of excess FICA contributions by the City. As a result, the \$639.16 is included in **Exhibit A** as improper disbursements.

Additional Electronic Deposits - During our review of deposits to Ms. Sipma’s personal bank account, we identified 6 electronic deposits which were not recorded in the payroll system used by the City. However, the 6 deposits were for amounts which are similar to Ms. Sipma’s net monthly wages. In addition, the 6 payments were not supported by any documentation available at the City. As a result, and because we identified Ms. Sipma’s authorized payroll for each month she was employed by the City in **Exhibit B**, the 6 additional checks listed in **Table 5** are improper disbursements.

Table 5

Date of Deposit	Amount
10/30/14	\$ 1,795.20
11/12/14	1,983.98
11/25/14	1,795.21
02/10/15	1,869.69
02/18/15	1,848.11
03/02/15	1,848.11
Total	<u>\$ 11,140.30</u>

Other Reimbursements – In addition to the amounts previously described, we identified 31 additional payments Ms. Sipma issued to herself which total \$8,913.57. The payments identified are listed in **Exhibit C**. Some of the payments were made with a check and some were deposited electronically to Ms. Sipma’s personal bank account from the City’s primary bank account. Some of the payments are included with the payments listed in **Exhibit B**.

According to City officials we spoke with, Ms. Sipma was entitled to reimbursement of any expenses or mileage she incurred on behalf of the City. The City officials we spoke with stated they expected her to travel no more than once each quarter and the amount of any reimbursements would be minimal, perhaps \$30.00 or \$40.00.

We found 7 expense reports in the City’s records which correspond to certain payments made to Ms. Sipma. The expense reports were prepared and signed by Ms. Sipma but do not include any notations of review by an independent party. When we asked City officials about the payments to Ms. Sipma, they stated they did not review any documentation related to any reimbursements she received. We also determined 2 of the payments listed in **Exhibit C** were included in the disbursement listings approved by the City Council. None of the other payments were included in the disbursement listings approved by the City Council.

We also compared the amounts Ms. Sipma paid herself to the amounts the current City Clerk has been reimbursed for travel or other costs she has incurred on behalf of the City. According to the current City Clerk, she has not traveled very often and the reimbursements she has received have been significantly less than the amounts Ms. Sipma paid herself.

Based on information obtained from City officials and the current City Clerk, we determined reimbursements for trips which were supported by documentation, such as a receipt from a restaurant, are reasonable. However, we determined reimbursements which were not properly supported are improper disbursements. As illustrated by **Exhibit C**, we identified 3 reasonable reimbursements which total \$385.66 and 28 improper disbursements which total \$8,527.91.

Credit Card Purchases – A City credit card was held by Ms. Sipma and a separate City credit card was held by the City’s Librarian. Monthly credit card statements for the credit cards were provided to Ms. Sipma for payment. We reviewed the credit card statements for each credit card for the period of our investigation and determined:

- The City’s credit card held by Ms. Sipma was used infrequently. However, supporting documentation was not consistently attached to the credit card statements maintained in the City’s records. As a result, it was not always possible to determine the specific items purchased with the credit card.
- The City’s credit card held by the Librarian was used frequently for purchasing materials and supplies for the Library from vendors such as Amazon and Baker-Taylor. Supporting documentation for the purchases was attached to the monthly credit card statements maintained in the City’s records for all but 2 purchases. However, we were able to determine the 2 unsupported purchases were reasonable for the Library’s operations.

During our review of the statements for the credit card held by the Librarian, we determined interest charges were incurred on 2 occasions. As the City Clerk, Ms. Sipma was responsible for paying bills in a timely manner. The interest charges incurred by the City are listed in **Table 6** and the \$42.35 total is included in **Exhibit A** as improper disbursements.

Date	Amount
08/25/13	\$ 24.78
12/25/13	17.57
Total	<u>\$ 42.35</u>

As stated previously, during our review of the City's credit card statements we determined the City's credit card held by Ms. Sipma was not used as frequently as the credit card held by the Librarian and supporting documentation was not consistently attached to the monthly statements for the credit card held by Ms. Sipma. When supporting documentation was not available, we discussed charges with City officials to determine the propriety of the purchase. When possible, we also used information obtained directly from the vendors to determine if the items purchased were improper or reasonable for City operations.

Purchases were considered improper if the type or item or the quantity purchased appeared to be personal in nature or was not reasonable for City operations. When specific purchase information from the vendor was not available, charges which appeared consistent with City operations, based on the vendor and/or the amount of the charge, were classified as reasonable. For vendors from which purchases could be made for City or personal purposes, we classified the charges as unsupported.

Charges made with the City's credit card held by Ms. Sipma which are classified as improper or unsupported are listed in **Exhibit D**. As illustrated by the **Exhibit**, we identified improper charges which total \$3,017.47 and unsupported charges which total \$1,288.09. Certain improper charges identified are described in detail in the following paragraphs.

- The credit card statements include 2 charges on February 13, 2015 to United Airlines, including a \$149.00 fee and \$1,321.10 for airline tickets from Minneapolis, MN to Newark, New Jersey; from Newark, New Jersey to London Heathrow; and London Heathrow to Abendeen Scotland.
- A \$506.46 charge from AT&T Bill Payment was posted on September 11, 2014. Using a copy of a billing statement we obtained directly from AT&T, we determined the \$506.46 charge to the City's credit card corresponded to a payment for the same amount posted to a wireless account held by Ms. Sipma's husband. As a result, the payment is not related to City operations.
- The credit card statements include 2 charges from IKEA in Bloomington, MN. Charges were posted on July 13, 2014 and August 16, 2014 in the amounts of \$212.83 and \$215.99, respectively. The credit card statement which includes the July 13, 2014 purchase also included a notation of "Office Supplies" next to the transaction which appears to have been made by Ms. Sipma.

We obtained receipts for the 2 purchases from IKEA. The receipts include household items, such as a set of sheets, duvet cover and pillow case set, dresser, shelf unit, lamp, lamp shade, picture frame, and curtains. None of the items listed on the receipts appear to be for office supplies or City operations. The credit card statements also include a \$42.89 refund from IKEA on September 21, 2014.

- In addition to the IKEA charge on July 13, 2014, the credit card statement includes other purchases in the Minneapolis, MN area around the same date, including charges at TGI Fridays and the Doubletree Hotel. A charge was also incurred at Hy-Vee Gas in Sheldon the same day as the TGI Fridays charge.
- The credit card statements include 5 charges of \$15.99 each from Stamps.com®. The charges were posted from November 2014 through April 2015 and the amount is the same as the monthly membership fee. We observed an e-mail obtained from the City which shows Ms. Sipma registered with Stamps.com® on October 8, 2014. The e-mail from Stamps.com shows the mailing address for the membership paid for by the City was the post office box Ms. Sipma's personal bank statements were mailed to and the mailing address included on her annual W-2 form.
- The credit card statements include 3 charges from Spokeo®. The charges were posted during September and October 2014. According to Spokeo's website, the online service allows subscribers to reunite friends and family, browse celebrities,

and discover information about the subscriber’s online footprint by searching a name, address, email, phone, or username. These charges do not appear to be related to City operations.

- The credit card statements include a \$59.00 purchase from Zappos.com® on April 22, 2015. Zappos.com® is an online vendor which sells shoes, clothing, accessories, and jewelry. As a result, the purchase does not appear to be related to City operations.
- A \$74.20 charge at Hair West & Co., a salon in Ankeny, IA, was posted on April 23, 2014.

The unsupported disbursements identified include 2 purchases from Hotels.com® and purchases at local retail vendors. The \$3,017.47 of improper disbursements and \$1,288.09 of unsupported disbursements listed in **Exhibit D** are included in **Exhibit A**.

Exhibit A also includes a \$1,486.09 payment Ms. Sipma made on the City’s credit card account. Using the credit card statements, the bank statements for the City’s bank accounts, and the bank statements for Ms. Sipma’s personal bank account, we determined all other payments on the City’s credit card accounts were paid from the City’s primary bank account.

The \$1,486.09 payment was made on the City’s credit card account from Ms. Sipma’s personal bank account on March 16, 2015. The balance due on the account for the City’s credit card held by Ms. Sipma was \$1,486.09 at the time of the payment, which was comprised of the charges listed in **Table 7**.

Table 7

Transaction Date	Description from Credit Card Statement	Amount
02/08/15	STAMPS.COM	\$ 15.99
02/13/15	UNITED 800-932-2732 TX SIPMA/KYLIEEMS MSP/EWR UA LL X (Minneapolis to Newark) EWR / LHR UA LL X (Newark to London Heathrow) LHR / ABZ VS LL X (London Heathrow to Aberdeen, Scotland)	1,321.10
02/13/15	UNITED 800-932-2732 TX SIPMA /ECONOMY PLUS S 150321	149.00
Total		<u>\$ 1,486.09</u>

Because the charges listed in **Table 7** are included in **Exhibit A**, the payment made by Ms. Sipma for the charges is also included in **Exhibit A**.

Payments to Vendors - During our review of disbursements from the City’s bank accounts, we identified payments to vendors which appeared unusual for the City’s operations. As stated previously, we reviewed documentation available from the City to determine if the disbursements were appropriate. However, supporting documentation was not available for certain disbursements. As a result, we reviewed disbursement listings approved by the City Council near the time of the payments and discussed the disbursements with City officials to determine if they were appropriate. We also contacted certain vendors directly to help determine if the disbursements were appropriate.

During our review, we identified 6 purchases for which adequate documentation was not available from the City. We were unable to determine the propriety of the payments based on the vendors, amounts, and dates of the purchases. As a result, the \$280.24 total of the 6 transactions is included in **Exhibit A** as unsupported disbursements. The 6 transactions are listed in **Table 8**.

Table 8

Date	Check Number	Payee	Amount
01/23/14	9956	Pit Row	\$ 4.65
05/31/14	10177	Fareway	112.52
05/31/14	10178	Casey's Bakery	43.75
07/02/14	10221	Pizza Ranch	73.10
12/09/14	10596	Pit Row	38.72
03/12/15	10773	Pit Row	7.50
			<u>\$ 280.24</u>

By reviewing the documentation available for the disbursements, we identified a purchase of 2 gift cards from Pizza Ranch. The \$75.00 payment was made December 23, 2013 with check number 9893. Documentation available at the City does not identify the recipients of the gift cards or the reason for their purchase. As a result, the public purpose of the disbursement cannot be determined. While the City Council approved the purchase, because the public purpose was not documented and the City does not have a policy for the purchase of gifts, the \$75.00 payment is included in **Exhibit A** as an improper disbursement.

During our review of supporting documentation, we also identified 4 purchases of floral arrangements for funerals of City officials' family members. The purchases total \$232.18. Although there may be a public purpose for such purchases, the public purpose was not sufficiently documented through a City policy or discussion by the City Council.

IPERS Late Fees and Interest – As the City Clerk, it was Ms. Sipma's responsibility to file IPERS reports in a timely and accurate manner. When reports are not filed in a timely manner, late fees and interest charges are incurred by the City.

During our review of reports obtained from IPERS, we identified 20 instances for which the City incurred late fees and interest because Ms. Sipma did not remit payments in a timely manner. The \$228.24 of late fees and interest identified for the period July 1, 2013 through April 30, 2015 are summarized in **Table 9** and are included in **Exhibit A** as improper disbursements.

Table 9

Description	Amount
Late fees	\$ 105.00
Interest	80.00
Wage adjustment interest	43.24
Total	<u>\$ 228.24</u>

COLLECTIONS

As previously stated, the City's primary revenue sources include taxes from the State of Iowa and Sioux County and utility collections. We reviewed documentation related to these revenue sources to determine if collections were properly deposited.

Taxes from the State of Iowa – The majority of revenues received from the State of Iowa are road use tax and local option sales tax. We confirmed all payments to the City by the State of Iowa and determined they were properly deposited to the City's bank accounts.

Taxes from Sioux County – We confirmed all payments to the City by Sioux County were properly deposited to the City's bank accounts.

Estimated Undeposited Utility Billings – Ms. Sipma had sole responsibility for the City’s utility billings during her tenure as City Clerk. She was responsible for preparing the billings, collecting payments, preparing deposits, delivering deposits to the bank, and posting billings and collections to customer accounts.

During our investigation, City officials were unable to locate any reconciliations between utility billings and collections. In addition, an outstanding or delinquent customer listing could not be located for the period of our review. A periodic comparison of amounts recorded in the accounting system to supporting documentation was not performed.

To determine if collections for utility billings were properly deposited, we performed certain tests, including confirming amounts paid by certain utility customers to ensure their payments matched billing amounts, were properly recorded in the utility system, and were properly deposited to the City’s bank accounts. We did not identify any improper billings or undeposited collections based on our testing. As a result, we have not included any undeposited collections in **Exhibit A**.

Other Collections – Individuals we spoke with stated certain collections received during the RAGBRAI celebration in July 2014 were remitted to Ms. Sipma. However, the organizations which should have subsequently received the collections did not. Because sufficient records were not available to determine how much was collected and how the collections were handled, we have not included any amounts related to RAGBRAI in this report.

OTHER ADMINISTRATIVE ISSUES

Participation in IPERS – Participation in IPERS is mandatory for most Iowa public employees, including permanent part-time and full-time employees of the City. During our testing, we determined the City had not reported permanent part time employees as required. With the assistance of the Mayor, we identified employees classified as permanent part-time employees between July 2006 and September 2015. We then compared the employees identified to the City’s wage and contribution reports obtained from IPERS and determined none of the permanent part-time employees participated in IPERS.

We obtained information for permanent part-time employees from the payroll system maintained by the CPA firm which was used by the City to process payroll. Using information from the payroll system, we determined the amount which should have been withheld from each employee’s pay for their IPERS contributions and the City’s IPERS contributions from July 1, 2006 or the time they began employment to the end of their employment or September 30, 2015.

The permanent part-time employees’ and the City’s contributions not reported or paid to IPERS for July 1, 2006 through September 30, 2015 totals \$8,374.04. City officials we spoke with stated they will work with IPERS to determine the necessary corrective action. The City is now properly withholding the employees’ IPERS contributions from their payroll.

Incorrect IPERS Calculations – We determined incorrect contribution rates were used in the payroll system from July 1, 2013 through July 30, 2015 to calculate the amount of withholdings for the City’s full time employees’ IPERS contributions. While the contribution rates in the payroll system were incorrect, the employee’s and the City’s contributions included in the reports to IPERS were correct. As a result, the correct amounts were remitted to IPERS.

Because incorrect contribution rates were used in the payroll system for the employees’ IPERS contributions, the contributions withheld from the employees’ wages were \$560.79 less than required. Because the required employees’ contributions were correctly calculated in the reports submitted to IPERS, the City paid the proper amount to IPERS. As a result, the City paid the \$560.79 difference which should have been paid by the employees. The \$560.79 excess paid by the City is included in **Exhibit A** as improper disbursements.

Incorrect contribution rates were also used in the payroll system for the City's IPERS contributions. However, because the City's contributions were correctly calculated in the reports submitted to IPERS, the City paid the proper amount to IPERS for the City's contributions.

City Council Meeting Minutes – We reviewed the City Council meeting minutes from July 1, 2013 through April 30, 2015 and the disbursement listings approved by the City Council which were included with the minutes. The disbursement listings did not consistently include all disbursements. In addition, the listings included with the minutes were for disbursements made during the month prior to the City Council meeting and we were unable to reconcile the listing for the month's payments to the total approved by the City Council in the prior month's meeting minutes.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Boyden to perform bank reconciliations and process receipts, disbursements, and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors 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 City's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. The former City Clerk had control over each of the following areas:
- (1) Receipts – collecting, posting to the accounting records, and preparing and making bank deposits,
 - (2) Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing and distributing checks, and posting to the accounting records,
 - (3) Payroll – calculating payroll amounts; preparing, signing, and distributing checks or making arrangements for deposits to be made electronically to employees' personal bank accounts; and posting payments to the accounting records,
 - (4) Bank accounts – receiving and reconciling monthly bank statements to accounting records, and
 - (5) Reporting – preparing City Council meeting minutes and financial reports, including monthly reports and the Annual Financial Reports.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the City Clerk, the Mayor, and City Council members. In addition, the Mayor and City Council members should review financial records, perform reconciliations, and examine supporting documentation for accounting records on a periodic basis.

Also, bank statements should be delivered to an official who does not collect or disburse City funds. The bank statements should be reviewed in a timely manner for unusual activity. Bank reconciliations should be performed monthly and should be reviewed by someone independent of other financial responsibilities. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

- B. Payroll – The City did not establish consistent pay periods for all employees. Some employees were paid on a weekly basis, some were paid bi-weekly, and others were paid monthly. Some employees received payroll checks and others were paid electronically through a direct deposit to their personal bank accounts.

During our review of payroll disbursements, we determined the former City Clerk issued herself unauthorized payroll and she issued some payroll disbursements to herself prior to the end of her pay period.

We also determined the City did not maintain the payroll system used to prepare and summarize payroll activity. Instead, the City used a payroll system maintained by a local CPA firm. In addition, no one independent of payroll preparation reviewed the payments.

Recommendation – The City should establish consistent pay periods for all City employees and ensure someone independent of preparing payroll disbursements reviews payments for timing and propriety. In addition, unless the City engages an outside entity to process payroll, the City should maintain its own payroll records.

- C. Disbursements – During our review of the City’s disbursements, the following were identified:

- (1) Disbursements were not always supported by invoices or other documentation.
- (2) Not all disbursements were included in the disbursement listings approved by the City Council.
- (3) A stamp of the Mayor’s signature was used to apply the second signature on the checks prepared by the former City Clerk.

In addition, the disbursement listings included with the City Council meeting minutes were for disbursements made during the month prior to the City Council meeting and we were unable to reconcile the listing for the month’s payments to the total approved by the City Council in the prior month’s meeting minutes.

Recommendation – All City disbursements should be approved by the City Council prior to payment, with the exception of those specifically allowed by a City Council approved policy. For those disbursements paid prior to City Council approval, a listing should be provided to the City Council at the next City Council meeting for review and approval. All payments should be remitted in a timely manner to ensure late fees and interest are not incurred.

To strengthen internal control, each check should be prepared and signed by one person and detailed supporting vouchers and invoices should be provided, along with the check, to an independent individual for review and countersignature. If a stamp is used for a signature, it should be kept in the custody of the individual whose name is on the stamp.

- D. Reconciliation of Utility Billings, Collections, and Delinquent Accounts – The former City Clerk had sole responsibility for preparing billings for the City’s utilities. She was responsible for preparing the billings, collecting payments, preparing deposits, delivering deposits to the bank, and posting billings and collections to customer accounts. In addition, utility billings, collections, and delinquent accounts were not reconciled.

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquent accounts for each billing period. The City Council, or an independent individual designated by the City Council, should review the reconciliations and monitor delinquencies. Delinquent accounts should not be written off without City Council approval.

- E. Credit Card – The City has 2 credit card accounts. We identified several improper purchases and several purchases made with the credit cards which were not supported by adequate documentation. In addition, we determined the City incurred finance charges and late payment fees because the former City Clerk did not pay the balance on the credit card accounts each month and/or did not make payments in a timely manner.

Recommendation – Monthly credit card statements should be opened and reviewed by someone without access to the credit cards. Any concerns identified during the review should be resolved in a timely manner.

Also, original receipts should be submitted to the City Clerk for any purchases made with the credit cards, as required. In addition, the City Council should document allowable uses for the credit cards, such as travel expenses and supply purchases, and appropriate limits which may be charged on the credit card accounts. The City Council should also periodically review the credit card statements to ensure charges appear appropriate and payments are made in a timely manner so the City does not incur any finance charges or late payment fees.

- F. Public Purpose – A few disbursements, including purchases for flowers, were identified which may not meet the requirement of public purpose as defined in an Attorney General’s Opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. According to the opinion, it is possible for such 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 establish a written policy which specifies who floral arrangements and/or gifts of recognition can be purchased for, dollar limits for purchases of this type, and the circumstances under which the purchases are appropriate.

In addition, the City Council should establish policies which require the City Council to determine and clearly document the public purpose served by purchases of flowers, gifts, and any other items for which the public purpose is not clear each time a purchase of this nature is made.

Exhibits

**Report on Special Investigation of the
City of Boyden**

Report on Special Investigation of the
City of Boyden

Summary of Findings
For the Period July 1, 2013 through April 30, 2015

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Payments to or for Beth Sipma:				
Unauthorized payroll	Table 3	\$ 7,838.72	-	7,838.72
Excess payroll costs	Table 4	1,232.14	-	1,232.14
IPERS contributions	Page 10	1,357.19	-	1,357.19
FICA contributions	Page 10	639.16	-	639.16
Additional electronic deposits	Table 5	11,140.30	-	11,140.30
Other reimbursements	Exhibit C	8,527.91	-	8,527.91
Credit card purchases:				
Library	Table 6	42.35	-	42.35
City	Exhibit D	3,017.47	1,288.09	4,305.56
Payments to vendors	Page 14 and Table 8	75.00	280.24	355.24
IPERS late fees and interest	Table 9	228.24	-	228.24
Incorrect IPERS calculations	Page 16	560.79	-	560.79
Total improper and unsupported disbursements		<u>\$ 34,659.27</u>	<u>1,568.33</u>	36,227.60
Less: Repayment by Beth Sipma	Table 7			(1,486.09)
Net amount				<u>\$ 34,741.51</u>

Report on Special Investigation of the
City of Boyden

Payroll Information for Beth Sipma
For the Period July 1, 2013 through April 30, 2015

From Payroll System						
Gross Wages						
Salary Payment for	Pay Date	Pay Period	Salary	Comp Time	Bonus	Total
July 2013	07/30/13	07/01/13-07/31/13	\$ 2,041.67	-	-	2,041.67
August 2013	08/30/13	08/01/13-08/30/13	2,041.67	-	-	2,041.67
September 2013	09/30/13	09/01/13-09/30/13	2,041.67	-	-	2,041.67
October 2013	10/30/13	10/01/13-10/31/13	2,041.67	-	-	2,041.67
November 2013	11/25/13	11/01/13-11/30/13	2,041.67	-	-	2,041.67
Year-end Bonus	12/17/13	12/17/13-12/17/13	-	-	500.00	500.00
December 2013	12/30/13	12/01/13-12/31/13	2,041.67	-	-	2,041.67
January 2014	01/29/14	01/01/14-01/31/14	2,041.67	-	-	2,041.67
February 2014	02/28/14	02/01/14-03/01/14	2,124.99	-	-	2,124.99
March 2014	03/28/14	03/01/14-03/31/14	2,083.33	-	-	2,083.33
April 2014	04/28/14	04/01/14-04/30/14	2,083.33	-	-	2,083.33
May 2014	05/27/14	05/01/14-05/31/14	2,083.33	-	-	2,083.33
June 2014	06/23/14	06/01/14-06/30/14	2,083.33	-	-	2,083.33
July 2014	07/29/14	07/01/14-07/31/14	2,083.33	621.60	-	2,704.93
August 2014	08/26/14	08/01/14-08/31/14	2,083.33	-	-	2,083.33
September 2014	09/15/14	09/01/14-09/30/14	2,083.33	-	-	2,083.33
-	09/29/14	08/15/14-09/14/14	-	-	-	-
October 2014	10/29/14	10/01/14-10/31/14	2,083.33	-	-	2,083.33
November 2014	11/10/14	11/01/14-11/30/14	2,083.33	-	-	2,083.33
-	11/24/14	02/28/15-02/28/15	-	-	-	-
Year-end Bonus	12/16/14	12/16/14-12/16/14	-	-	850.00	850.00
December 2014	12/29/14	12/01/14-12/31/14	2,083.33	-	-	2,083.33
January 2015	01/05/15	01/01/15-01/31/15	2,208.33	-	-	2,208.33
-	01/30/15	01/01/15-01/31/15	-	-	-	-
February 2015	02/02/15	02/01/15-02/28/15	2,208.33	784.00	-	2,992.33

Health Insurance Reimburse-ments	Other Reimburse-ments	Less: Withholdings	Net Wages	Paid to Beth Sipma		Unauthorized Payments
				Date of Electronic Payment/Check #	Deposit Amount	
-	-	477.36	1,564.31	07/31/13	\$ 1,564.31	-
-	-	477.38	1,564.29	08/30/13	1,564.29	-
-	42.94	477.36	1,607.25	09/30/13	1,607.25	-
-	-	477.37	1,564.30	10/31/13	1,564.30	-
-	82.49	477.37	1,646.79	11/26/13	1,646.79	-
-	-	124.15	375.85	Ck # 9973	375.85	-
-	66.67	477.37	1,630.97	12/30/13	1,630.97	-
-	53.11	477.36	1,617.42	01/30/14	1,617.42	(41.66) ^
400.00	-	499.89	2,025.10	03/03/14	2,025.10	41.66 ^
200.00	193.23	488.12	1,988.44	03/28/14	1,988.44	-
200.00	103.96	488.13	1,899.16	04/29/14	1,899.16	-
200.00	57.63	488.12	1,852.84	05/28/14	1,852.84	-
200.00	152.55	488.13	1,947.75	06/24/14	1,947.75	-
200.00	331.66	681.08	2,555.51	07/30/14	2,555.51	621.60
200.00	50.57	488.13	1,845.77	08/27/14	1,845.77	-
200.00	64.07	488.13	1,859.27	09/16/14	1,859.27	-
-	-	-	-	-	-	-
200.00	64.41	488.12	1,859.62	09/30/14	1,859.62	-
200.00	98.76	488.12	1,893.97	10/15/14	1,893.97	-
-	-	-	-	-	-	-
-	-	98.03	751.97	Ck # 10615	751.97	-
200.00	179.11	488.13	1,974.31	12/30/14	1,974.31	-
200.00	-	523.41	1,884.92	01/06/15	1,884.92	-
-	-	-	-	-	-	-
230.00	-	850.64	2,371.69	01/30/15	2,371.69	784.00

Report on Special Investigation of the
City of Boyden

Payroll Information for Beth Sipma
For the Period July 1, 2013 through April 30, 2015

		From Payroll System				
		Gross Wages				
Salary Payment for	Pay Date	Pay Period	Salary	Comp Time	Bonus	Total
-	02/17/15	01/15/15-02/14/15	-	-	-	-
-	02/17/15	04/01/15-04/30/15	-	-	-	-
March 2015	02/26/15	02/01/15-02/26/15	2,208.33	-	-	2,208.33
-	03/02/15	03/01/15-03/31/15	2,208.33	-	-	2,208.33
-	04/09/15	04/09/15-04/09/15	2,208.33	-	507.45	2,715.78
-	04/13/15	03/01/15-03/31/15	-	1,293.60	-	1,293.60
-	04/17/15	04/01/15-04/17/15	-	501.76	-	501.76
April 2015	04/30/15	04/01/15-04/30/15	2,208.33	-	-	2,208.33
-	05/04/15	05/01/15-05/31/15	2,208.33	-	-	2,208.33
-	06/30/15	06/01/15-06/30/15	2,208.33	-	-	2,208.33
Total			\$ 54,916.62	3,200.96	1,857.45	59,975.03

^ - Beth Sipma's salary increase was effective January 1, 2015 but was not included in her pay until February 2015.

- Amount recorded in payroll system was not paid to Beth Sipma.

Health Insurance Reimburse- ments	Other Reimburse- ments	Less: Withholdings	Net Wages	Paid to Beth Sipma		
				Date of Electronic Payment/Check #	Deposit Amount	Unauthorized Payments
-	-	-	-	-	-	-
-	-	-	-	-	-	-
230.00	-	337.21	2,101.12	03/27/15	2,101.12	-
230.00	48.59	590.23	1,896.69	##	##	-
-	-	682.60	2,033.18	04/10/15	2,033.18	2,715.78
-	-	262.90	1,030.70	04/14/15	1,030.70	1,293.60
-	-	73.40	428.36	03/31/15	428.36	501.76
230.00	-	590.22	1,848.11	04/30/15	1,848.11	-
230.00	49.15	590.22	1,897.26	##	##	-
230.00	-	337.23	2,101.10	03/17/15	2,101.10	2,438.33
3,980.00	1,638.90	13,975.91	51,618.02		\$ 47,824.07	8,355.07

**Report on Special Investigation of the
City of Boyden**

Report on Special Investigation of the
City of Boyden

Other Reimbursements to Beth Sipma
For the Period July 1, 2013 through April 30, 2015

Date [^]	Check Number	Amount	Description from Expense Report	Reasonable	Improper
09/30/13	##	\$ 42.94	-	\$ -	42.94
10/25/13	9796	338.02	-	-	338.02
11/05/13	9829	438.60	-	-	438.60
11/26/13	##	82.49	-	-	82.49
11/29/13	9874	689.77	-	-	689.77
12/30/13	##	66.67	-	-	66.67
01/30/14	##	53.11	-	-	53.11
03/28/14	##	193.23	-	-	193.23
04/01/14	10076	356.16	-	-	356.16
04/29/14	##	103.96	-	-	103.96
05/22/14	10146	182.49	Mileage for 7 trips from 05/14/14 to 05/22/14 for plants for the City. Observed corresponding receipts for plants.	182.49	-
05/28/14	##	57.63	-	-	57.63
06/24/14	##	152.55	-	-	152.55
07/30/14	##	331.66	-	-	331.66
08/01/14	10343	300.33	Mileage to Storm Lake and RAGBRAI expenses. No receipts attached.	-	300.33
08/27/14	##	50.57	-	-	50.57
09/03/14	10368	643.86	-	-	643.86
09/16/14	##	64.07	-	-	64.07
09/30/14	##	64.41	-	-	64.41
10/15/14	##	98.76	-	-	98.76
11/10/14	10536	350.27	-	-	350.27
12/02/14	10555	1,789.82	-	-	1,789.82
12/17/14	10606	278.52	-	-	278.52
12/30/14	##	179.11	-	-	179.11
12/31/14	10625	222.41	Mileage claimed, but detail not provided and receipt for supplies did not appear to be related to City operations	-	222.41
02/02/15	10684	127.77	~ Mileage to "Clerk's Assoc Mtg." Receipt for lunch attached to expense report.	127.77	-
02/02/15	10710	500.91	-	-	500.91
03/03/15	10760	453.19	-	-	453.19
03/16/15	10774	75.40	~ Mileage for 4 trips from 02/11/15 to 03/13/15. Receipt for cookies for mtg attached to expense report.	75.40	-
04/01/15	10781	202.83	Mileage for 5 trips from 03/18/15 to 03/31/15.	-	202.83
04/02/15	10811	422.06	Mileage for 4 trips from 04/01/15 to 04/07/15.	-	422.06
Total		<u>\$ 8,913.57</u>		<u>\$ 385.66</u>	<u>8,527.91</u>

[^] - Check date or bank date of electronic payment.

- Electronic payment.

~ - Payment was included in the disbursement listing approved by the City Council. None of the other payments were included in the approved disbursement listings.

Exhibit DReport on Special Investigation of the
City of BoydenImproper and Unsupported City Credit Card Purchases
For the Period July 1, 2013 through April 30, 2015

Per Credit Card Statement					
Transaction Date	Description / Vendor	Amount	Improper	Unsupported	
10/10/13	FAMILY TABLE OF SHE SHELTON IA	\$ 12.70	-	12.70	
10/24/13	ORIENTAL TRADING CO 800-228-0475 NE	48.27	-	48.27	
10/26/13	HOTELS.COM 800-2194606 WA	223.43	-	223.43	
10/31/13	HYVEE 1573 SHELTON IA	39.79	-	39.79	
10/31/13	SHOPKO 206672 SHELTON IA	34.18	-	34.18	
12/03/13	TLF FLOWERS BY JAN 712-5511686 IA	56.71	56.71	-	
12/09/13	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	69.99	69.99	-	
03/05/14	HOTELS.COM 800-246-8357 WA	176.94	-	176.94	
03/10/14	TELEFLORACOM PICKS RCV 800-8229547 CA	52.93	52.93	-	
06/01/14	HYVEE 1573 SHELTON IA	30.05	-	30.05	
07/08/14	BARGAIN BALLOONS NIAGARA FALLS NY	217.52	-	217.52	
07/11/14	HYVEE GAS 5573 SHELTON IA	19.74	19.74	-	
07/11/14	TGI FRIDAYS #0112 MINNEAPOLIS MN	43.58	43.58	-	
07/12/14	DOUBLETREE BLOOMINGTON MINNEAPOLIS MN 9528357800 ARRIVAL 140711 DEPART 140712	107.42	107.42	-	
07/13/14	IKEA BLOOMINGTON BLOOMINGTON MN	212.83	212.83	-	
07/14/14	WALMART #1152 SIOUX CENTER IA	38.61	38.61	-	
07/17/14	FAREWAY STORES #912	66.60	-	66.60	
07/17/14	BOMGAARS #10 SIOUX CENTER	37.60	-	37.60	
07/19/14	HYVEE #1573 SHELTON IA	37.92	-	37.92	
08/02/14	CREDIT VOUCHER BOMGAARS #12 SHELTON IA	(7.48)	-	(7.48)	
08/16/14	IKEA BLOOMINGTON BLOOMINGTON MN	215.99	215.99	-	
09/11/14	SPK*SPOKEO 18006994264 CA	0.95	0.95	-	
09/11/14	AT&T*BILL PAYMENT 08002882020 TX	506.46	506.46	-	
09/18/14	SPK*SPOKEO 18006994264 CA	25.95	25.95	-	
09/21/14	CREDIT VOUCHER IKEA BLOOMINGTON BLOOMINGTON MN	(42.89)	(42.89)	-	
10/20/14	SPK*SPOKEO 18006994264 CA	25.95	25.95	-	
10/28/14	SHOPKO 00206672 SHELTON IA	89.78	-	89.78	
10/28/14	SHELTON BEN FRANKLIN SHELTON IA	231.43	-	231.43	
10/28/14	SHELTON BEN FRANKLIN SHELTON IA	49.36	-	49.36	
11/08/14	STAMPS.COM 855-608-2677 CA	15.99	15.99	-	
12/08/14	STAMPS.COM 855-608-2677 CA	15.99	15.99	-	
01/08/15	STAMPS.COM	15.99	15.99	-	
02/08/15	STAMPS.COM	15.99	15.99	-	

Report on Special Investigation of the
City of Boyden

Improper and Unsupported City Credit Card Purchases
For the Period July 1, 2013 through April 30, 2015

Per Credit Card Statement

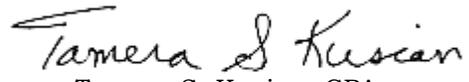
Transaction Date	Description / Vendor	Amount	Improper	Unsupported
02/13/15	UNITED 800-932-2732 TX SIPMA/KYLIEEMS MSP / EWR UA LL X <i>(Minneapolis to Newark)</i> EWR / LHR UA LL X <i>(Newark to London Heathrow)</i> LHR / ABZ VS LL X <i>(London Heathrow to Aberdeen, Scotland)</i>	1,321.10	1,321.10	-
02/13/15	UNITED 800-932-2732 TX SIPMA /ECONOMY PLUS S 150321	149.00	149.00	-
04/08/15	STAMPS.COM 855-608-2677 CA	15.99	15.99	-
04/22/15	ZAPPOS.COM	59.00	59.00	-
04/23/15	HAIR WEST & CO INC ANKENY IA	74.20	74.20	-
Total		<u>\$ 4,305.56</u>	<u>3,017.47</u>	<u>1,288.09</u>

Report on Special Investigation of the
City of Boyden

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Stephen J. Hoffman, Senior Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State