


CITY AUDITOR'S OFFICE

To: Dan Grimsbo, Executive Director of Utilities
Kevin Norton, Director of Water Utilities

Cc: Peter Zanoni, City Manager
Mark Van Vleck, Assistant City Manager

From: Kimberly L. Houston, City Auditor 

Date: November 14, 2019

Subject: CA19-001 Sunrise Beach Recreation Site Cash Count

We conducted an unannounced cash count at Sunrise Beach Recreation Area on October 7, 2019. While conducting the cash count, we noted the following issues:

General Ledger Discrepancies

Cash on hand exceeded the general ledger amount by \$10. This was due to an unrecorded cash transaction from a prior day that occurred after the cashier closed out their register. A receipt was not generated for this transaction. City Financial Policies requires a receipt to be issued for all transactions.

Non-compliance with Financial Policies

City Financial Policy F-3.0 requires depositing funds daily; however, the three-month period of July – September 2019, 25% (or 28) of 112 deposits were made in accordance with policy. Exception from this requirement must be obtained from the Director of Financial Services.

Beach Campers

While onsite, we reviewed the status of October monthly rent payments for timeliness, contracts for compliance with City ordinance, and captured general enforcement of Sunrise Beach Rules at campsites. We noted the following

- Of 92 campsites available, we noted 75% (69) were occupied and:
- 80% (55) of campers who rent monthly paid their \$400 rent on time (by the 3rd);
 - No late fee exists to assess late payers;
 - Partial payments accepted;
 - Three renters had payments that were late for two months or longer;

- Although accessing deposits is permissible, late payers are not required to pay a deposit;
- Unsigned rental agreements by renter;
- Status of rent payments made directly to Accounts Receivable are not confirmed by Sunrise Beach staff;
- No field on rental application for signature of Water Director or designee;
- Campsite assignments made without authorization by Water Director;
- Rules and ordinance are silent on storage of boats/watercrafts and accumulation of storage items, but such activities were observed;
- Although semi-permanent structures are allowed, installation of permanent such as porches/decks and satellite dishes were noted;
- RV or travel trailers in disrepair and immobile were observed; and
- in-ground fire pits.

We recommend Water Department management:

- 1) Instruct Sunrise Beach staff to comply with City Financial policies and periodically monitor compliance. Where needed, request exception from City policy.
- 2) As it relates to compliance with City Ordinance and Sunrise Beach Rules, Water Department should review current provisions and update to reflect current business environment.

We appreciate the cooperation and assistance provided to us. Please do not hesitate to call with any questions, 826-3661.