



Office of Missouri State Auditor
Nicole Galloway, CPA

City of Coffey



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the Audit of the City of Coffey

Background

The former City Clerk, Mary L. Browning, was solely responsible for financial accounting functions and records of the city.

In early August 2017, a bank official contacted a member of the Board of Aldermen regarding various and frequent bank fees incurred by the city, numerous transfers between city bank accounts, and a lack of cash being deposited. The Board terminated the former City Clerk on August 2, 2017. The Board then contacted the Daviess County Sheriff and Prosecuting Attorney and requested assistance regarding the suspicious bank activity. The Daviess County Prosecuting Attorney subsequently contacted the State Auditor's Office (SAO) and requested an investigation.

Based on discussions with the Daviess County Sheriff and Prosecuting Attorney regarding missing cash receipts from utility payments and unsupported checks issued to the former City Clerk, the SAO conducted an initial review of these matters under Section 29.221, RSMo. After completion of this review of documentation and communications provided, the SAO determined further investigation was warranted under Section 29.221, RSMo. On August 16, 2017, the Board passed an ordinance formally requesting and authorizing an audit and the audit began on December 4, 2017.

The SAO is currently working with the Daviess County Sheriff and Prosecuting Attorney regarding criminal prosecution.

Missing Monies and Unsupported and Falsified Transactions

The lack of adequate controls and absence of proper oversight by the Board of Aldermen resulted in missing receipts, improper payments, and over (under) payments going undetected for almost 2 years. Between September 2015 and August 2017, the former City Clerk did not deposit \$33,984 of recorded utility receipts. Improper payroll checks totaling \$24,634 were written to the former City Clerk from the city's water and sewer bank accounts from April 29, 2016, through July 28, 2017. A comparison of the hours reported on timesheets to hours paid according to the payroll reports showed discrepancies and therefore, over (under) payments totaling \$1,556 on 19 of the 42 former City Clerk's regular payroll checks. According to city officials, the former City Clerk created false meeting minutes indicating a special Board meeting was held on February 23, 2017, authorizing a withdrawal from one of the city's savings accounts and subsequent deposit into 3 other city bank accounts; allowing the former City Clerk to conceal a portion of account shortages.

Conflict of Interest, Board Objectivity, Oversight, and Annual Audits

Some activities involving former Alderman Browning created a conflict of interest, and the employment of relatives directly supervised by the Board can compromise the Board's objectivity. Former Alderman Browning created a conflict of interest when he voted to approve salary increases and payroll checks to his wife, the former City Clerk. Despite concerns related to the former City Clerk's handling of disbursements and utility payments and prior audit findings, the Board has not established adequate segregation of duties or supervisory reviews over the various financial accounting functions performed by the City Clerk. The city does not obtain annual audits as required.

Accounting Controls and Procedures

Significant weaknesses exist in the city's accounting controls and procedures. The city's procedures for receipting and depositing monies are poor. Controls and procedures over bank accounts and reconciliations need improvement. Despite a similar concern in our prior petition audit of the city, the city continues to maintain an excessive number of bank accounts. The former City Clerk did not perform monthly bank reconciliations from March 2017 through July 2017. The Board and the former City Clerk failed to monitor the city's cash balances. Despite a similar concern in our prior petition, city officials do not maintain accurate accounting records and financial statements. The former City Clerk made excessive and unauthorized transfers between various bank accounts, and did not always deposit utility receipts into the proper bank account, which led to commingling of restricted funds. The list of refundable utility deposits was not accurate and not reconciled to the balance of the utility deposit bank account.

Electronic Data Security

Controls over the city's computer are not sufficient. The city has not established adequate password controls to reduce the risk of unauthorized access to the city's computer and data. The City Clerk was not required to change passwords periodically or have a minimum number of characters in the passwords. Security controls are not in place to lock the city's computer after a specified number of incorrect logon attempts or after a certain period of inactivity. The city did not have antivirus software installed on the city's computer to ensure protection of city data. The City Clerk does not store data backup files at an off-site location. The city did not obtain adequate documentation for 2 disbursements pertaining to software technical support services.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Coffey

Table of Contents

| | |
|------------------------|---|
| State Auditor's Report | 2 |
|------------------------|---|

| | |
|------------------|---|
| Introduction | |
| Background | 4 |

| | |
|----------------------------------------------------------------------------------|----|
| Management Advisory Report - State Auditor's Findings | |
| 1. Missing Monies and Unsupported and Falsified Transactions..... | 5 |
| 2. Conflict of Interest, Board Objectivity, Oversight, and Annual Audits..... | 8 |
| 3. Accounting Controls and Procedures | 10 |
| 4. Electronic Data Security..... | 16 |

| | |
|---------------------------------------------|----|
| Organization and Statistical Information | 20 |
|---------------------------------------------|----|

Appendixes

| | | |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| A | Schedule of Receipts, Disbursements, and Changes in Cash Balances | 21 |
| B | Supporting Documentation - Undeposited Utility Receipts | 22 |
| C | Supporting Documentation - Unsupported and Undeposited Utility Payments Recorded for the Former City Clerk's Utility Account (Account Number 6)..... | 25 |
| D | Supporting Documentation - Improper Payroll Checks Issued to the Former City Clerk..... | 26 |
| E | Supporting Documentation - Over (Under) Payroll Payments Made to the Former City Clerk..... | 29 |
| F | Supporting Documentation - Falsified Document..... | 30 |



NICOLE GALLOWAY, CPA

Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Coffey, Missouri

We have audited certain operations of the City of Coffey as they relate to the city's finances in fulfillment of our duties under Section 29.200.3, RSMo. Due to concerns regarding missing monies and unsupported payments, the State Auditor initiated the audit with the approval of the City of Coffey Board of Aldermen. The scope of our audit included, but was not necessarily limited to, the period from September 14, 2015, through August 2, 2017. The objectives of our audit were to:

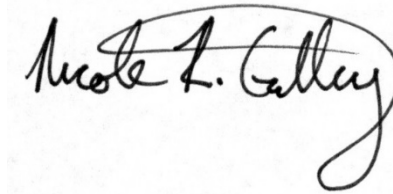
1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.
4. Determine the amount of missing monies and unsupported payments to the extent possible.

Our methodology included reviewing minutes of meetings, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) missing monies and unsupported payments totaling at least \$60,174. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Coffey.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style and is enclosed within a faint, light-colored rectangular border.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

| | |
|---------------------|-----------------------------------------------------------|
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City of Coffey

Introduction

Background

The former City Clerk, Mary L. Browning, was solely responsible for financial accounting functions and records of the city, including receipting and recording payments received, preparing and making deposits, preparing and cosigning checks, and performing bank reconciliations.

In early August 2017, a bank official contacted a member of the Board of Aldermen regarding various and frequent bank fees incurred by the city, numerous transfers between city bank accounts, and a lack of cash being deposited. The Board terminated the former City Clerk on August 2, 2017. The Board then contacted the Daviess County Sheriff and Prosecuting Attorney and requested assistance regarding the suspicious bank activity. The Daviess County Prosecuting Attorney subsequently contacted the State Auditor's Office (SAO) and requested an investigation.

Based on discussions with the Daviess County Sheriff and Prosecuting Attorney regarding missing cash receipts from utility payments and unsupported checks issued to the former City Clerk, the SAO conducted an initial review of these matters under Section 29.221, RSMo. After completion of this review of documentation and communications provided, the SAO determined further investigation was warranted under Section 29.221, RSMo. On August 16, 2017, the Board passed an ordinance formally requesting and authorizing an audit and the audit began on December 4, 2017.

The city's fiscal year is July 1 through June 30. The scope of our audit included, but was not necessarily limited to, the period from September 14, 2015, through August 2, 2017, the time period during which the former City Clerk was employed. We applied procedures to receipts and disbursements to identify the amount of missing monies and unsupported payments made to the former City Clerk and the methods used to perpetrate and conceal the theft. See Appendixes B and C for details regarding undeposited utility receipts and problems with the former City Clerk's utility account, and Appendixes D and E for details regarding improper payroll payments to the former City Clerk.

City of Coffey

Management Advisory Report

State Auditor's Findings

1. Missing Monies and Unsupported and Falsified Transactions

Utility receipts totaling at least \$33,984¹ were received but not deposited. In addition, unsupported payroll checks totaling \$24,634 were written to the former City Clerk, and payroll records indicate the former City Clerk was overpaid an additional \$1,556.

The lack of adequate controls and the absence of proper oversight by the Board of Aldermen, as discussed throughout this report, resulted in the missing receipts, improper payments, and over (under) payments going undetected for almost 2 years.

Undeposited utility receipts

Between September 2015 and August 2017, the former City Clerk did not deposit \$33,984 of recorded utility receipts (see Appendix B).

The former City Clerk recorded payments to multiple different records and did not ensure payments were consistently and properly recorded to all appropriate records. The former City Clerk recorded payments to the computerized utility system, manual receipt slips, utility billing stubs, utility deposit check register, and utility deposit listing. She also prepared unofficial payment stubs on a blank square of paper for some of the monies received. We compared payments recorded in these records to deposits to determine the amount of undeposited utility receipts. City records indicate approximately 98 percent of the undeposited receipts were cash payments.

The former City Clerk recorded unsupported utility payments for herself totaling \$2,645 (see Appendix C). These utility payments could not be traced to a deposit and are included in the total undeposited utility receipts amount mentioned earlier. The computerized utility system shows payments of \$2,523 (\$2,374 cash and \$149 check) recorded on the former City Clerk's personal utility account. Most of these payments were recorded on the last day of the month or the first day of the following month. It is likely this timing was to record payments just prior to preparation of the next month's utility billings. As a result, the former City Clerk's utility account did not show as delinquent and the possibility of a past due billing being generated was eliminated. In addition, a payment stub (sometimes used to record customer utility deposits) indicated she paid a \$122 deposit. The stub did not indicate a method of payment and we could not trace the payment to a deposit. Utility deposits are not recorded in the computerized utility system.

Improper payroll checks

Improper payroll checks totaling \$24,634 were written to the former City Clerk from the city's water and sewer bank accounts from April 29, 2016, through July 28, 2017 (see Appendix D). The former City Clerk wrote 136 payroll checks to herself during this time period, and 94 (69 percent) of these

¹ Amounts presented in the report findings are rounded to the nearest dollar, whereas amounts presented in Appendixes B, C, D, and E are exact.



City of Coffey
Management Advisory Report - State Auditor's Findings

checks were not supported by a timesheet or payroll report. In addition, 46 of the 94 improper checks were written for even dollar amounts. The remaining 42 checks were associated with a weekly timesheet and/or amounts recorded on payroll reports; however we noted discrepancies as discussed later in the report. The number of checks written to the former City Clerk and the checks written for even dollar amounts should have caused suspicion and alerted the Board to the misappropriation.

The memo line of some of these checks indicated a different payroll period than the city's actual payroll period, and some of the checks were written a few days prior to and after the regular payroll checks. In addition, one of these checks was not accurately recorded in the computerized accounting system (see MAR finding number 3.3). Regular payroll checks were supported by timesheets prepared by the former City Clerk. Timesheets reported hours worked for a typical work week (4 to 6 hours a day on Monday, Wednesday, and Friday) and additional time worked on days of Board meetings and other busy periods (i.e., preparation of utility billings). City payroll checks require 2 signatures, and these improper checks were signed by both the former City Clerk and former Mayor. However, as discussed at MAR finding number 2.2, the former Mayor's practice of signing blank checks in advance allowed the improper payroll checks to occur and go undetected.

Also, \$13,432 of improper payroll payments made during 2016 and \$11,202 of improper payroll payments and \$201 of regular payroll payments made during 2017 were not included on the former City Clerk's W-2 forms and not subject to payroll tax withholdings. The Internal Revenue Service (IRS) requires employers to report all compensation on W-2 forms and withhold and remit income and payroll taxes.

Payroll over (under) payments

A comparison of the hours reported on timesheets to hours paid according to the payroll reports showed discrepancies and therefore, over (under) payments on 19 of the 42 former City Clerk's regular payroll checks. The former City Clerk was overpaid a net total of \$1,556 from November 2015 through August 2017 (see Appendix E). The over (under) payments occurred because the former City Clerk entered different hours into the payroll report than she recorded as being worked on her timesheets. We determined the over (under) payment amounts assuming the hours recorded on the timesheets signed by the former City Clerk were accurate.

Falsified document

According to city officials, the former City Clerk created false meeting minutes (see Appendix F) indicating a special Board meeting was held on February 23, 2017, authorizing a withdrawal from one of the city's savings accounts and subsequent deposit into 3 other city bank accounts. The Board members signatures affixed to the meeting minutes were copied from another city document and attached to the meeting minutes. The former City Clerk then copied this document and used white out to conceal the line where the original documents were attached. This false document was faxed to the bank



City of Coffey
Management Advisory Report - State Auditor's Findings

by the former City Clerk to authorize the withdrawal and subsequent deposit of city funds. The unauthorized withdrawal and deposit of monies allowed the former City Clerk to conceal a portion of the shortages in the sewer, water, and solid waste bank accounts caused by the undeposited receipts and improper payments.

The falsified meeting minutes indicate 5 Board members and the former City Clerk were present at the special meeting, where the Board approved withdrawing \$1,500 from the city's savings account and depositing \$850 to the sewer bank account, \$300 to the water bank account, and \$350 to the solid waste bank account. Several Board members confirmed no meeting occurred on February 23, 2017, and they did not approve the withdrawal of monies from the savings account. Also, the former City Clerk's timesheets did not report any hours worked on that date for a Board meeting. This withdrawal from the savings account and subsequent deposits into 2 of the bank accounts indicated above, was not recorded in the computerized accounting system by the former City Clerk and the remaining deposit was not recorded until April 24, 2017 (see MAR finding number 3.3).

Overall conclusion

The lack of segregation of duties, inadequate controls, and the absence of proper oversight by the Board, as discussed in the remainder of this report, resulted in undeposited utility receipts, improper payroll checks, and over (under) payments and allowed these problems to occur without detection for almost 2 years. Given the large amount of utility receipts that were not deposited, the large number of and unusual nature of the improper payroll checks, it is apparent city financial activity was not adequately monitored. In addition, the former City Clerk's husband was a member of the Board and approved some of the payments made to his wife, creating a conflict of interest (see MAR finding number 2.1).

Recommendation

The Board of Aldermen work with law enforcement officials regarding criminal prosecution of the undeposited utility receipts, improper payroll checks, payroll over (under) payments, and the falsified meeting minutes, and take the necessary actions to seek restitution. The Board should also ensure payroll taxes are properly withheld and all compensation reported on W-2 forms, and amend W-2 forms for unreported compensation, as appropriate.

Auditee's Response

We will continue to work with law enforcement regarding criminal prosecution and restitution. We will also contact the IRS and Missouri Department of Labor and Industrial Relations to determine the appropriate reporting methods.



2. Conflict of Interest, Board Objectivity, Oversight, and Annual Audits

Some activities involving former Alderman Browning created a conflict of interest, and the employment of relatives directly supervised by the Board can compromise the Board's objectivity. Despite similar concerns in our prior petition audit of the city, Report No. 2014-26, released in April 2014, the Board of Aldermen have not established adequate oversight of the City Clerk position or obtained annual audits as required by state law.

2.1 Conflict of interest and objectivity

Former Alderman Browning created a conflict of interest when he voted to approve salary increases and payroll checks to his wife, the former City Clerk. In addition, the current City Clerk is the daughter of 2 of 4 current Board members, and the Board has not established policies and procedures to address employment and supervision of a related employee. As a result, the objectivity and effectiveness of the Board may be compromised.

The February 12, 2016, meeting minutes indicate the Board (including former Alderman Browning) approved a 50 cent per hour salary increase for the former City Clerk. Former Alderman Browning's action of voting to approve his wife's salary increase violated state law. In addition, meeting minutes for 15 monthly meetings between October 2015 and July 2017, indicate the Board (including former Alderman Browning) approved paying bills, which included improper payroll checks and regular payroll checks, some of which included over (under) payments to the former City Clerk (see Appendixes D and E). These 15 monthly meetings include October through December of 2015; February through April and July, August, and October of 2016; and January through May and July 2017. The November 16, 2015, meeting minutes also indicate former Alderman Browning voted to approve adding his wife as an authorized signer on city bank accounts. Former Alderman Browning was not in attendance or abstained from approving salary increases and payments to his wife in the other 7 months.

The Board directly supervises the duties of the City Clerk, who is solely responsible for the financial accounting functions and records of the city as discussed in section 2.2. The supervision of a relative may compromise a supervisor's objectivity when assigning duties, reviewing and approving records and transactions prepared by the related employee, or evaluating employee performance.

Section 105.452.1(4), RSMo, mandates that no elected official of any political subdivision shall favorably act on any matter that is so specifically designed so as to provide a special monetary benefit to such official or his spouse. The Missouri Supreme Court has stated, "A public officer owes an undivided loyalty to the public whom he serves and he should not place himself in a position which will subject him to conflicting duties or expose him to the temptation of acting other than in the best interests of the public." *State ex rel. St. Louis County v. Kelly*, 377 S.W. 2d 328, 332 (Mo. 1964) (quoting 43 Am. Jur., Public Officers, § 266, p. 81). Personal interests in



City of Coffey
Management Advisory Report - State Auditor's Findings

business matters of the city create actual or the appearance of conflicts of interest, and a lack of independence could harm public confidence in the Board and reduce its effectiveness.

2.2 Oversight and segregation of duties

Despite concerns related to the former City Clerk's handling of disbursements and utility payments and prior audit findings, the Board has not established adequate segregation of duties or supervisory reviews over the various financial accounting functions performed by the City Clerk. Weaknesses identified throughout this report are significant and demonstrate a lack of segregation and proper oversight by the Board. There is little assurance city monies have been handled and accounted for properly.

The position of City Clerk has been and remains solely responsible for the record-keeping duties of the city, including receiving, recording, and depositing monies; preparing invoices for payment; maintaining payroll records; preparing and distributing payroll and accounts payable checks; preparing and distributing monthly utility billings; generating utility reports; preparing monthly bank reconciliations; transferring monies between bank accounts; preparing financial reports for Board meetings; and preparing budgets and financial statements. Board members indicated the former Mayor was responsible for reviewing the monthly bank statements and reconciliations; however, based on the various problems reported these procedures were ineffective.

In addition, Board members indicated the former Mayor often signed blank checks in advance. Two signatures are required on checks (typically the Mayor and City Clerk). Signing checks in advance is a significant control weakness, diminishes the control intended by multiple signatures, and allowed the improper payroll disbursements to occur.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties is not possible, timely supervisory or independent reviews of work performed and investigation into unusual items and variances is necessary. Good management practices require extensive and detailed oversight by the Board.

2.3 Annual audits

The city does not obtain annual audits as required. The last independent financial statement audit of city finances occurred for the fiscal year ended June 30, 2015. City officials contracted for the audit because of a recommendation in our prior petition audit of the city, but regular audits have not become a routine procedure.

Section 250.150, RSMo, requires the city to obtain annual audits of the combined waterworks and sewerage system, and the cost of the audit is to be paid from the revenues received from the system.



City of Coffey
Management Advisory Report - State Auditor's Findings

Overall conclusion

The Board's lack of objectivity and proper oversight and failure to establish adequate controls allowed the undeposited utility receipts, improper payroll payments, and payroll over (under) payments to occur and go undetected for almost 2 years. Had proper controls and oversight procedures been in place and an annual audit obtained, some of the problems noted in this report may have been detected more timely and/or prevented.

Recommendations

The Board of Aldermen:

- 2.1 Closely examine city transactions to identify apparent and actual conflicts of interest and adopt procedures to address the employment and supervision of relatives.
- 2.2 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures. In addition, the Board should not allow any check signers to sign checks in advance.
- 2.3 Obtain annual audits of the waterworks and sewerage system as required by state law.

Auditee's Response

- 2.1 *The Mayor reviews all checks and bills. Additionally, the Mayor and the current City Clerk will sign the timesheets documenting approval. The 2 related Board members will abstain from voting on any transactions related to their daughter, the current City Clerk.*
- 2.2 *The Mayor performs a documented review of the bank statements and reconciliations. The Mayor will not sign any checks in advance and reviews all checks and bills, including timesheets. We review all non-regular bills and question unusual transactions. In the future, the Mayor will review utility and deposit reports and compare them to deposits.*
- 2.3 *We agree and will ensure annual audits are obtained.*

3. Accounting Controls and Procedures

Significant weaknesses exist in the city's accounting controls and procedures.

3.1 Receipting and depositing procedures

The city's procedures for receipting and depositing monies are poor.

- The former City Clerk did not always issue receipt slips for monies received. City officials indicated the former City Clerk's procedure for the collection of monthly utility payments included issuing manual receipt slips, documenting amounts received on payment stubs, and recording receipts in the computerized utility system. The former City



City of Coffey
Management Advisory Report - State Auditor's Findings

Clerk's procedures for the collection of utility deposits included issuing manual receipt slips, documenting amounts received on payment stubs, and recording the deposits on a utility deposit listing or on the utility deposit bank account check register. The former City Clerk did not issue receipt slips for property taxes and franchise fees received.

- All copies of some receipt slips were missing from the receipt books. Also, the top copy of some voided receipt slips was not retained. From September 14, 2015, through August 2, 2017, 8 receipt slips were missing from the receipt books, and the top copy of 10 voided receipt slips were not retained.
- As noted in our prior petition audit, city personnel do not consistently indicate the method of payment, or reconcile the method of payment to the composition of receipts recorded in the computerized utility system or to the deposit. The method of payment was not recorded for 3 utility deposits received totaling \$365.
- The former City Clerk generally made deposits 4 times a month regardless of the amount of monies on hand. Each deposit was typically more than \$1,000. In addition, she did not deposit receipts intact.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies will go undetected.

3.2 Bank accounts, reconciliations, and fees

Controls and procedures over bank accounts and reconciliations need improvement.

Number of bank accounts

Despite a similar concern in our prior petition audit of the city, the city continues to maintain an excessive number of bank accounts, resulting in cumbersome record keeping. The city maintains 9 checking accounts (an account for each of the city's 9 funds), a savings account, and 4 certificates of deposit. Several transfers between accounts were necessary to ensure restricted utility collections were held in the appropriate account. The high number of bank accounts may have helped conceal the undeposited utility receipts and the improper payroll checks.

Bank reconciliations

The former City Clerk did not perform monthly bank reconciliations from March 2017 through July 2017.

Overdraft and minimum balance fees

The Board and the former City Clerk failed to monitor the city's cash balances. As a result, the city incurred \$280 in overdraft fees and \$170 in minimum balance fees in the general, sewer, sewer depreciation, solid waste, and utility deposit bank accounts. The city began to incur these fees in November 2016, and they continued until July 31, 2017. A bank official contacted a Board member in early August 2017, regarding the various and



City of Coffey
Management Advisory Report - State Auditor's Findings

frequent bank fees incurred, the number of transfers between bank accounts, and the lack of cash being deposited into city bank accounts.

The city may benefit from combining some bank accounts. A high number of bank accounts require additional record keeping and increases the likelihood that errors may occur. The preparation and retention of formal monthly bank reconciliations is necessary to ensure accounting records are accurate and in balance and to identify errors timely. To prevent bank account overdraft and minimum balance charges, city officials should more closely monitor bank account balances.

3.3 Accounting records and financial statements

Despite a similar concern in our prior petition audit of the city, city officials do not maintain accurate accounting records and financial statements.

- Some transactions were not accurately recorded in the computerized accounting system, and the dates recorded on the actual checks differed from those recorded in the computerized accounting system.

As noted in MAR finding number 1, the former City Clerk withdrew \$1,500 from the city's savings account and deposited \$850 in the sewer bank account, \$350 in the solid waste bank account and \$300 in the water bank account, but did not record the \$1,500 withdrawal and \$850 and \$300 deposits in the computerized accounting system. In addition, the \$350 deposited into the solid waste bank account was not recorded in the computerized accounting system until April 24, 2017.

Also, the former City Clerk recorded checks issued to herself incorrectly in the computerized accounting system, and the dates recorded on the actual checks differed from those recorded in the computerized accounting system. For example, the former City Clerk recorded check number 5392 on the sewer account check register on February 17, 2017, for \$303 for the pay period February 1 through February 17, 2017; however, she later voided this transaction. She subsequently recorded a disbursement in this check register (no check number was assigned) dated March 16, 2017, for \$201 for the same pay period of voided check number 5392. Check number 5392 was not actually voided, but was written for \$201 and issued to the former City Clerk. This check cleared the bank on March 17, 2017.

We identified numerous other instances where transfers and disbursements were not properly recorded in the computerized accounting system.

- The semiannual financial statements prepared by the former City Clerk were misleading and significantly inaccurate. For example, the semiannual financial statement for the 6 months ending December 31,



City of Coffey
 Management Advisory Report - State Auditor's Findings

2016, overstated the city's cash balances of various checking accounts as follows:

| Bank account | Cash Balances | |
|-----------------|---------------------------------------------|---------------------------------------|
| | per Semiannual Financial Statement | Actual Reconciled Cash Balances |
| General | \$ 3,307 | 52 |
| Street | 656 | 207 |
| Water | 8,849 | 230 |
| Sewer | 8,946 | 700 |
| Sewer Revenue | 5,084 | 4,184 |
| Solid Waste | 7,060 | 516 |
| Utility Deposit | 5,284 | 701 |
| Late Fees | 3,348 | 361 |
| Total | \$ 42,534 | 6,951 |

- The former City Clerk prepared packets for Board members for each monthly meeting and most information contained in the packets was inaccurate. For example, the former City Clerk prepared a report for the Board showing cash balances for each fund as of May 31, 2017, which reported inaccurate bank balances as follows:

| Bank account | Cash Balances | Reconciled |
|--------------------|---------------------|----------------------------|
| | per Board Report | Cash Balances per Audit |
| General | \$ 3,466 | 88 |
| Street | 1,151 | 63 |
| Water | 8,941 | 104 |
| Sewer | 8,103 | (355) |
| Sewer Revenue | 5,684 | 4,184 |
| Sewer Depreciation | 4,516 | 501 |
| Solid Waste | 7,964 | (305) |
| Utility Deposit | 5,401 | 282 |
| Late Fees | 4,258 | 30 |
| Total | \$ 49,484 | 4,592 |

In addition, the June 2017 packet included a listing of May 2017 disbursements showing a total of \$6,231 although actual disbursements totaled \$8,948. Most disbursements listed did not agree to the actual checks written and several checks written to the former City Clerk were not included on the list. However, the Mayor and all 4 Board members (including the former City Clerk's husband) initialed this listing documenting their review.



City of Coffey
Management Advisory Report - State Auditor's Findings

As noted in the previous tables, most of the city's bank account balances were depleted over the course of the former City Clerk's employment; however, she falsely reported bank balances to the Board and to the public. The inaccurate bank balances reported showed a slight increase from balances maintained at July 1, 2015, just a few months prior to her employment, consistent with the Board's expectations of the city's financial condition; thus not identifying the large decline in overall account balances.

It is apparent the Board did not review the semiannual financial statements or financial reports and lists of bills included in the packets for accuracy or compare this information to any supporting documents such as invoices, checks written, or bank statements.

The inaccurate financial activity reported to the Board helped conceal shortages in these bank accounts. To be of maximum assistance to the Board and to adequately inform the public, the city's records should accurately report financial activity and account balances.

3.4 Excessive and unauthorized transfers and commingling of restricted funds

The former City Clerk made excessive and unauthorized transfers between various bank accounts, and did not always deposit utility receipts into the proper bank account, which led to commingling of restricted funds. The excessive and unauthorized transfers and incorrect deposits helped conceal shortages in city bank accounts.

- The city's accounting records indicated 60 transfers totaling almost \$45,000 were made between bank accounts during the period September 14, 2015, through August 2, 2017. Eighty percent of these transfers were for small dollar amounts (less than \$1,000). The majority of these transfers were not approved by the Board and inappropriately made from various restricted funds. Appendix A also shows the amount of transfers made during the year ended June 30, 2017.
- The former City Clerk routinely deposited incorrect amounts of utility receipts into the city's bank accounts. For example, the April 18, 2017, utility report indicated total collections of \$922, of which \$408 was for water services, \$384 was for sewer services, \$115 was for solid waste services, and \$15 was late fees and should have been deposited into those respective bank accounts. However, \$347 was deposited into the water bank account, \$320 was deposited into the sewer bank account, \$114 was deposited into the solid waste bank account, \$20 was deposited into the general bank account, \$0 was deposited into the late fees account, and \$121 (the only cash collected) was not deposited.

To ensure restricted monies are used for the intended purpose, monies received should be deposited into the appropriate bank account. In addition, Section 250.150, RSMo, restricts the use of water and sewer monies for operating the systems, payment of bonds, establishment of a reserve,



City of Coffey
Management Advisory Report - State Auditor's Findings

fulfillment of any agreements contained in ordinances, and payment of costs of improvements of such systems.

3.5 Utility deposits

The list of refundable utility deposits was not accurate and not reconciled to the balance of the utility deposit bank account.

New customers are required to pay a \$122 refundable deposit for homeowners and a \$222 refundable deposit for renters before receiving utility services.

The city's list of refundable utility deposits totaled \$6,253 as of August 2, 2017; however, the bank balance of the utility deposit account was only \$95, a shortage of \$6,158. In addition, the city had 71 utility customers as of August 2, 2017, but only 41 had refundable utility deposits included on the list.

To ensure all utility deposits received from customers are accounted for properly, the Board should review utility deposit records and bank account balances for accuracy.

Recommendations

The Board of Aldermen:

- 3.1 Require receipt slips be issued for all monies received with the method of payment indicated, the composition of receipts be reconciled to the composition of amounts recorded and deposited, receipt slips (including the top copy of voided receipt slips) be retained, and monies received be deposited timely and intact.
- 3.2 Review the number of bank accounts. The Board should also ensure monthly bank reconciliations are prepared and reconciled timely, and any differences are promptly investigated and resolved. The Board should also properly monitor bank account balances to avoid bank fees.
- 3.3 Ensure accounting records and financial reports are accurate. The Board should perform adequate reviews of financial reports and checks written before approving.
- 3.4 Monitor and reduce the number of transfers made between bank accounts and ensure monies received are deposited in the appropriate bank accounts.
- 3.5 Reconcile the utility deposit listing monthly to the utility deposit bank account balance. Any discrepancies should be investigated and resolved.

Auditee's Response

- 3.1 *Manual receipt slips are now issued for all monies received, which indicate the composition of the receipt. Reports now document the*



City of Coffey
Management Advisory Report - State Auditor's Findings

composition of receipts, which are reconciled to deposit slips. All copies of voided receipt slips are now retained, and deposits are now made in accordance with city ordinance, which require funds on hand greater than \$500 to be deposited.

3.2 *We will consider consolidating bank accounts. Monthly bank reconciliations are now being performed. The Mayor now reviews the bank reconciliations and ensures no bank fees are being incurred.*

3.3 *Monthly financial reports are presented to the Board and are now reviewed by the Board and Mayor and compared to the accounting records for accuracy. In the future, we will review and approve the semiannual financial statements for accuracy. We review all non-regular disbursements and the Mayor reviews all checks he signs and the related bills.*

3.4 *Transfers have been minimized, and we will approve all transfers. The Mayor is reviewing bank statements for transfers. The current City Clerk prepares a deposit report that indicates the amount deposited into each restricted fund.*

3.5 *The current City Clerk has updated the utility deposit list. We transferred monies into the utility deposit account to cover the shortages. Discrepancies will be investigated and resolved.*

4. Electronic Data Security

Controls over the city's computer are not sufficient. As a result, city records are not adequately protected and are susceptible to unauthorized access or loss of data. In addition, the city made questionable disbursements for software technical support services.

4.1 Passwords

The city has not established adequate password controls to reduce the risk of unauthorized access to the city's computer and data. The City Clerk was not required to change passwords periodically or have a minimum number of characters in the passwords.

Passwords are necessary to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords do not have to be periodically changed or contain a minimum number of characters, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of the city's computer and data.

4.2 Security controls

Security controls are not in place to lock the city's computer after a specified number of incorrect logon attempts or after a certain period of inactivity.



City of Coffey
Management Advisory Report - State Auditor's Findings

Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

4.3 Antivirus software

The city did not have antivirus software installed on the city's computer to ensure protection of city data. Maintaining adequate antivirus software is critical to a computer's protection.

4.4 Data backup

The City Clerk does not store data backup files at an off-site location. Off-site storage would provide reasonable assurance data could be recovered if necessary. To help prevent loss of information and ensure all essential information and computer systems can be recovered, backup files should be stored at a secure off-site location.

4.5 Software technical support service

The city did not obtain adequate documentation for 2 disbursements pertaining to software technical support services. On October 21, 2016, 2 electronic debit withdrawals, one for \$269.99 and another for \$299.99, were made from the city's general bank account payable to a software technical support service company without detailed invoices. The related invoices only indicate "software technical support service 1 computer" and documented the electronic signature of the former City Clerk indicating she was satisfied with the support services provided. These were the only instances noted where the former City Clerk utilized an electronic signature. The electronic signature was a printed signature and the former City Clerk typically wrote her signature in cursive. Our internet search of the software technical support service company indicated the firm has been associated with several technical support scams. Considering the city has only one computer, it is questionable why 2 payments were invoiced for the same software technical support service on the same day.

Images of canceled checks payable to this vendor were included with the city's bank statements and the check images did not resemble other city checks. One check had a check number that was within the city's check sequence; however, the city had already issued a check with that number (see the first check on the next page). Check number 2510 was not within the city's check sequence. The checks issued to this vendor also had various differences including the payee listed and the format. Neither of the checks included authorized signatures of city officials. The first check image presented is an actual city check and the second and third checks are the check images for payments made for the software technical support services. The city's bank account, routing numbers, and membership number have been redacted.



City of Coffey
Management Advisory Report - State Auditor's Findings

CITY OF COFFEY
GENERAL FUND
100 E STATE HIGHWAY B
COFFEY, MO 64636

BTC BANK
PO BOX 158
PATTONSBURG, MO 64670
80-1630/1019

1620

10/10/2016

PAY TO THE ORDER OF Farmer's Electric Cooperative, Inc.

THIRTY AND 64/100

Farmer's Electric Cooperative, Inc.
P. O. Box 680
Chillicothe, MO 64601-0680

\$ **30.64

DOLLARS

Burham L Miller
Mary Lou Browning, Clerk

MEMO [REDACTED]

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

10/17/2016 1620 \$30.64

CITY OF COFFEY
100 EAST STATE HIGHWAY B
COFFEY, MO 64636

BTC BANK

Date Oct 21, 2016

1620

PAY TO THE ORDER OF Geeks Advise

Two Hundred And Sixty-Nine Dollars And Ninety-Nine Cents

\$ 269.99

MEMO [REDACTED]

NO SIGNATURE REQUIRED
Your account holder has authorized this payment to the payee. The payee identifies you for payment of this check. This check shall be deposited only to the credit of the payee and the lack of endorsement is guaranteed by the payee.

10/25/2016 1620 \$269.99

City of Coffey City of Coffey
100 East State Highway B
Coffey, MO 64636

80-1630/1019

Date: 10/24/2016

2510

Pay to the Order of: Geek Support

Amount \$299.99

Two Hundred and Ninety-Nine Dollars and 99/100

Dollars

by Geek Support
as authorized signatory for
City of Coffey City of Coffey

GA_101243

Geek Support: 1-888-364-6651

MEMO [REDACTED]

10/25/2016 2510 \$299.99

As noted throughout the report, a proper review by the Board of bank account information and city disbursement records should have identified these unusual transactions. To ensure obligations were actually incurred and amounts paid were proper, all disbursements should be supported by paid receipts, itemized vendor invoices or other detailed documentation; and undergo a careful review process.



City of Coffey
Management Advisory Report - State Auditor's Findings

Recommendations

The Board of Aldermen:

- 4.1 Require employees use unique passwords that are confidential, contain a minimum number of characters, and are periodically changed to prevent unauthorized access to the city's computer and data.
- 4.2 Ensure the city's computer has security controls in place to lock after a specified number of incorrect logon attempts and after a certain period of inactivity.
- 4.3 Ensure the city's computer is adequately protected from computer viruses.
- 4.4 Ensure backup files are stored at a secure off-site location.
- 4.5 Maintain adequate supporting documentation for all disbursements.

Auditee's Response

- 4.1 *The current City Clerk is the only employee with computer access and a unique password is required that is kept confidential. Passwords now require a minimum number of characters and are changed quarterly.*
- 4.2 *We have controls now for computer inactivity and will consider controls for incorrect logon attempts.*
- 4.3 *This recommendation has been implemented.*
- 4.4 *Backups are being stored off-site.*
- 4.5 *Adequate supporting documentation will be retained for all disbursements and the Mayor will monitor the bank statements for unusual checks.*

City of Coffey

Organization and Statistical Information

The City of Coffey is located in Daviess County. The city was incorporated in 1965 and is currently a fourth-class city. The city employed 2 part-time employees on June 30, 2017.

City operations include utilities (water, sewer, and solid waste removal).

Mayor and Board of Aldermen

The city government consists of a mayor and a 4-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen, at August 2, 2017, are identified below. The Mayor and Board of Aldermen members are paid \$20 per regular meeting. The compensation of these officials is established by ordinance.

Barbara Miller, Mayor (1)
Virgil Griffin, Alderman
William Browning, Alderman (2)
Julia Bayne, Alderwoman
Carolyn Griffin, Alderwoman

(1) Barbara Miller resigned in October 2017, and the Board appointed Ralph Ray as Mayor.
(2) William Browning resigned in September 2017, and the Board appointed Maxine Kennedy as Alderwoman.

Financial Activity and Supporting Documentation

Appendix A is a summary of the city's financial activity for the year ended June 30, 2017. The information was prepared using the city's check registers and bank statements.

Appendixes B, C, D, E, and F provide supporting documentation of undeposited utility receipts, unsupported and undeposited utility payments recorded for the former City Clerk's utility account, improper payroll checks issued to the former City Clerk, over (under) payroll payments made to the former City Clerk, and a falsified document.

Appendix A

City of Coffey
 Schedule of Receipts, Disbursements, and Changes in Cash Balances
 Year Ended June 30, 2017

| | General | Street | Water | Sewer | Sewer Revenue | Sewer Depreciation | Solid Waste | Utility Deposit | Late Fees | Certificates of Deposit and Savings Accounts | Total |
|-----------------------------|----------|----------|----------|----------|---------------|-----------------------|-------------|-----------------|-----------|-------------------------------------------------------|------------|
| RECEIPTS | \$ 7,364 | 8,385 | 31,214 | 26,390 | 0 | 5 | 8,236 | 633 | 1,048 | 370 | 83,645 |
| TRANSFERS IN | 2,470 | 2,158 | 7,000 | 14,039 | 0 | 0 | 1,066 | 121 | 0 | 0 | 26,854 |
| DISBURSEMENTS | (10,300) | (10,746) | (43,040) | (41,652) | 0 | (10) | (9,059) | (733) | 0 | 0 | (115,540) |
| TRANSFERS OUT | 0 | (801) | 0 | (470) | (3,680) | (4,009) | (5,333) | (4,925) | (6,136) | (1,500) | (26,854) |
| RECEIPTS OVER (UNDER) | | | | | | | | | | | |
| DISBURSEMENTS | (466) | (1,004) | (4,826) | (1,693) | (3,680) | (4,014) | (5,090) | (4,904) | (5,088) | (1,130) | (31,895) |
| CASH BALANCE, JULY 1, 2016 | 522 | 1,043 | 4,961 | 1,775 | 4,184 | 4,510 | 5,051 | 5,143 | 5,133 | 77,601 | 109,923 |
| CASH BALANCE, JUNE 30, 2017 | \$ 56 | 39 | 135 | 82 | 504 | 496 | (39) | 239 | 45 | 76,471 | (1) 78,028 |

(1) The balances maintained in the certificates of deposits and savings accounts include \$10,567 for the General Fund, \$8,014 for the Sewer Fund, and \$57,890 for the Water Fund.

Appendix B

City of Coffey
Supporting Documentation - Undeposited Utility Receipts

| Deposit Date | Cash Received | Checks (1) Received | Unknown | Total Receipts | Cash Deposited | Checks Deposited | Total Deposited | Cash Long (Short) | Checks Long (Short) | Total Difference |
|-------------------|-----------------|---------------------|-----------------------|------------------|-----------------|------------------|------------------|-------------------|---------------------|-------------------|
| | | | Method of Payment (2) | | | | | | | |
| 9/21/2015 \$ | 341.60 | 1,156.54 | 0.00 | 1,498.14 | 341.60 | 1,156.54 | 1,498.14 | 0.00 | 0.00 | 0.00 |
| 10/2/2015 | 387.19 | 1,467.02 | 0.00 | 1,854.21 | 387.19 | 1,467.02 | 1,854.21 | 0.00 | 0.00 | 0.00 |
| 10/16/2015 | 936.22 | 2,511.41 | 0.00 | 3,447.63 | 791.78 | 2,511.41 | 3,303.19 | (144.44) | 0.00 | (144.44) |
| 10/23/2015 | 574.33 | 1,487.07 | 0.00 | 2,061.40 | 0.00 | 1,487.27 | 1,487.27 | (574.33) | 0.20 | (574.13) |
| 11/2/2015 | 651.93 | 2,218.25 | 0.00 | 2,870.18 | 411.12 | 2,218.25 | 2,629.37 | (240.81) | 0.00 | (240.81) |
| 11/10/2015 | 1,077.47 | 1,397.89 | 0.00 | 2,475.36 | 453.59 | 1,397.89 | 1,851.48 | (623.88) | 0.00 | (623.88) |
| 11/20/2015 | 505.25 | 2,730.37 | 0.00 | 3,235.62 | 0.00 | 2,730.37 | 2,730.37 | (505.25) | 0.00 | (505.25) |
| 11/30/2015 | 378.06 | 1,283.68 | 0.00 | 1,661.74 | 90.00 | 1,161.93 | 1,251.93 | (288.06) | (121.75) | (409.81) |
| 12/11/2015 | 914.00 | 1,886.55 | 0.00 | 2,800.55 | 242.00 | 2,008.30 | 2,250.30 | (672.00) | 121.75 | (550.25) |
| 12/21/2015 | 61.50 | 2,408.09 | 0.00 | 2,469.59 | 0.00 | 2,407.48 | 2,407.48 | (61.50) | (0.61) | (62.11) |
| 12/31/2015 | 456.78 | 2,633.87 | 243.50 | 3,334.15 | 0.00 | 2,485.36 | 2,485.36 | (700.28) | (148.51) | (848.79) |
| Total 2015 | 6,284.33 | 21,180.74 | 243.50 | 27,708.57 | 2,717.28 | 21,031.82 | 23,749.10 | (3,810.55) | (148.92) | (3,959.47) |
| 1/19/2016 | 1,063.30 | 3,921.73 | 0.00 | 4,985.03 | 0.00 | 3,920.53 | 3,920.53 | (1,063.30) | (1.20) | (1,064.50) |
| 1/29/2016 | 389.90 | 1,090.03 | 0.00 | 1,479.93 | 0.00 | 1,090.03 | 1,090.03 | (389.90) | 0.00 | (389.90) |
| 2/8/2016 | 150.35 | 1,770.27 | 0.00 | 1,920.62 | 0.00 | 1,770.27 | 1,770.27 | (150.35) | 0.00 | (150.35) |
| 2/12/2016 | 985.03 | 2,351.36 | 121.75 | 3,458.14 | 0.00 | 2,351.37 | 2,351.37 | (1,106.78) | 0.01 | (1,106.77) |
| 2/22/2016 | 293.50 | 1,802.29 | 0.00 | 2,095.79 | 0.00 | 1,802.29 | 1,802.29 | (293.50) | 0.00 | (293.50) |
| 2/29/2016 | 951.34 | 978.46 | 0.00 | 1,929.80 | 115.00 | 978.13 | 1,093.13 | (836.34) | (0.33) | (836.67) |
| 3/11/2016 | 607.15 | 2,291.63 | 0.00 | 2,898.78 | 591.75 | 2,291.33 | 2,883.08 | (15.40) | (0.30) | (15.70) |
| 3/21/2016 | 663.88 | 1,622.55 | 0.00 | 2,286.43 | 310.00 | 1,622.55 | 1,932.55 | (353.88) | 0.00 | (353.88) |
| 3/31/2016 | 512.62 | 1,009.99 | 0.00 | 1,522.61 | 250.00 | 1,009.99 | 1,259.99 | (262.62) | 0.00 | (262.62) |
| 4/11/2016 | 322.02 | 1,446.99 | 0.00 | 1,769.01 | 62.00 | 1,446.99 | 1,508.99 | (260.02) | 0.00 | (260.02) |
| 4/15/2016 | 210.80 | 2,508.57 | 0.00 | 2,719.37 | 0.00 | 2,508.57 | 2,508.57 | (210.80) | 0.00 | (210.80) |
| 4/29/2016 | 636.37 | 1,155.14 | 0.00 | 1,791.51 | 0.00 | 1,155.14 | 1,155.14 | (636.37) | 0.00 | (636.37) |
| 5/9/2016 | 401.29 | 3,005.64 | 0.00 | 3,406.93 | 0.00 | 3,005.39 | 3,005.39 | (401.29) | (0.25) | (401.54) |
| 5/13/2016 | 541.51 | 1,227.78 | 0.00 | 1,769.29 | 0.00 | 1,227.78 | 1,227.78 | (541.51) | 0.00 | (541.51) |
| 5/23/2016 | 115.00 | 1,359.84 | 0.00 | 1,474.84 | 124.00 | 1,359.84 | 1,483.84 | 9.00 | 0.00 | 9.00 |
| 5/31/2016 | 273.67 | 928.08 | 0.00 | 1,201.75 | 0.00 | 928.08 | 928.08 | (273.67) | 0.00 | (273.67) |
| 6/16/2016 | 1,062.25 | 3,931.20 | 0.00 | 4,993.45 | 0.00 | 3,931.20 | 3,931.20 | (1,062.25) | 0.00 | (1,062.25) |
| 6/24/2016 | 544.75 | 938.13 | 0.00 | 1,482.88 | 0.00 | 938.13 | 938.13 | (544.75) | 0.00 | (544.75) |
| 7/5/2016 | 364.75 | 1,324.05 | 0.00 | 1,688.80 | 0.00 | 1,324.05 | 1,324.05 | (364.75) | 0.00 | (364.75) |
| 7/13/2016 | 252.50 | 2,130.82 | 0.00 | 2,383.32 | 0.00 | 2,130.82 | 2,130.82 | (252.50) | 0.00 | (252.50) |
| 7/15/2016 | 383.34 | 1,764.50 | 0.00 | 2,147.84 | 0.00 | 1,764.50 | 1,764.50 | (383.34) | 0.00 | (383.34) |
| 7/25/2016 | 269.01 | 934.23 | 0.00 | 1,203.24 | 0.00 | 934.23 | 934.23 | (269.01) | 0.00 | (269.01) |
| 8/1/2016 | 132.00 | 496.45 | 0.00 | 628.45 | 0.00 | 496.45 | 496.45 | (132.00) | 0.00 | (132.00) |
| 8/5/2016 | 1,002.96 | 2,095.18 | 0.00 | 3,098.14 | 121.75 | 2,095.18 | 2,216.93 | (881.21) | 0.00 | (881.21) |
| 8/12/2016 | 249.75 | 1,943.90 | 0.00 | 2,193.65 | 0.00 | 1,943.90 | 1,943.90 | (249.75) | 0.00 | (249.75) |

Appendix B

City of Coffey

Supporting Documentation - Undeposited Utility Receipts

| Deposit Date | Cash Received | Checks (1) Received | Unknown | Total Receipts | Cash Deposited | Checks Deposited | Total Deposited | Cash Long (Short) | Checks Long (Short) | Total Difference |
|-------------------|------------------|---------------------|-----------------------|-------------------|-----------------|------------------|------------------|--------------------|---------------------|--------------------|
| | | | Method of Payment (2) | | | | | | | |
| 8/19/2016 | 442.33 | 1,736.49 | 0.00 | 2,178.82 | 0.00 | 1,736.49 | 1,736.49 | (442.33) | 0.00 | (442.33) |
| 9/2/2016 | 511.75 | 1,768.43 | 0.00 | 2,280.18 | 0.00 | 1,768.43 | 1,768.43 | (511.75) | 0.00 | (511.75) |
| 9/13/2016 | 284.25 | 1,354.84 | 0.00 | 1,639.09 | 0.00 | 1,354.84 | 1,354.84 | (284.25) | 0.00 | (284.25) |
| 9/16/2016 | 726.25 | 2,795.85 | 0.00 | 3,522.10 | 0.00 | 2,795.85 | 2,795.85 | (726.25) | 0.00 | (726.25) |
| 9/30/2016 | 133.75 | 3,890.75 | 0.00 | 4,024.50 | 0.00 | 3,890.75 | 3,890.75 | (133.75) | 0.00 | (133.75) |
| 10/11/2016 | 381.00 | 1,016.32 | 0.00 | 1,397.32 | 0.00 | 1,016.32 | 1,016.32 | (381.00) | 0.00 | (381.00) |
| 10/11/2016 | 279.25 | 989.77 | 0.00 | 1,269.02 | 0.00 | 989.77 | 989.77 | (279.25) | 0.00 | (279.25) |
| 10/14/2016 | 344.50 | 6,102.23 | 0.00 | 6,446.73 | 0.00 | 6,102.23 | 6,102.23 | (344.50) | 0.00 | (344.50) |
| 10/31/2016 | 322.50 | 1,070.32 | 0.00 | 1,392.82 | 0.00 | 1,070.32 | 1,070.32 | (322.50) | 0.00 | (322.50) |
| 11/8/2016 | 469.50 | 1,234.25 | 0.00 | 1,703.75 | 0.00 | 1,134.25 | 1,134.25 | (469.50) | (100.00) | (569.50) |
| 11/14/2016 | 457.00 | 3,358.47 | 0.00 | 3,815.47 | 0.00 | 3,358.47 | 3,358.47 | (457.00) | 0.00 | (457.00) |
| 11/16/2016 | 0.00 | 3,131.13 | 0.00 | 3,131.13 | 0.00 | 3,131.13 | 3,131.13 | 0.00 | 0.00 | 0.00 |
| 11/23/2016 | 229.50 | 1,200.93 | 0.00 | 1,430.43 | 0.00 | 1,200.93 | 1,200.93 | (229.50) | 0.00 | (229.50) |
| 12/5/2016 | 641.55 | 1,748.67 | 0.00 | 2,390.22 | 0.00 | 1,748.67 | 1,748.67 | (641.55) | 0.00 | (641.55) |
| 12/12/2016 | 691.25 | 1,362.49 | 0.00 | 2,053.74 | 0.00 | 1,362.49 | 1,362.49 | (691.25) | 0.00 | (691.25) |
| 12/15/2016 | 536.50 | 1,209.02 | 0.00 | 1,745.52 | 0.00 | 1,209.02 | 1,209.02 | (536.50) | 0.00 | (536.50) |
| 12/16/2016 | 0.00 | 1,617.73 | 0.00 | 1,617.73 | 0.00 | 1,617.73 | 1,617.73 | 0.00 | 0.00 | 0.00 |
| 12/27/2016 | 123.75 | 994.42 | 0.00 | 1,118.17 | 0.00 | 994.42 | 994.42 | (123.75) | 0.00 | (123.75) |
| 12/30/2016 | 658.25 | 1,165.00 | 0.00 | 1,823.25 | 0.00 | 1,164.98 | 1,164.98 | (658.25) | (0.02) | (658.27) |
| Total 2016 | 19,611.92 | 81,775.92 | 121.75 | 101,509.59 | 1,574.50 | 81,673.83 | 83,248.33 | (18,159.17) | (102.09) | (18,261.26) |
| 1/11/17 | 183.75 | 3,256.27 | 0.00 | 3,440.02 | 0.00 | 3,256.27 | 3,256.27 | (183.75) | 0.00 | (183.75) |
| 1/17/17 | 459.50 | 1,699.25 | 0.00 | 2,158.75 | 0.00 | 1,699.25 | 1,699.25 | (459.50) | 0.00 | (459.50) |
| 1/23/17 | 290.10 | 1,602.27 | 0.00 | 1,892.37 | 0.00 | 1,602.27 | 1,602.27 | (290.10) | 0.00 | (290.10) |
| 1/27/17 | 0.00 | 214.91 | 0.00 | 214.91 | 0.00 | 214.91 | 214.91 | 0.00 | 0.00 | 0.00 |
| 1/31/17 | 0.00 | 1,808.38 | 0.00 | 1,808.38 | 0.00 | 1,808.38 | 1,808.38 | 0.00 | 0.00 | 0.00 |
| 2/6/17 | 385.50 | 720.25 | 0.00 | 1,105.75 | 0.00 | 720.25 | 720.25 | (385.50) | 0.00 | (385.50) |
| 2/13/17 | 359.51 | 1,706.17 | 0.00 | 2,065.68 | 0.00 | 1,706.17 | 1,706.17 | (359.51) | 0.00 | (359.51) |
| 2/17/17 | 293.83 | 1,921.06 | 0.00 | 2,214.89 | 0.00 | 1,921.06 | 1,921.06 | (293.83) | 0.00 | (293.83) |
| 2/21/17 | 220.25 | 1,089.49 | 0.00 | 1,309.74 | 0.00 | 1,089.49 | 1,089.49 | (220.25) | 0.00 | (220.25) |
| 2/28/17 | 871.00 | 380.75 | 0.00 | 1,251.75 | 0.00 | 380.75 | 380.75 | (871.00) | 0.00 | (871.00) |
| 3/1/17 | 463.50 | 292.26 | 0.00 | 755.76 | 0.00 | 292.26 | 292.26 | (463.50) | 0.00 | (463.50) |
| 3/6/17 | 0.00 | 97.25 | 0.00 | 97.25 | 0.00 | 97.25 | 97.25 | 0.00 | 0.00 | 0.00 |
| 3/13/17 | 778.75 | 1,562.55 | 0.00 | 2,341.30 | 0.00 | 1,562.55 | 1,562.55 | (778.75) | 0.00 | (778.75) |
| 3/16/17 | 100.00 | 374.50 | 0.00 | 474.50 | 0.00 | 374.50 | 374.50 | (100.00) | 0.00 | (100.00) |
| 3/17/17 | 307.50 | 2,407.83 | 0.00 | 2,715.33 | 110.00 | 2,411.98 | 2,521.98 | (197.50) | 4.15 | (193.35) |
| 3/23/17 | 60.00 | 239.99 | 0.00 | 299.99 | 0.00 | 239.99 | 239.99 | (60.00) | 0.00 | (60.00) |
| 4/4/17 | 323.75 | 587.00 | 0.00 | 910.75 | 0.00 | 587.00 | 587.00 | (323.75) | 0.00 | (323.75) |

Appendix B

City of Coffey
Supporting Documentation - Undeposited Utility Receipts

| Deposit Date | Cash Received | Checks (1) Received | Unknown | Total Receipts | Cash Deposited | Checks Deposited | Total Deposited | Cash Long (Short) | Checks Long (Short) | Total Difference |
|--------------|---------------|---------------------|-----------------------|----------------|----------------|------------------|-----------------|-------------------|---------------------|------------------|
| | | | Method of Payment (2) | | | | | | | |
| 4/10/17 | 622.55 | 1,136.54 | 0.00 | 1,759.09 | 0.00 | 1,136.54 | 1,136.54 | (622.55) | 0.00 | (622.55) |
| 4/13/17 | 423.75 | 734.04 | 0.00 | 1,157.79 | 0.00 | 734.04 | 734.04 | (423.75) | 0.00 | (423.75) |
| 4/14/17 | 227.20 | 922.30 | 0.00 | 1,149.50 | 0.00 | 922.30 | 922.30 | (227.20) | 0.00 | (227.20) |
| 4/18/17 | 121.00 | 801.25 | 0.00 | 922.25 | 0.00 | 801.25 | 801.25 | (121.00) | 0.00 | (121.00) |
| 4/21/17 | 0.00 | 354.50 | 0.00 | 354.50 | 0.00 | 354.50 | 354.50 | 0.00 | 0.00 | 0.00 |
| 4/27/17 | 435.00 | 224.75 | 0.00 | 659.75 | 200.00 | 224.75 | 424.75 | (235.00) | 0.00 | (235.00) |
| 5/1/17 | 0.00 | 2,106.66 | 0.00 | 2,106.66 | 0.00 | 2,106.66 | 2,106.66 | 0.00 | 0.00 | 0.00 |
| 5/8/17 | 234.00 | 1,643.93 | 0.00 | 1,877.93 | 0.00 | 1,643.93 | 1,643.93 | (234.00) | 0.00 | (234.00) |
| 5/12/17 | 249.25 | 903.75 | 0.00 | 1,153.00 | 0.00 | 903.75 | 903.75 | (249.25) | 0.00 | (249.25) |
| 5/16/17 | 589.26 | 1,512.50 | 0.00 | 2,101.76 | 0.00 | 1,512.50 | 1,512.50 | (589.26) | 0.00 | (589.26) |
| 5/22/17 | 71.00 | 965.96 | 0.00 | 1,036.96 | 0.00 | 965.96 | 965.96 | (71.00) | 0.00 | (71.00) |
| 5/26/17 | 83.75 | 418.00 | 0.00 | 501.75 | 0.00 | 417.95 | 417.95 | (83.75) | (0.05) | (83.80) |
| 5/30/17 | 136.25 | 276.50 | 0.00 | 412.75 | 0.00 | 276.50 | 276.50 | (136.25) | 0.00 | (136.25) |
| 6/5/17 | 422.25 | 279.10 | 0.00 | 701.35 | 0.00 | 279.10 | 279.10 | (422.25) | 0.00 | (422.25) |
| 6/7/17 | 467.20 | 1,025.26 | 0.00 | 1,492.46 | 0.00 | 1,025.26 | 1,025.26 | (467.20) | 0.00 | (467.20) |
| 6/12/17 | 0.00 | 574.25 | 0.00 | 574.25 | 0.00 | 574.25 | 574.25 | 0.00 | 0.00 | 0.00 |
| 6/13/17 | 223.75 | 427.50 | 0.00 | 651.25 | 50.00 | 427.50 | 477.50 | (173.75) | 0.00 | (173.75) |
| 6/16/17 | 319.00 | 1,727.80 | 0.00 | 2,046.80 | 0.00 | 1,727.80 | 1,727.80 | (319.00) | 0.00 | (319.00) |
| 6/26/17 | 362.25 | 428.39 | 0.00 | 790.64 | 0.00 | 428.39 | 428.39 | (362.25) | 0.00 | (362.25) |
| 6/29/17 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 0.00 |
| 7/3/17 | 465.00 | 536.50 | 0.00 | 1,001.50 | 0.00 | 536.50 | 536.50 | (465.00) | 0.00 | (465.00) |
| 7/5/17 | 0.00 | 319.75 | 0.00 | 319.75 | 0.00 | 319.75 | 319.75 | 0.00 | 0.00 | 0.00 |
| 7/10/17 | 63.75 | 290.53 | 0.00 | 354.28 | 0.00 | 290.53 | 290.53 | (63.75) | 0.00 | (63.75) |
| 7/11/17 | 0.00 | 399.80 | 0.00 | 399.80 | 0.00 | 401.80 | 401.80 | 0.00 | 2.00 | 2.00 |
| 7/12/17 | 515.00 | 687.75 | 0.00 | 1,202.75 | 0.00 | 687.75 | 687.75 | (515.00) | 0.00 | (515.00) |
| 7/17/17 | 397.00 | 1,209.48 | 0.00 | 1,606.48 | 0.00 | 1,209.48 | 1,209.48 | (397.00) | 0.00 | (397.00) |
| 7/20/17 | 0.00 | 277.50 | 0.00 | 277.50 | 0.00 | 277.50 | 277.50 | 0.00 | 0.00 | 0.00 |
| 7/20/17 | 247.25 | 1,056.10 | 0.00 | 1,303.35 | 0.00 | 1,056.10 | 1,056.10 | (247.25) | 0.00 | (247.25) |
| 7/24/17 | 0.00 | 188.00 | 0.00 | 188.00 | 0.00 | 188.00 | 188.00 | 0.00 | 0.00 | 0.00 |
| 7/24/17 | 287.00 | 354.50 | 0.00 | 641.50 | 0.00 | 354.50 | 354.50 | (287.00) | 0.00 | (287.00) |
| 7/28/17 | 0.00 | 238.50 | 0.00 | 238.50 | 0.00 | 238.50 | 238.50 | 0.00 | 0.00 | 0.00 |
| 8/1/17 | 70.00 | 1,404.96 | 0.00 | 1,474.96 | 0.00 | 1,404.96 | 1,404.96 | (70.00) | 0.00 | (70.00) |
| Total 2017 | 12,129.40 | 43,486.53 | 0.00 | 55,615.93 | 360.00 | 43,492.63 | 43,852.63 | (11,769.40) | 6.10 | (11,763.30) |
| Total | \$ 38,025.65 | 146,443.19 | 365.25 | 184,834.09 | 4,651.78 | 146,198.28 | 150,850.06 | (33,739.12) | (244.91) | (33,984.03) |

(1) The term "check" includes checks, cashier's checks, and money orders.

(2) The method of payment was not indicated on 3 utility deposit payments. These receipts were included with the cash receipts for the analysis of undeposited receipts.

Appendix C

City of Coffey

Supporting Documentation - Unsupported and Undeposited Utility Payments
Recorded for the Former City Clerk's Utility Account (Account Number 6)

| Date Recorded | Amount Recorded | Composition of Payment Recorded | Total Cash Deposited for all Utility Receipts (1) | Deposit Date (1) |
|---------------|--------------------|---------------------------------|---------------------------------------------------|------------------|
| 11/30/2015 | \$ 166.91 | Cash | * 90.00 | 11/30/2015 |
| 12/28/2015 | 148.51 | Check | * N/A | N/A (2) |
| 12/28/2015 | 121.75 | Unknown | ** 0.00 | 12/31/2015 |
| 1/29/2016 | 141.15 | Cash | * 0.00 | 1/29/2016 |
| 2/29/2016 | 160.42 | Cash | * 115.00 | 2/29/2016 |
| 3/23/2016 | 125.00 | Cash | * 250.00 | 3/31/2016 |
| 4/29/2016 | 129.14 | Cash | * 0.00 | 4/29/2016 |
| 6/1/2016 | 130.52 | Cash | * 0.00 | 6/16/2016 |
| 7/1/2016 | 152.75 | Cash | * 0.00 | 7/5/2016 |
| 7/29/2016 | 129.75 | Cash | * 121.75 | 8/5/2016 |
| 8/31/2016 | 134.75 | Cash | * 0.00 | 9/2/2016 |
| 9/30/2016 | 141.00 | Cash | * 0.00 | 10/11/2016 |
| 10/31/2016 | 151.50 | Cash | * 0.00 | 11/8/2016 |
| 11/30/2016 | 124.25 | Cash | * 0.00 | 12/5/2016 |
| 12/30/2016 | 127.00 | Cash | * 0.00 | 12/30/2016 |
| 1/31/2017 | 145.50 | Cash | * 0.00 | 2/6/2017 |
| 3/1/2017 | 146.75 | Cash | * 0.00 | 3/1/2017 |
| 5/31/2017 | 136.25 | Cash | * 0.00 | 6/5/2017 |
| 6/30/2017 | 131.75 | Cash | * 0.00 | 7/3/2017 |
| | <u>\$ 2,644.65</u> | | | |

(1) The total amount of cash deposited with other monies recorded at these times indicates the former City Clerk's utility payments were not deposited (See Appendix B).

(2) This check was not included in any deposits.

* Utility receipts were recorded in the computerized utility system.

** The payment was recorded on a manual utility payment stub.

Appendix D

City of Coffey

Supporting Documentation - Improper Payroll Checks Issued to the Former City Clerk

| <u>Date of Check</u> | <u>Check Number*</u> | <u>Amount</u> | <u>Purpose per Memo Line of Check</u> | <u>Fund</u> |
|----------------------|----------------------|---------------|---------------------------------------|-------------|
| 4/29/2016 | 3516 | \$ 150.00 | Pay period 4/16/16-4/29/16 | Water |
| 5/20/2016 | 3528 | 250.00 | Payroll 5/1-5/15 | Water |
| 5/20/2016 | 5272 | 250.00 | Payroll 5/1-5/15 | Sewer |
| 5/30/2016 | 3532 | 250.00 | Payroll 5/15-5/30 | Water |
| 5/30/2016 | 5276 | 155.00 | Payroll 5/15-5/30 | Sewer |
| 6/22/2016 | 3545 | 155.00 | Payroll 6/1-6/15 | Water |
| 6/29/2016 | 3546 | 351.15 | Payroll 6/15-6/30 | Water |
| 6/29/2016 | 5285 | 349.26 | Payroll 6/15-6/30 | Sewer |
| 7/1/2016 | 3548 | 255.00 | Payroll 6/15-6/30 | Water |
| 7/6/2016 | 3552 | 495.15 | Payroll 6/15-7/1 | Water |
| 7/6/2016 | 5287 | 488.26 | Payroll 6/15-7/1 | Sewer |
| 7/20/2016 | 3553 | 386.15 | Payroll 7/1-7/15 | Water |
| 7/20/2016 | 5290 | 253.26 | Payroll 7/1-7/15 | Sewer |
| 7/22/2016 | 3554 | 575.45 | Payroll 7/1-7/22 | Water |
| 8/1/2016 | 3562 | 255.46 | Payroll 7/15-7/31 | Water |
| 8/10/2016 | 3583 | 252.16 | Payroll 8/1-8/10 | Water |
| 8/19/2016 | 3571 | 153.26 | Payroll 8/12-8/19 | Water |
| 8/19/2016 | 5300 | 136.45 | Payroll 8/12-8/19 | Sewer |
| 8/26/2016 | 3587 | 325.15 | Payroll 8/13-8/26 | Water |
| 9/2/2016 | 5301 | 175.26 | Payroll 7/1-7/22 | Sewer |
| 9/16/2016 | 3572 | 103.26 | Payroll 9/1-9/15 | Water |
| 9/16/2016 | 3601 | 73.00 | Payroll 9/1-9/15 | Water |
| 9/23/2016 | 3605 | 455.26 | Payroll Period 9/9-9/23 | Water |
| 9/23/2016 | 3606 | 150.25 | Payroll 9/1-9/23 | Water |
| 9/23/2016 | 5320 | 150.26 | Payroll 9/1-9/23 | Sewer |
| 9/30/2016 | 3609 | 300.25 | Payroll 9/15-9/30 | Water |
| 9/30/2016 | 5323 | 100.16 | Payroll 9/15-9/30 | Sewer |
| 10/7/2016 | 3613 | 152.16 | Payroll 10/1-10/7 | Water |
| 10/7/2016 | 5325 | 151.24 | Payroll 10/1-10/7 | Sewer |
| 10/19/2016 | 3618 | 400.15 | Payroll 10/1-10/19 | Water |
| 10/19/2016 | 5335 | 503.26 | Payroll 10/1-10/19 | Sewer |
| 10/24/2016 | 5336 | 120.00 | Payroll 10/15-10/24 | Sewer |
| 10/26/2016 | 3619 | 224.21 | Payroll 10/1-10/25 | Water |
| 10/26/2016 | 5337 | 251.35 | Payroll 10/1-10/25 | Sewer |
| 10/31/2016 | 3622 | 250.00 | Payroll 10/15-10/31 | Water |
| 11/4/2016 | 3623 | 151.26 | Payroll 11/1-11/4 | Water |
| 11/4/2016 | 5341 | 149.15 | Payroll 10/24-10/31 | Sewer |
| 11/10/2016 | 3630 | 248.26 | Payroll 11/1-11/11 | Water |
| 11/10/2016 | 5344 | 153.45 | Payroll 11/1-11/11 | Sewer |
| 11/16/2016 | 3632 | 373.50 | Payroll 11/1-11/15 | Water |

Appendix D

City of Coffey

Supporting Documentation - Improper Payroll Checks Issued to the Former City Clerk

| <u>Date of Check</u> | <u>Check Number</u> | <u>Amount</u> | <u>Purpose per Memo Line of Check</u> | <u>Fund</u> |
|----------------------|---------------------|---------------|---------------------------------------|-------------|
| 11/16/2016 | 5353 | 348.26 | Payroll 11/1-11/15 | Sewer |
| 11/18/2016 | 3633 | 363.26 | Payroll 11/1-11/18 | Water |
| 11/23/2016 | 3636 | 153.25 | Payroll 11/15-11/25 | Water |
| 11/23/2016 | 5355 | 248.25 | Payroll 11/14-11/25 | Sewer |
| 12/2/2016 | 3640 | 150.00 | Payroll 11/12-11/30 | Water |
| 12/7/2016 | 5359 | 100.00 | Payroll 12/1-12/5 | Sewer |
| 12/14/2016 | 3645 | 340.45 | Payroll Period 12/1-12/15 | Water |
| 12/16/2016 | 3646 | 400.00 | Payroll Period 12/1-12/16 | Water |
| 12/21/2016 | 5371 | 200.00 | Payroll 12/1-12/21 | Sewer |
| 12/23/2016 | 3647 | 250.00 | Payroll 12/1-12/23 | Water |
| 12/27/2016 | 5372 | 350.00 | Payroll 12/1-12/27 | Sewer |
| 12/30/2016 | 3649 | 353.00 | Payroll 12/15-12/30 | Water |
| 12/30/2016 | 5373 | 53.26 | Payroll 12/15-12/30 | Sewer |
| 1/9/2017 | 3651 | 90.00 | Payroll 1/1/17-1/9/17 | Water |
| 1/12/2017 | 3654 | 400.00 | Payroll 1/1/17-1/12/17 | Water |
| 1/12/2017 | 5374 | 650.00 | Payroll 1/1/17-1/12/17 | Sewer |
| 1/17/2017 | 3661 | 203.16 | Payroll 1/1/-1/17 | Water |
| 1/17/2017 | 5379 | 253.12 | Payroll 1/1/-1/17 | Sewer |
| 1/20/2017 | 3660 | 373.40 | Payroll 1/1-1/20 | Water |
| 1/23/2017 | 3664 | 101.00 | Payroll 1/16-1/23 | Water |
| 1/25/2017 | 5381 | 252.02 | Payroll 1/1-1/25 | Sewer |
| 2/10/2017 | 3669 | 430.34 | Payroll 2/1-2/10 | Water |
| 2/17/2017 | 3674 | 102.13 | Payroll 2/1-2/17 | Water |
| 2/17/2017 | 5392 | 201.34 | Payroll 2/1-2/17 | Sewer |
| 2/21/2017 | 3675 | 292.10 | Payroll 2/1-2/17 | Water |
| 2/21/2017 | 5394 | 383.05 | Payroll 2/1-2/17 | Sewer |
| 2/24/2017 | 5396 | 100.30 | Payroll 2/1-2/24 | Sewer |
| 3/10/2017 | 3680 | 410.12 | Payroll 3/1-3/10 | Water |
| 3/23/2017 | 5398 | 500.00 | Payroll 3/1-3/22 | Sewer |
| 3/30/2017 | 3687 | 70.00 | Payroll 3/15-3/30 | Water |
| 4/12/2017 | 5405 | 203.00 | Payroll 4/1-4/12 | Sewer |
| 4/20/2017 | 3698 | 550.00 | Payroll 4/1-4/19 | Water |
| 4/21/2017 | 5415 | 253.00 | Payroll 4/1-4/20 | Sewer |
| 5/5/2017 | 3700 | 415.00 | Payroll 4/15-4/30 | Water |
| 5/12/2017 | 5417 | 300.00 | Payroll 5/1-5/12 | Sewer |
| 5/19/2017 | 3705 | 523.00 | Payroll 4/17-5/19 | Water |
| 5/19/2017 | 5427 | 245.00 | Payroll 5/1-5/19 | Sewer |
| 5/25/2017 | 5428 | 298.00 | Payroll 5/15-5/25 | Sewer |
| 5/26/2017 | 5431 | 253.00 | Payroll 5/15-5/26 | Sewer |
| 5/31/2017 | 5432 | 351.26 | Payroll 5/1-5/31 | Sewer |

Appendix D

City of Coffey

Supporting Documentation - Improper Payroll Checks Issued to the Former City Clerk

| <u>Date of Check</u> | <u>Check Number</u> | <u>Amount</u> | <u>Purpose per Memo Line of Check</u> | <u>Fund</u> |
|----------------------|---------------------|---------------------|---------------------------------------|-------------|
| 6/2/2017 | 3710 | 203.00 | Payroll 5/15-5/31 | Water |
| 6/9/2017 | 5419 | 249.00 | Payroll 6/1-6/9 | Sewer |
| 6/22/2017 | 5434 | 250.00 | Payroll Period 6/12/17-6/21/17 | Sewer |
| 6/23/2017 | 3721 | 100.00 | Payroll Period 6/16-6/23 | Water |
| 6/26/2017 | 3714 | 203.00 | Payroll Period 6/1-6/23 | Water |
| 6/26/2017 | 5435 | 150.00 | Payroll Period 6/19-6/26 | Sewer |
| 7/3/2017 | 3724 | 103.00 | Payroll Period 6/1-6/30 | Water |
| 7/5/2017 | 3727 | 153.00 | Payroll Period 6/1-6/30 | Water |
| 7/10/2017 | 5437 | 103.00 | Payroll Period 7/3-7/7 | Sewer |
| 7/19/2017 | 3728 | 122.00 | Payroll Period 7/1-7/18 | Water |
| 7/19/2017 | 5441 | 250.00 | Payroll Period 7/1-7/18 | Sewer |
| 7/21/2017 | 3736 | 402.00 | Payroll Period 6/1-7/21 | Water |
| 7/21/2017 | 5442 | 403.00 | Payroll Period 6/1-7/21 | Sewer |
| 7/28/2017 | 5452 | 308.00 | Payroll Period 7/15-7/28 | Sewer |
| | Total | \$ <u>24,633.92</u> | | |

* Two different check sequences were used for payroll checks, one for the Sewer Fund and the other for the Water Fund.

Appendix E

City of Coffey

Supporting Documentation - Over (Under) Payroll Payments Made to the Former City Clerk

| Month and Year | Hours Recorded on Timesheets | Hours Paid per Payroll Reports | Hours Over (Under) Paid | Amount Over (Under) Paid* |
|----------------|------------------------------|--------------------------------|-------------------------|---------------------------|
| November 2015 | 66.25 | 67.25 | 1.00 | \$ 10.00 |
| January 2016 | 66.00 | 107.00 | 41.00 | 410.00 |
| April 2016 | 70.50 | 86.00 | 15.50 | 162.75 |
| May 2016 | 71.50 | 65.50 | (6.00) | (63.00) |
| June 2016 | 76.50 | 129.00 | 52.50 | 551.25 |
| July 2016 | 62.50 | 119.00 | 56.50 | 609.50 |
| August 2016 | 78.50 | 93.50 | 15.00 | 165.00 |
| September 2016 | 72.75 | 82.00 | 9.25 | 101.75 |
| October 2016 | 75.50 | 85.00 | 9.50 | 104.50 |
| November 2016 | 64.50 | 90.50 | 26.00 | 286.00 |
| December 2016 | 64.50 | 35.00 | (29.50) | (359.00) |
| January 2017 | 65.00 | 37.75 | (27.25) | (327.00) |
| February 2017 | 62.00 | 33.25 | (28.75) | (345.00) |
| March 2017 | 68.50 | 31.75 | (36.75) | (441.00) |
| April 2017 | 55.75 | 40.50 | (15.25) | (183.00) |
| May 2017 | 65.50 | 74.75 | 9.25 | 111.00 |
| June 2017 | 70.00 | 138.50 | 68.50 | 822.00 |
| July 2017 | 62.50 | 62.00 | (0.50) | (6.00) |
| August 2017 | 4.50 | 0.00 | (4.50) | (54.00) |
| Total | <u>1,222.75</u> | <u>1,378.25</u> | <u>155.50</u> | <u>\$ 1,555.75</u> |

* The former City Clerk was paid \$10.00 an hour from September 2015 until February 12, 2016; \$10.50 an hour from February 13, 2016, until July 12, 2016; \$11.00 an hour from July 13, 2016, until December 12, 2016; and \$12.00 an hour from December 13, 2016, until August 2, 2017.

Appendix F

City of Coffey
Supporting Documentation - Falsified Document

The city's bank account numbers have been redacted.

February 23, 2017
CITY OF COFFEY
SPECIAL BOARD MEETING MINUTES

Mayor Barbara Miller called the meeting to order at 6:30 p.m.

Council members present: Mayor Barbara Miller, Aldermen Virgil Griffin, William Browning, Julia Bayne and Carolyn Griffin. Others present were Mary Lou Browning, City Clerk.

The council was in an open special session to discuss withdrawing monies from the Savings Account # [REDACTED] and apply monies into Water, Sewer and Solid Waste Accounts with BTC Bank.

The Council discussed withdrawing \$1,500.00 from the Savings Account [REDACTED] and apply \$850.00 into the Sewer Fund Account [REDACTED], then apply \$300.00 into the Water Fund Account [REDACTED] and apply \$350.00 into the Solid Waste Account [REDACTED], Julia Bayne made a motion to transfer monies as mentioned and stated above, Carolyn Griffin seconded with all in favor. Voting went as follows: Julia Bayne, Aye; Carolyn Griffin, Aye, William Browning, Aye, and Virgil Griffin, Aye.

The Council unanimously decided to adjourn the Special Meeting.

Meeting adjourned at 6:35 p.m.

Next Meeting is set for March 13, 2017 at 5:00 p.m.

William D Browning
Carolyn Griffin
Virgil Griffin

Barbara Miller
Julia Bayne