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NEWS RELEASE

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FOR RELEASE March 23, 2012

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Dexter for the period July 1, 2004 through August 31, 2010. The special investigation was conducted as a result of concerns City funds may have been improperly disbursed by the City's former Clerk, Denise Miller. Ms. Miller was the City Clerk from January 1, 2000 until she passed away on July 15, 2010.

Vaudt reported the special investigation identified \$131,391.92 of improper and unsupported disbursements. The \$129,354.23 of improper disbursements identified include \$70,662.23 of checks improperly issued to Ms. Miller, \$45,363.56 of penalties and interest related to payroll taxes and \$6,969.77 of interest for an unauthorized loan Ms. Miller established in the City's name. The improper disbursements also include \$4,367.50 paid to Ms. Miller's husband.

The \$2,037.69 of unsupported disbursements includes 12 checks for which sufficient documentation was not available to determine the propriety of the payments.

Vaudt also reported it was not possible to determine if additional amounts were improperly disbursed or if collections were not properly deposited because adequate records for disbursements and receipts were not available.

The report includes recommendations to strengthen the City's internal controls and overall operations, such as improving segregation of duties, requiring adequate documentation to support disbursements and reconciling utility billings to collections. In addition, Vaudt recommended all disbursements be approved by the City Council prior to payment.

Copies of the report have been filed with the Dallas County Attorney's Office, the Attorney General's Office, the Dallas County Sheriff's Office and the Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1022-0233-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF DEXTER**

**FOR THE PERIOD
JULY 1, 2004 THROUGH AUGUST 31, 2010**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of alleged improprieties regarding certain disbursements, we conducted a special investigation of the City of Dexter. We have applied certain tests and procedures to selected financial transactions of the City for the period July 1, 2004 through August 31, 2010. Based on a review of relevant information and discussions with City officials and staff, 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 bank accounts held by the City to identify any unusual activity.
- (3) Scanned images of checks from the City's bank accounts for reasonableness. We examined certain disbursements to determine if they were appropriate, properly approved and supported by adequate documentation.
- (4) Reviewed payments from the City's bank accounts to the former City Clerk, Denise Miller, to determine if all payroll disbursements were authorized and all other payments were properly approved and supported.
- (5) Examined certain deposits to the City's bank accounts to determine the source, purpose and propriety of the deposits and to determine if deposits were made intact.
- (6) Confirmed payments to the City by the State of Iowa and Dallas County to determine if they were properly deposited to the City's bank accounts in a timely manner.
- (7) Reviewed the utility billing and collection records to determine if collections from Ms. Miller were properly recorded and deposited. We also compared utility billing and collection records prepared by Ms. Miller during fiscal years 2008, 2009 and 2010 to those prepared by the subsequent City Clerk during fiscal year 2011 to determine if there were significant differences in amounts.
- (8) Reviewed available receipt books to determine if recorded cash collections were properly deposited.
- (9) Obtained and reviewed personal bank statements for accounts held at certain financial institutions by Ms. Miller to identify the source of certain deposits. We also reviewed disbursements from the accounts to determine if any payments were made to the City.
- (10) Reviewed available minutes and bill listings to identify significant actions taken by the City Council and to determine if certain payments were properly approved.

These procedures identified \$131,391.92 of improper and unsupported disbursements. We were unable to determine if additional amounts were improperly disbursed or if any collections were not properly deposited because adequate records for disbursements and receipts were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **G** 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 Dexter, other matters might have come to our attention that would have been reported to you.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 10, 2012

City of Dexter
Investigative Summary

Background Information

The City of Dexter is located in Dallas County and has a population of approximately 600, according to the 2010 census. Denise Miller became the Dexter City Clerk on January 2, 2000. Ms. Miller remained the City Clerk until she passed away on July 15, 2010. During Ms. Miller's tenure and until December 31, 2011, Jerry Stiles was the Mayor. As the City Clerk, Ms. Miller was responsible for:

- 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, maintaining supporting documentation, preparing, signing and distributing checks and posting to the accounting records,
- 3) Payroll – calculating payroll amounts, preparing, signing and distributing checks and posting to the accounting records,
- 4) Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records and preparing and making bank deposits,
- 5) Bank accounts – reconciling monthly bank statements to accounting records and
- 6) Reporting – preparing City Council minutes and financial reports.

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 Dallas County. Revenue is also received from households and businesses in the City for water and sewer services. Collections are to be deposited to the City's checking account.

All City disbursements are to be paid with checks after approval of the disbursements by the City Council at City Council meetings. In addition, payroll disbursements are to be signed by the City Clerk and countersigned by the Mayor.

Monthly statements for the City's bank accounts are mailed directly to City Hall where they are opened by the City Clerk. Bank statements and check images are not periodically reviewed by members of the City Council and bank statements were not reconciled to the accounting system. In addition, monthly reconciliations between amounts billed, collected and deposited for water and sewer services are not performed.

In July 2010, the City Council engaged Short & Company, CPA, P.L.C. (CPA firm) to perform an audit for the 2 years ended June 30, 2010. After performing preliminary fieldwork, the CPA firm determined there were not enough records available at the City to continue with an audit and certain agreed-upon procedures should be performed to determine the propriety of the City's financial transactions. In accordance with Chapter 11 of the *Code of Iowa*, the Office of Auditor of State was notified of the concerns identified by the CPA firm and its intent to perform certain procedures. However, after several months of working with the City, the CPA firm and City officials came to an impasse and the CPA firm withdrew from the engagement. As a result, the Office of Auditor of State performed the procedures detailed in the Auditor of State's Report for the period July 1, 2004 through August 31, 2010.

Detailed Findings

These procedures identified \$131,391.92 of improper and unsupported disbursements. The \$129,354.23 of improper disbursements include \$70,662.23 of checks issued to Ms. Miller, \$45,363.56 of penalties and interest for payroll taxes and tax forms which were not submitted in a timely manner and \$6,969.77 of interest for an unauthorized loan Ms. Miller established in the City's name.

We were unable to determine if additional amounts were improperly disbursed or if any collections were not properly deposited because adequate records for disbursements and receipts were not available. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

According to City staff members we spoke with, payment of City obligations should have been made with a check and City business should not have been conducted in cash. We reviewed bank statement activity from the City's checking account for the period July 1, 2004 through August 31, 2010. However, check images were not available for all checks redeemed from the City's checking account for the months of July 2004 through October 2004. A limited number of images for the checks redeemed during these months were available for our review. Using the check images available, we identified a number of unusual disbursements.

Supporting documentation was not available for a number of the disbursements from the City's bank account. As a result, we discussed the disbursements which were unusual in nature with City officials to determine if they were appropriate. We also obtained support directly from certain vendors. The improper and unsupported disbursements identified are explained in more detail in the following sections of this report.

Denise Miller's Payroll – City employees are paid on a bi-weekly basis. According to the City's employee handbook, "Paydays are every other Monday." Based on our review of the paychecks issued to Ms. Miller and other City employees, Ms. Miller typically prepared checks every other Friday. The handbook also states, "The work week starts on Sunday and ends on Saturday." However, copies of Ms. Miller's timecards which were available for our review show pay periods started on Thursdays and ended on Wednesdays.

The ending days of the pay periods were not consistent in the payroll register provided by the current City Clerk. Prior to August 31, 2008, the payroll register shows each pay period ended on Sundays. The ending date for a number of the pay periods between August 31, 2008 and late August 2009 was not documented in the payroll register. However, the payroll register documents pay periods ending on September 9, 2009 and after ended on a Wednesday, which is consistent with the timesheets we reviewed.

All City employees were to submit timecards to Ms. Miller at the end of each pay period. The timecards were not reviewed or approved by anyone. While some timecards were available for our review, timecards could not be located for each pay period. However, the current City Clerk was able to print payroll registers for the period of our investigation using the software used by the City during Ms. Miller's tenure.

We reviewed payroll registers and pay checks issued to City employees to determine if they appeared appropriate in amount and frequency. While most City employees were paid a relatively consistent amount on a bi-weekly basis, we determined some employees occasionally received checks on a weekly basis rather than a bi-weekly basis. However, when the employees received weekly paychecks, the total amount paid over 2 weeks was comparable to the amount of checks issued during other bi-weekly pay periods. As a result, we have not included any of the weekly payments identified in **Exhibit A**. We also determined some employees, including Ms. Miller, were periodically paid before the pay period ended.

Ms. Miller was to be at City Hall from 8:00 a.m. to 5:00 p.m. Monday through Friday, with an hour off over the noon hour. However, the hours recorded on Ms. Miller's timecards available for our review varied from these times.

According to the payroll registers, she was paid on an hourly basis and was often paid for overtime. According to the City's employee handbook, "the number of hours worked between Sunday and Saturday of any given week above forty (40) hours will be paid at 'time and a half' rate. Overtime hours worked must be pre-authorized by the Mayor or the City Coordinator." According to the Mayor, he was aware Ms. Miller worked a limited amount of overtime during times of the year when the budget was being prepared.

Based on our review of the pay checks prepared by Ms. Miller, it appears she usually prepared payroll checks every other Friday. **Exhibit B** includes the dates on which bi-weekly paychecks should have been issued. During the period of our review, there were 150 bi-weekly pay periods for which Ms. Miller was authorized to receive a payroll check. Using the payroll registers printed by the current City Clerk and images of checks issued to Ms. Miller, we identified the checks issued to Ms. Miller for payroll. Because the payroll register does not include a check number, the payroll checks to Ms. Miller were matched to the payroll register by dollar amount and approximate date.

We identified 150 checks which are reasonable as payroll to Ms. Miller. However, because sufficient records were not available for our review, we are unable to determine if the amount of each of the 150 checks was appropriate. Specifically, Ms. Miller's timecards for each pay period were not available to compare to the number of hours recorded in the payroll register. In addition, no one reviewed and approved the number of hours Ms. Miller recorded on her timecards. Ms. Miller did not claim an excessive amount of overtime during individual pay periods. However, we were unable to determine if the amount of overtime she paid herself was correct.

We were also unable to confirm the hourly wage used by Ms. Miller to calculate the paycheck amounts was authorized by the City Council because minutes of meetings were not always maintained or did not document Ms. Miller's authorized hourly rate. Based on our review of the payroll register, it appears Ms. Miller typically received pay increases effective during the first pay period in July each year. The increases identified in the payroll registers ranged from 4% to 4.28%.

During our review of the 150 payroll checks, we determined the following:

- The Mayor signed 123 of the 150 checks identified. Of the 27 he didn't sign, 12 were issued by Ms. Miller during fiscal year 2005. The remaining 15 checks were scattered through fiscal years 2006 through 2010. Checks were to be signed by both the Mayor and the City Clerk.
- Because an image of each check redeemed during July 2004 through October 2004 was not available for our review, we identified only 18 checks issued to Ms. Miller on or near the authorized pay dates during fiscal year 2005. Of the 18 checks identified, 12 were not countersigned by the Mayor. Of the 6 checks which were countersigned by the Mayor, 5 ranged from \$840.01 to \$910.95. The remaining check was for \$1,057.80.

Only 1 of the 12 checks which were not countersigned by the Mayor was less than \$1,000.00. The remaining 11 checks ranged from \$1,012.27 to \$1,185.81. It appears the larger checks Ms. Miller issued to herself during fiscal year 2005 were not presented to the Mayor for countersignature.

Of the 12 checks which were not countersigned by the Mayor during fiscal year 2005, 2 were issued on the same days 2 additional checks which were countersigned by the Mayor were issued to Ms. Miller. The 4 checks are listed in **Table 1**. Check number 11242, which was countersigned by the Mayor, was issued for the same amount of

Ms. Miller's payroll checks for 80 hours of regular pay. Check number 11381, which was also countersigned by the Mayor, was for \$14.30 more than check 11242. It appears these checks were given to the Mayor for his countersignature with the explanation they were Ms. Miller's authorized bi-weekly paychecks. However, these 2 checks were not recorded in the City's payroll register. The payroll register instead reflected check numbers 11243 and 11376. Check numbers 11242 and 11381 are included in **Exhibit D** and are explained in a subsequent section of this report.

Table 1

Checks issued to Denise Miller				
Signed by Mayor			Not Signed by Mayor	
Date	Check Number	Amount	Check Number	Amount
04/18/05	11242	\$ 840.01	11243	\$ 1,185.81
06/24/05	11381	854.31	11376	1,104.83

- The 150 checks listed in **Exhibit B** range from \$840.01 to \$1,436.76. The amounts of the checks did not follow a consistent pattern. Because Ms. Miller was paid an hourly wage, it would not be unusual for the amount of her pay to vary slightly from pay period to pay period. However, for employees paid an hourly rate, it is common to see repetitive amounts of authorized paychecks. In addition, we would expect Ms. Miller to typically be paid for 80 hours per pay period. As previously stated, overtime was to be pre-authorized by the Mayor and he stated he was aware Ms. Miller worked a limited amount of overtime during times of the year when the budget was being prepared. However, the payroll register often included a limited number of overtime hours per pay period throughout the year.

In addition to the checks issued to Ms. Miller at the end of each pay period and listed in **Exhibit B**, we identified 6 more checks from which payroll taxes were withheld. However, the 6 checks do not correspond with a pay period. Of the 6 checks identified, 2 were for retroactive pay increase adjustments. We were able to recalculate the amount of the 2 adjustments using the hourly wage increase and the number of hours recorded in the payroll register for the pay periods between the first of July and the date the adjustment was issued. While we were unable to verify the City Council approved the hourly wage increase due to the lack of available City Council minutes, we determined other employees also received retroactive pay adjustments. The remaining 4 checks identified, along with the employer's share of FICA and IPERS incurred by the City, are listed in **Table 2**.

Table 2

Date	Description	Check Number	Gross Amount	City's Share of		Total Cost
				FICA	IPERS	
10/10/05	40 vacation hours	11667	\$ 542.80	41.52	31.21	615.53
09/05/08	40 regular hours	14202	612.40	46.85	38.89	698.14
06/25/09	45 regular hours	14725	688.95	52.70	43.75	785.40
09/28/09	80 vacation/10 sick leave hours	14960	1,432.80	109.61	95.28	1,637.69
Total			\$ 3,276.95	250.68	209.13	3,736.76

As illustrated by the **Table**, 2 of the checks were for vacation and sick leave hours. The City's employee handbook only provides for vacation hours to be paid upon termination. In addition, sick leave hours may be paid upon termination, but only under certain conditions. Because the checks listed in the **Table** were issued between authorized pay periods or were unauthorized payouts of leave balances, the \$3,736.76 total is included in **Exhibit A** as improper disbursements.

Insurance Stipends – During the period of our investigation, City employees received \$197.00 each month as a stipend paid in lieu of health insurance benefits. Because the payments were taxable benefits, they should have been included in the employees' taxable wages. However, the payments were not included in the payroll registers available for our review. The City no longer provides the monthly insurance stipends to employees.

We reviewed each \$197.00 check issued to employees from the City's checking account. Prior to April 1, 2006, Ms. Miller prepared the checks at the end of each month. However, after April 1, 2006, the checks were prepared at various times each month. The \$197.00 checks issued to Ms. Miller are listed in **Exhibit C**.

We identified 4 months during which Ms. Miller received 2 stipend checks. The checks issued during those 4 months are listed in **Table 3**. We did not identify any other employees who received more than 1 stipend per month.

Table 3

Date	Check Number	Amount
08/08/06	12418	\$ 197.00
08/21/06	12471	197.00
03/06/08	13824	197.00
03/10/08	13825	197.00
05/01/08	13928	197.00
05/17/08	13972	197.00
09/08/08	14213	197.00
09/10/08	14089	197.00
Total		1,576.00
Less: Authorized amount		788.00
Unauthorized amount		\$ 788.00

For each of the 4 months listed in **Table 3**, Ms. Miller also received a \$197.00 check in the preceding and succeeding months. Because Ms. Miller was authorized to receive only 1 stipend check each month, 4 of the 8 checks included in the **Table** were unauthorized. The \$788.00 total of the 4 unauthorized checks is included in **Exhibit A** as improper disbursements.

Termination Pay Issued to Denise Miller – As previously stated, Ms. Miller passed away on July 15, 2010. However, 4 checks were issued to Ms. Miller after this date. As illustrated by **Exhibit B**, check number 15470 was issued to her on July 21, 2010. According to the City's payroll register, the check was for 80 hours worked during the pay period ended July 14, 2010.

The remaining 3 checks were issued to Ms. Miller on July 22, 2010 for payout of accumulated leave balances. The 3 checks are listed in **Table 4**. Each check was signed by the Mayor. According to the Mayor, with assistance from an interim City Clerk, he determined the amount to be paid and authorized the payout of the accumulated leave balances.

Table 4

Check Number	Description per Payroll Register	Check Amount
15479	31.36 Regular Hours*	\$ 641.61
15481	84.57 Vacation Hours^	1,098.50
15482	28.00 Sick Leave Hours^	390.12
	Total	<u>\$ 2,130.23</u>

* - Paid at time and a half.

^ - Paid at the normal hourly rate.

As illustrated by the **Table**, 2 of the checks were issued at Ms. Miller's normal hourly rate, but check number 15479 was issued at time and a half. Based on discussion with the Mayor, check number 15479 was for unused compensatory time.

The City has established policies regarding the amount of paid time off employees are eligible to receive and the amounts to be paid to employees upon their termination. The policies are found in the employee handbook. We reviewed the policies and identified several concerns regarding the amounts paid to Ms. Miller through the 3 checks listed in **Table 4**. The concerns are summarized in the following paragraphs.

- Check number 15479 was issued to Ms. Miller for 31.36 hours of accumulated but unused comp [compensatory] time. While the City's payroll registers included the number of vacation and sick leave hours earned, used and accumulated balances, the payroll registers did not include any information about the amount of comp time earned but not paid to employees. As a result, we are unable to determine how the 31.36 hours of comp time used to calculate check 15479 was determined or the accuracy of the amount. The Mayor was only able to recall receiving assistance from the interim City Clerk to determine the amount to be paid.

According to the City's employee manual, any hours worked within a week in excess of 40 hours will be paid to the employee at time and a half if the overtime hours have been pre-authorized by the Mayor or the City Coordinator. Overtime is to be paid to the employee on the paycheck directly following the pay period in which it was earned.

By scanning the City's payroll registers for pay periods prior to July 2010, we determined Ms. Miller was frequently paid for more than 80 hours per pay period. The hours exceeding 80 were paid to her at time and a half. As a result, it appears she was paid for overtime as she earned it and she should not have been accumulating any comp time. As a result, check number 15479 should not have been issued to Ms. Miller. The gross amount of the check was \$748.88.

- Check number 15481 was issued to Ms. Miller for 84.57 hours of unused vacation. During our review of the City's payroll registers, we determined Ms. Miller changed her vacation accrual rate from 4.62 hours per pay period (3 weeks per year) to 6.15 hours per pay period (4 weeks per year.) The increased rate was first used for the pay period ended January 13, 2010.

The City's employee handbook states employees with more than 7 years but less than 16 years of full-time continuous service shall earn 3 weeks of vacation per year. Employees with more than 16 years of full-time continuous employment shall earn 4 weeks of vacation per year. As stated previously, Ms. Miller began her employment with the City on January 1, 2000. She marked her 10th year of employment with the City in January 2010. As a result, Ms. Miller should not have increased the rate at which she earned vacation time.

By increasing the rate, Ms. Miller accumulated 21.42 more hours of vacation between January 1, 2010 and July 14, 2010 than she was eligible to receive. As a result, check

number 15481 should have been issued for no more than 63.15 hours of vacation. We are unable to determine if Ms. Miller properly recorded all the vacation she used. As a result, we are unable to determine if the remaining balance of 63.15 hours was appropriate.

The overpayment of the 21.42 vacation hours resulted in the gross amount of check number 15481 being at least \$341.00 more than appropriate.

- Check number 15482 was issued to Ms. Miller for 28 hours of accumulated sick leave. However, according to the City's employee manual, "upon retirement or termination of employment after 20 or more years of service, an employee may convert accumulated sick leave to vacation at a rate of 2:1." After converting accumulated sick leave hours to vacation hours, the employee may be paid for the unused vacation hours upon retirement or termination of employment.

Because Ms. Miller was not employed by the City for 20 years, she was not eligible to convert her unused sick leave hours to vacation and receive a payout of the time upon termination. As a result, check number 15482 should not have been issued. The gross amount of the check was \$445.76.

The gross amounts of the 3 checks which were improperly issued are summarized in **Table 5**. The **Table** also includes the employer's share of FICA and IPERS incurred by the City for the payments.

Table 5

Check Number	Description	Excess Gross Amount	Employer's Share		
			FICA (7.65%)	IPERS*	Total
15479	Comp time	\$ 748.88	57.29	52.05	858.22
15481	Vacation	341.00	26.08	23.69	390.77
15482	Sick Leave	445.76	34.10	30.98	510.84
	Total	\$ 1,535.64	117.47	106.72	1,759.83

* - The City used an incorrect rate of 6.95%. The rate increased to 8.07% effective 07/01/10.

The \$1,759.83 of excess payroll costs incurred by the City is included in **Exhibit A** as improper disbursements. While the 3 checks were authorized by the Mayor after Ms. Miller's passing, the amount included in **Table 5** for check 15481 is a result of Ms. Miller improperly increasing the amount of vacation she earned each pay period from January into July, 2010. The remaining 2 checks authorized by the Mayor did not comply with the City's policies.

Other Checks Issued to Denise Miller – We reviewed bank statements for the City's checking account to identify any checks issued to Ms. Miller between July 1, 2004 and August 31, 2010. However, as previously stated, only a limited number of images for the checks redeemed during July 2004 through October 2004 were available for our review. We identified 95 checks issued to Ms. Miller between July 1, 2004 and August 31, 2010, which does not include the 150 payroll checks, the 6 additional checks on which payroll taxes were paid, the 75 insurance stipend checks or the 3 termination pay checks discussed previously. We did not identify any checks issued to Ms. Miller after July 22, 2010. The 95 checks identified are listed in **Exhibit D**.

The 95 checks identified did not include any notations regarding their purpose. Because the 95 checks were not for payroll, insurance stipends or termination pay, it appears they may have been for reimbursements of purchases Ms. Miller made on behalf of the City or travel costs she incurred for training or other events related to her job. However, none of the 95 checks Ms. Miller issued to herself were supported by appropriate documentation, such as receipts, invoices or travel claims.

As illustrated by **Exhibit D**, the 95 checks total \$64,377.64. These checks are also included in **Exhibit A** as improper disbursements. The 95 checks ranged from \$40.84 to \$2,721.00. The total amount and number of checks is summarized by year in **Table 6**.

Table 6

Fiscal Year	Number of Checks	Amount	Average Check Amount
2005	15	\$ 9,038.87	602.59
2006	20	17,265.75	863.29
2007	17	10,356.08	609.18
2008	20	12,054.46	602.72
2009	12	7,2220.83	601.74
2010	10	8,290.70	829.07
2011*	1	150.95	150.95
Total	95	\$ 64,377.64	

* - Includes only July 2010.

Based on our experience with cities of comparable size, this is an unusually large number of checks and an unusually large dollar amount of reimbursements to be issued to a City Clerk. As illustrated by the **Table**, the average check amount issued to Ms. Miller during fiscal years 2005, 2007, 2008 and 2009 ranged from \$602.59 to \$609.18. However during fiscal years 2006 and 2010, the average check amount issued to Ms. Miller was \$863.29 and \$829.07, respectively. During fiscal year 2006, Ms. Miller issued herself 2 checks which exceeded \$2,000.00 each and 4 checks which exceeded \$1,000.00 each. During fiscal year 2010, Ms. Miller issued herself 7 checks which exceeded \$1,000.00 each.

Because of the number and size of the checks and because the payments were not supported by any documentation, the 95 checks are included in **Exhibit A** as improper disbursements.

Employee Withholdings and Employer Payroll Costs – The payroll register for the pay period ended May 15, 2005 correctly shows Ms. Miller received a check. As previously stated, the payroll register does not include check numbers, but we were able to observe an image of check number 11299 which was issued to Ms. Miller on May 13, 2005 for the \$1,077.34 net amount recorded in the payroll register. The payroll register correctly shows the pay period ended May 15, 2005 was the 10th pay period of the calendar year.

The next entry in the payroll register for Ms. Miller was for the 11th pay period of the calendar year, but the payroll register incorrectly showed the 11th pay period also ended on May 15, 2005. Another \$1,077.34 check was recorded in the payroll register for Ms. Miller for the incorrectly identified 11th pay period. However, we were unable to find another \$1,077.34 check issued to Ms. Miller from the City's account during May or several subsequent months. As a result, it does not appear she actually received the check improperly recorded in the payroll register as the 11th pay period ended on May 15, 2005.

In addition to Ms. Miller, the payroll register showed 2 pay periods ended on May 15, 2005 for another City employee. The payroll register for the other employee also showed checks for the same amount for the 10th and 11th pay periods, but, as was the case for Ms. Miller, only 1 check was issued to the employee.

The payroll register for the incorrectly recorded 11th pay period also shows the year-to-date balances increased for all the withholdings from Ms. Miller's and the other employee's gross pay and the employer's share of FICA and IPERS. **Table 7** summarizes the additional costs incurred by the City for the 11th pay period improperly recorded in the payroll register. The payroll register showed the correct number of pay periods for the rest of the year for both employees.

Table 7

Description	Denise Miller	Other City Employee	Total
Gross amount of payroll	\$ 1,215.28	1,144.00	2,359.28
Less: Net amount of payroll	(1,077.34)	(870.16)	(1,947.50)
Employee share of withholdings	137.94	273.84	411.78
Employer's share of FICA	92.97	87.52	180.49
Employer's share of IPERS	69.88	65.78	135.66
Total cost	\$ 300.79	427.14	727.93

Because the City improperly remitted the employee's share of withholdings and the employer's share of FICA and IPERS for the improperly recorded 11th pay period, the \$727.93 summarized in **Table 7** is included in **Exhibit A** as improper disbursements.

Late Fees Paid to IPERS – Using reports obtained from IPERS for 2007 through 2010, we determined the City incurred \$93.25 of late fees because reports were not submitted to IPERS in a timely manner. We are unable to readily determine if additional late fees were incurred prior to 2007.

As the City Clerk, it was Ms. Miller's responsibility to prepare the periodic reports and submit them in a timely manner, along with the appropriate payment for the employee and employer contributions. The late fees incurred are listed in **Table 8**.

Table 8

Effective Date	Description	Amount
12/01/08	Late fee for December-08	\$ 23.25
02/01/09	Late fee for February-09	23.00
07/01/09	Late fee for 07/2009	23.50
10/01/09	Late fee for 10/2009	23.50
	Total	\$ 93.25

The \$93.25 of late fees paid by the City is included in **Exhibit A** as improper disbursements.

IRS penalties – During our review of checks issued from the City's checking account, we identified 2 checks issued in January 2010 which totaled \$94,529.64. The checks are listed in **Table 9**.

Table 9

Date	Check Number	Payee	Amount
01/14/10	15127	United States Treasury	\$ 85,295.62
None*	15161	United States Treasury	9,234.02
		Total	\$ 94,529.64

* - Handwritten check without a date cleared the bank on 01/25/10.

The disbursement listing included with the minutes of the February 1, 2010 City Council meeting reflect a \$94,529.64 payment was made to UST (the United States Treasury) in January 2010. However, the listing describes the payment as a “TIF-Loan payment.” TIF is an acronym for Tax Increment Financing, a financing method used for subsidizing infrastructure and other community improvement projects.

According to the current City Clerk, shortly after he began employment with the City, notifications were found from the IRS which stated penalties and interest had been incurred by the City because payroll taxes had not previously been remitted in a timely manner. With the assistance of the current City Clerk, we obtained the City’s payment history information from the IRS which specified the amount of payroll taxes, penalties and interest paid by the City for certain time periods. We also reviewed a number of IRS notifications dated September 10, 2010 which were located in the City’s records.

Using the reports available from the City and the reports received from the IRS, we determined the 2 checks totaling \$94,529.64 included in the disbursement listing with the February 2010 City Council meeting minutes were not for a TIF loan payment as Ms. Miller described. Instead, the checks were a payment to the United States Treasury for unpaid payroll taxes, penalties and interest. Of the \$94,529.64 paid to the IRS, \$46,904.12 was for previously unpaid payroll taxes and \$45,363.56 was for penalties and interest. Because reports were not received from the IRS for some quarters, we are unable to determine how the remaining \$2,261.96 was allocated between unpaid payroll taxes, penalties and interest.

As the City Clerk, it was Ms. Miller’s responsibility to ensure the City’s obligations, including payment of payroll taxes to the IRS, were paid in a timely manner. The City should not incur late fees, penalties or interest for any outstanding obligations. The \$45,363.56 of penalties and interest paid by the City due to Ms. Miller not filing timely reports and paying taxes timely is included in **Exhibit A** as improper disbursements.

The documentation located at the City also included an IRS notification which stated a \$14,604.68 penalty was due on September 10, 2010 for failure to file the required W-2 forms for 2007. However, Ms. Miller did not pay this amount when she issued the 2 checks in January 2010. The current City Clerk subsequently contacted the IRS regarding the \$14,604.68 penalty and received a written statement it was removed from the City’s obligations.

Unauthorized Loan – At the end of May 2010, the City made an \$85,000.00 loan payment to Banker’s Trust for authorized city obligations. However, before the loan payment was made on May 26, 2010, \$85,000.00 was deposited to the City’s checking account on May 17, 2010. Based on documents we obtained from Wells Fargo, a loan was established in the City’s name on May 12, 2010 and the maturity date is June 1, 2013.

The loan agreement obtained from Wells Fargo includes the Mayor’s signature. However, the Mayor was not able to explain why the loan was established without the City Council’s approval or prior to discussion by the City Council.

We obtained a copy of the City Council minutes for the April 15, 2010 meeting provided to Wells Fargo which document the loan was approved by the City Council. **Appendix 1** includes a copy of the minutes located at City Hall for the April 5, 2010 City Council meeting. As illustrated by the **Appendix**, in the paragraph between the motion to submit an application to Rural Development and the paragraph summarizing approval of renewing the liquor licenses for The Rusty Duck was a summary of the City Council’s action to approve the renewal of liquor licenses for Dexter American Legion.

However, in the minutes which were provided to Wells Fargo, the paragraph on Dexter American Legion was replaced. **Appendix 2** includes a copy of the minutes provided to Wells

Fargo. As illustrated by the **Appendix**, the revised minutes instead state the City Council approved proceeding with a loan for railroad crossings. The loan was to be a 3-year loan from Wells Fargo. Ms. Miller was responsible for preparing and maintaining the minutes of City Council meetings.

Exhibit E includes a listing of the payments to be made over the course of the 3 year loan. As illustrated by the **Exhibit**, the City will incur \$6,969.77 of interest on the loan. Because the loan was not authorized by the City Council, the \$6,969.77 of interest is included in **Exhibit A** as improper disbursements.

Payments to Denise Miller's Husband – During our review of checks issued from the City's checking account, we identified 8 checks issued to Ms. Miller's husband, Mike Miller. The checks are listed in **Table 10**.

Table 10

Date	Check Number	Amount
10/16/04	10820	\$ 800.00
12/28/04	11007	200.00
01/09/06	11873	2,000.00
04/06/07	13065	360.00
06/20/07	13252	180.00
12/23/08	14455	390.00
09/08/09	14911	250.00
06/08/10	15371	187.50
Total		<u>\$ 4,367.50</u>

As illustrated by the **Table**, with the exception of the check issued on June 8, 2010, each check was for an even dollar amount. According to the Mayor, Mr. Miller performed "computer work" for the City. We were unable to locate any documentation in the City's records to support the payments.

For check numbers 14455 and 14911, we located publications of the City Council meeting minutes. The checks to Mr. Miller were not included in the listing of bills the City Council approved for payment. We were unable to locate publications of City Council meeting minutes for the remaining 6 payments.

In addition, as illustrated by **Table 10**, check number 14455 was issued to Mr. Miller on December 23, 2008 for \$390.00. While the listing of approved bills for December 2008 did not include the payment to Mr. Miller, it included a \$390.00 payment to Quill, an office supplies vendor. However, we were unable to locate a check issued to Quill during December 2008. It appears the \$390.00 check may have been mislabeled on the listing to mislead the City Council.

Because we are unable to determine the propriety of the payments and because of other information identified, the \$4,367.50 paid to Mr. Miller is included in **Exhibit A** as improper disbursements.

Payments to vendors – During our investigation, we scanned all invoices located in the City’s records for propriety. As a result of our review, we identified several concerns which are described in the following paragraphs.

- Late fees – We identified 18 invoices which included a finance charge or a late fee incurred because payment had not been made to the vendor in a timely manner. The finance charges and late fees identified totaled \$828.20.

We were only able to trace 5 of the invoices to a specific payment issued from the City’s checking account. Of the 5 payments, the finance charge or late fee was paid for 3 of the invoices. The check amounts for the other 2 invoices did not include the related finance charge or late fee. Because the City’s records were not maintained in an orderly manner, we were unable to determine if the finance charge or late fee was subsequently paid to the vendor in another check.

Because we were unable to determine how much of the finance charges and late fees incurred by the City were actually paid, vendor finance charges or late fees are not included in **Exhibit A**.

- Items from Quill – Quill is an office supply company which also sells furniture, cleaning supplies and snacks. Because detailed invoices for purchases from Quill were not always available in the City’s records, we obtained invoices for all of the City’s purchases directly from Quill for January 2008 through July 2011. We also found some older invoices in the City’s records.

The items listed on the invoices available for our review appeared reasonable for the City’s operations. However, we also identified several items on the invoices which did not have a cost associated with them. These items were sent by Quill as a free “bonus item” when a certain dollar amount was purchased on a single order. The free items received for the orders paid for by the City include DVD movies, cookware, cookies and an MP3 player. Each free item identified is listed in **Exhibit F**. These items were not located at the City. Because the City did not incur a cost for the items, a related amount has not been included in **Exhibit A**.

During our review of the invoices from Quill, we identified a 19-inch widescreen LCD television which was purchased on October 13, 2008. The television could not be located at the City. As a result, the \$169.99 cost is included in **Exhibit A** as an improper disbursement.

- Check to Annear Power – The vast majority of the checks issued from the City’s checking account were typewritten or printed by the City’s accounting system. Only a limited number of checks were manually prepared. Checks which were handwritten were generally for small amounts and were typically issued to vendors such as the post office. Check number 13662 was manually prepared. However, it was not to a vendor frequently used by the City and it was not for a small amount.

Check number 13662 was issued to Annear Power for \$1,000.00. It is unusual for a payment to a vendor to be for an even dollar amount, such as \$1,000.00. The check did not include a date, but it was redeemed on December 8, 2007. The Mayor was not able to provide an explanation for the check. After attempting to reach the vendor, we learned the vendor is no longer in operation. According to the individual we spoke with, Annear Power repaired equipment, such as lawn mowers.

Because the check was manually prepared for an unusual and large amount, because sufficient documentation is not available to support the payment and because the

Mayor does not know what the payment would have been for, the \$1,000.00 payment is included in **Exhibit A** as an improper disbursement.

- Other Disbursements – In addition to scanning all invoices located in the City’s records, we judgmentally selected 30 checks issued during fiscal years 2007 through 2010 to determine if they were properly supported and met the test of public purpose. For the 30 checks tested, we determined:
 - 1 check was returned to the City because it was a duplicate payment to the vendor.
 - 3 checks were not signed by anyone at the City.
 - 18 checks were not supported by appropriate documentation. The 18 checks include the \$9,234.02 payment to the IRS, the \$1,000.00 check issued to Annear Power and 2 checks issued to Mr. Miller which are listed in **Table 10**.

The 18 checks also include a \$1,215.00 payment to De Vries Woodcrafters which we were able to confirm was for library bookcases. The 18 checks also include a \$1,647.95 payment to Sam’s Club for which we obtained a copy of the related invoice directly from the vendor. While the quantity is not specified, the invoice shows 8 foot long banquet tables were purchased in October 2009 at a cost of \$1,345.68. According to City staff we spoke with, the tables are at the City. The remaining portion of the invoice includes items with appear to be the ingredients and supplies needed for a pancake breakfast. City staff confirmed the Fire Department hosts a pancake breakfast in the fall. As a result, the \$1,647.95 purchase is considered reasonable.

The remaining 12 disbursements are listed in **Exhibit G**. The **Exhibit** includes 2 checks to Gateway Hotel, which is located in Ames, and 2 checks to cafés. The **Exhibit** also includes 2 checks which were issued to petty cash and a 3rd check which was issued to the City and appears it may also be a petty cash reimbursement. Each of the 3 checks was less than \$100.00.

Because the disbursements were not properly supported, we cannot determine if they were for City operations or personal in nature. As a result, the 12 disbursements, which total \$2,037.69, are included in **Exhibit A** as unsupported disbursements.

Based on these findings, it is apparent sufficient oversight of the City’s disbursements was not provided by the Mayor or the City Council.

UNDEPOSITED COLLECTIONS

Utility Collections – According to City officials we spoke with, payments for utilities are received through the mail. Utility customers also bring payments to City Hall or place them in the City’s drop box. Billing statements sent to customers included the previous balance due, the amount billed for the current month’s service and the total amount due. As previously stated, Ms. Miller had primary responsibility for the billing, collection, penalties and deposit of utility payments.

We compared utility billing and collection records prepared by Ms. Miller during fiscal years 2008, 2009 and 2010 to those prepared by the subsequent City Clerk during fiscal year 2011. The comparison did not identify any significant differences in amounts billed or collected.

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 payments to the City by the State of Iowa to determine if they were properly deposited to the City’s checking account. We determined all payments from the State of Iowa were properly deposited to the City’s checking account.

Taxes from Counties – We confirmed payments to the City by Dallas County to determine if they were properly deposited to the City’s checking account. We determined all payments from Dallas County were properly deposited to the City’s checking account.

ADMINISTRATIVE RESPONSIBILITIES

During our investigation, we determined Ms. Miller did not properly carry out a number of her responsibilities as the City Clerk. Specifically, we identified the following:

- Minutes of the City Council meetings were not signed in accordance with section 380.7 of the *Code of Iowa* and bill listings were not retained with the minute records at City Hall.
- Although Ms. Miller prepared some receipts, receipts were not prepared for all collections.
- Ms. Miller reported payroll amounts in total to the City Council and in published reports. We compared the payroll amounts she reported to the City Council and the amounts published to the amounts actually issued for 4 months. For the 4 months tested, there was not a time when all 3 amounts agreed. However, the amount reported to the City Council agreed with the amount published for 1 month and the amount reported to the City Council agreed with the amount of payroll actually issued for 2 months. **Table 11** summarizes the amounts we compared.

Table 11

Month	Amount of Payroll		
	Published	Reported to City Council	Actually Issued
July 2009	\$ 9,203.67	11,229.88	9,203.67
Aug. 2009	7,447.22	7,447.22	7,355.79
Sept. 2009	8,641.78	7,927.37	8,164.43
Nov. 2009	5,580.99	6,519.91	5,580.99

The amounts shown in the **Table** for payroll actually issued do not include any additional checks issued to Ms. Miller discussed previously.

- According to the City’s employee handbook, “If all of an employee’s comp time is not taken prior to termination of employment, the City will pay the employee straight time for the accrued balance.” In accordance with the Fair Labor Standards Act, the City is required to pay an employee eligible for compensatory time at a rate of 1½ times their hourly pay rate. The City’s policy of payment of “straight time” is not in compliance with the Fair Labor Standards Act.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Dexter to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check of those of another and provide a level of assurance errors or irregularities will be noted 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 of Dexter's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former City Clerk had control over each of the following areas for the City.
 - (1) Payroll – preparing, signing and distributing checks.
 - (2) Disbursements - preparing checks, signing, distributing and posting.
 - (3) Receipts - collecting, depositing, journalizing and posting.
 - (4) Financial records – preparing City Council minutes and financial reporting.
 - (5) Utilities – preparing billings, collecting, assessing penalties, depositing and posting payments to customer accounts and recording payments in the City's utility billing system.

In addition, bank reconciliations were not performed.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the functions listed above should be segregated. City Council members should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

In addition, controls can be improved by requiring dual signatures on all checks issued by the City. Blank checks should not be pre-signed. Checks should only be signed after review of the supporting documentation, which is then maintained in a systematic order within the City's records.

- B. Unauthorized Loan – An \$85,000 loan was established in the City's name which was not discussed or approved by the City Council. Based on documents we obtained from the lender, the loan was established on May 12, 2010. The loan agreement includes the Mayor's signature. However, the Mayor was not able to explain why the loan was established without the City Council's approval or prior to discussion by the City Council.

Recommendation – The City Council should discuss and approve any loan documents before they are signed.

- C. Payroll Disbursements – During our investigation, we determined some employees occasionally received payroll checks on a weekly basis rather than the authorized bi-weekly basis. However, when the employees received weekly paychecks, the total amount paid over 2 weeks was comparable to the amount of checks issued on a bi-weekly basis. We also determined some checks were issued to employees prior to the end of a pay period.

During our review of timesheets and payroll registers, we determined the ending dates of pay periods frequently did not comply with the City's employee handbook, which states, "The work week starts on Sunday and ends on Saturday." We also determined timesheets were not approved by someone responsible for supervising the employee.

Recommendation – The City Council should implement procedures to ensure compliance with policies established in the City's employee handbook. Prior to countersigning payroll checks, the Mayor should ensure payroll checks are not issued prior to the end of a bi-weekly pay period.

In addition, all employee timesheets should be reviewed and approved by someone responsible for supervising the employee. The review should include ensuring the employee's time is accurately recorded. The review should also be documented by the supervisor's signature or initials on the timesheet.

D. City Council Minutes – During our investigation, we identified the following:

- Minutes of each City Council meeting were not maintained at City Hall.
- For City Council minutes available for our review, a number were not signed in accordance with section 380.7 of the *Code of Iowa*.
- Bills listings for City Council approval were not retained with the minutes records at City Hall.
- A Book of Resolutions was not retained at City Hall.

Recommendation – The City Council should ensure procedures are implemented which ensure compliance with Chapter 380 of the *Code of Iowa*.

E. Published Payroll – During our investigation, we looked at published payroll for 4 months. The published payroll matches actual payroll for 2 of 4 months tested. Payroll reports given to the City Council matched published payroll for 1 of 4 months tested and does not match actual payroll in any month tested.

Recommendation – The City Council should review and approve payroll as listed on the bills listing each month.

F. Disbursements – During our review of the City's disbursements, the following were identified:

- Most disbursements were not supported by invoices or other appropriate documentation.
- Some checks were not signed by anyone at the City.
- Some checks were not dated.
- 1 check was returned due to it being a duplicate payment.

Recommendation – All City disbursements should be approved by the City Council prior to disbursement. 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. In addition, all original supporting documentation should be maintained at City Hall for all disbursements. Checks should be dated and signed. Supporting documentation should be canceled to prevent reuse.

- G. Utility Billings, Reconciliations and Delinquent Accounts – The former City Clerk prepared monthly summaries of utility billing activity. However, sufficient support was not available in the City's records to determine how the amounts were determined.

Recommendation – The City Council should implement procedures to ensure utility billing activity is reconciled in a timely manner on a monthly basis. Support for the reconciliations should be maintained, including individual billings, adjustments and penalties. Detailed deposit slips should also be maintained to show which portions of cash and checks are for utilities. The City Council should also monitor delinquent accounts and ensure an independent party periodically reviews the reconciliations.

Procedures should also be developed which ensure the rates entered into the City's utility billing system are periodically reviewed to ensure they comply with the rates approved by the City Council in the rate ordinances.

- H. Receipts – Receipts were not issued for all collections and collections were not taken to the bank in a timely manner. Because receipts were not prepared, we were unable to determine if all collections were properly deposited.

Recommendation – Prenumbered receipts should be issued for all collections at the time of collection to provide additional control over the proper collection and recording of all money. In addition, the collections should be deposited intact and in a timely manner.

- I. Compensatory time – According to the City's employee handbook, “If all of an employee's comp time is not taken prior to termination of employment, the City will pay the employee straight time for the accrued balance.” In accordance with the Fair Labor Standards Act, the City is required to pay an employee eligible for compensatory time at a rate of 1½ times their hourly pay rate. The City's policy of payment of “straight time” is not in compliance with the Fair Labor Standards Act.

Recommendation – The City Council should establish procedures which ensure compliance with the Fair Labor Standards Act and update the employee handbook accordingly.

Exhibits

Report on Special Investigation of the
City of Dexter

Summary of Findings
For the period July 1, 2004 through August 31, 2010

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Payments issued to Denise Miller:				
Payroll:				
Unauthorized checks	Table 2	\$ 3,736.76	-	3,736.76
Insurance stipends	Table 3	788.00	-	788.00
Termination pay*	Table 5	1,759.83	-	1,759.83
Other checks	Exhibit D	64,377.64	-	64,377.64
Subtotal		70,662.23	-	70,662.23
Employee withholdings and employer payroll costs^	Table 7	727.93	-	727.93
Late fees paid to IPERS	Table 8	93.25	-	93.25
IRS penalties and interest	Page 14	45,363.56	-	45,363.56
Unauthorized loan interest	Exhibit E	6,969.77	-	6,969.77
Payments to Denise Miller's husband	Table 10	4,367.50	-	4,367.50
Television from Quill	Page 16	169.99	-	169.99
Check to Annear Power	Page 16	1,000.00	-	1,000.00
Other disbursements	Exhibit G	-	2,037.69	2,037.69
Total		\$ 129,354.23	2,037.69	131,391.92

* - Termination payments were calculated and authorized after Denise Miller's death. Includes \$390.77 of vacation pay which resulted from Denise Miller improperly increasing the amount of vacation she earned each period beginning in January 2010. The remaining \$1,369.06 resulted from the Mayor authorizing payments which did not comply with the City's policies.

^ - Because Ms. Miller incorrectly recorded information in the payroll register, the City improperly paid \$300.79 of costs related to her payroll and \$427.14 of costs related to another employee's payroll.

Exhibit B

Report on Special Investigation of the
City of DexterPayroll Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Authorized Pay Date	Per Check Images		
	Date	Check Number	Amount
10/29/04	10/29/04	10840 ^	\$ 882.73
11/12/04	11/12/04	10887	984.32
11/26/04	11/23/04	10909 ^	851.10
12/10/04	12/10/04	10972	1,058.77
12/24/04	12/23/04	10988	1,142.65
01/07/05	01/10/05	11034	1,074.22
01/21/05	01/21/05	11046	1,100.98
02/04/05	02/04/05	11063	1,107.72
02/18/05	02/18/05	11114 ^	910.95
03/04/05	03/04/05	11144	1,110.77
03/18/05	03/18/05	11188 ^	840.01
04/01/05	04/01/05	11205	1,041.19
04/15/05	04/18/05	11243	1,185.81
04/29/05	04/26/05	11259 ^	840.01
05/13/05	05/13/05	11299	1,077.34
05/27/05	05/27/05	11310	1,012.27
06/10/05	06/10/05	11362 ^	1,057.80
06/24/05	06/24/05	11376	1,104.83
Subtotal for fiscal year 2005			<u>18,383.47</u>
07/08/05	07/12/05	11392 ^	988.71
07/22/05	07/20/05	11437	1,022.08
08/05/05	08/05/05	11493 ^	959.23
08/19/05	08/19/05	11503	1,436.76
09/02/05	09/02/05	11539 ^	915.48
09/16/05	09/16/05	11594 ^	1,018.63
09/30/05	09/30/05	11600 ^	924.13
10/14/05	10/11/05	11673 ^	1,002.33
10/28/05	10/28/05	11701 ^	934.64
11/11/05	11/11/05	11741 ^	987.20
11/25/05	11/22/05	11762 ^	909.25
12/09/05	12/09/05	11827 ^	920.46
12/23/05	12/21/05	11848 ^	960.53
01/06/06	01/06/06	11868 ^	878.47
01/20/06	01/20/06	11913 ^	967.86

Report on Special Investigation of the
City of DexterPayroll Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Authorized Pay Date	Per Check Images		
	Date	Check Number	Amount
02/03/06	02/03/06	11930 ^	1,172.43
02/17/06	02/17/06	11970	1,034.56
03/03/06	03/03/06	11980 ^	934.64
03/17/06	03/17/06	12069 ^	1,008.16
03/31/06	04/01/06	12096	1,106.75
04/14/06	04/14/06	12137 ^	924.38
04/28/06	04/28/06	12181 ^	886.79
05/12/06	05/12/06	12167 ^	901.72
05/26/06	05/26/06	12231 ^	895.50
06/09/06	06/09/06	12281	950.28
06/23/06	06/23/06	12329 ^	976.43
Subtotal for fiscal year 2006			<u>25,617.40</u>
07/07/06	07/07/06	12338 ^	920.86
07/21/06	07/20/06	12398 ^	920.86
08/04/06	08/04/06	12412 ^	998.68
08/18/06	08/16/06	12458	1,097.44
09/01/06	09/01/06	12501 ^	1,017.25
09/15/06	09/15/06	12554	1,219.90
09/29/06	09/29/06	12583 ^	960.26
10/13/06	10/13/06	12633 ^	905.38
10/27/06	10/27/06	12656 ^	1,035.30
11/10/06	11/10/06	12715 ^	1,039.17
11/24/06	11/22/06	12737 ^	1,004.26
12/08/06	12/08/06	12796 ^	949.77
12/22/06	12/22/06	12843 ^	949.77
01/05/07	01/05/07	12861 ^	991.32
01/19/07	01/19/07	12882 ^	1,144.60
02/02/07	02/02/07	12901 ^	992.05
02/16/07	02/15/07	12971 ^	914.16
03/02/07	03/02/07	12936	992.05
03/16/07	03/16/07	13039 ^	968.69
03/30/07	03/30/07	12956 ^	914.16
04/13/07	04/13/07	13089 ^	988.33
04/27/07	04/27/07	13107 ^	926.04

Exhibit B

Report on Special Investigation of the
City of DexterPayroll Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Authorized Pay Date	Per Check Images		
	Date	Check Number	Amount
05/11/07	05/11/07	13115 ^	1,019.39
05/25/07	05/25/07	13164 ^	921.42
06/08/07	06/08/07	13178	945.16
06/22/07	06/22/07	13248 ^	945.16
Subtotal for fiscal year 2007			<u>25,681.43</u>
07/06/07	07/06/07	13268 ^	1,007.39
07/20/07	07/20/07	13313 ^	909.62
08/03/07	08/03/07	13343 ^	948.07
08/17/07	08/14/07	13376	1,001.26
08/31/07	08/31/07	13394 ^	1,001.26
09/14/07	09/14/07	13453 ^	927.20
09/28/07	09/28/07	13483 ^	1,004.88
10/12/07	10/12/07	13537 ^	975.55
10/26/07	10/26/07	13196 ^	975.55
11/09/07	11/07/07	13596 ^	1,011.49
11/23/07	11/21/07	13615 ^	1,011.49
12/07/07	12/07/07	13631 ^	1,063.71
12/21/07	12/20/07	13674 ^	1,011.49
01/04/08	01/04/08	13694 ^	1,011.49
01/18/08	01/19/08	13797	1,165.35
02/01/08	02/01/08	13719 ^	1,169.70
02/15/08	02/14/08	13750 ^	1,013.03
02/29/08	02/29/08	13801 ^	1,013.03
03/14/08	03/13/08	13839 ^	1,013.03
03/28/08	03/28/08	13858 ^	970.76
04/11/08	04/11/08	13878 ^	1,011.19
04/25/08	04/25/08	13916 ^	970.76
05/09/08	05/09/08	13936 ^	1,008.32 *
05/23/08	05/23/08	13979 ^	970.76
06/06/08	06/06/08	14038 ^	970.76
06/20/08	06/20/08	14056 ^	970.76
Subtotal for fiscal year 2008			<u>26,107.90</u>
07/04/08	07/03/08	14081 ^	968.78

Report on Special Investigation of the
City of DexterPayroll Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Authorized Pay Date	Per Check Images		
	Date	Check Number	Amount
07/18/08	07/18/08	14122 ^	1,037.69
08/01/08	08/01/08	14139 ^	1,003.27
08/15/08	08/15/08	14176 ^	1,064.61
08/29/08	08/28/08	14193 ^	1,033.97
09/12/08	09/11/08	14240 ^	1,061.83
09/26/08	09/26/08	14261 ^	1,031.48
10/10/08	10/10/08	14308 ^	1,129.16
10/24/08	10/24/08	14324 ^	1,044.69
11/07/08	11/07/08	14368 ^	1,147.93
11/21/08	11/21/08	14384 ^	1,044.69
12/05/08	12/05/08	14410 ^	1,094.75
12/19/08	12/18/08	14443 ^	1,110.39
01/02/09	01/01/09	14459 ^	1,044.69
01/16/09	01/16/09	14492 ^	1,187.64
01/30/09	01/30/09	14507 ^	1,129.14
02/13/09	02/13/09	14533 ^	1,233.93
02/27/09	02/27/09	14544	1,006.36
03/13/09	03/13/09	14573 ^	1,183.76
03/27/09	03/27/09	14590 ^	1,008.59
04/10/09	04/10/09	14624 ^	1,008.59
04/24/09	04/24/09	14638 ^	1,008.59
05/08/09	05/08/09	14644 ^	1,008.59
05/22/09	05/22/09	14682 ^	1,032.47
06/05/09	06/05/09	14688 ^	1,065.90
06/19/09	06/19/09	14721 ^	1,132.77
Subtotal for fiscal year 2009			<u>27,824.26</u>
07/03/09	07/02/09	14754	1,030.42
07/17/09	07/16/09	14784 ^	1,109.64
07/31/09	07/31/09	14805 ^	1,030.42
08/14/09	08/14/09	14857 ^	1,152.56
08/28/09	08/28/09	14866 ^	1,065.87
09/11/09	09/10/09	14916 ^	1,139.56
09/25/09	09/23/09	14952 ^	1,065.87
10/09/09	10/09/09	14975 ^	1,065.87

Exhibit B

Report on Special Investigation of the
City of DexterPayroll Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Authorized Pay Date	Per Check Images		
	Date	Check Number	Amount
10/23/09	10/23/09	15026 ^	1,112.11
11/06/09	11/05/09	15033 ^	1,123.67
11/20/09	11/19/09	15064 ^	1,043.55
12/04/09	12/04/09	15107 ^	1,043.55
12/18/09	12/17/09	15115 ^	1,043.55
01/01/10	01/01/10	15136 ^	1,043.55
01/15/10	01/14/10	15166 ^	1,122.02
01/29/10	01/29/10	15179 ^	1,069.13
02/12/10	02/11/10	15209 ^	1,179.00
02/26/10	02/26/10	15230	1,059.63
03/12/10	03/11/10	15266	1,105.75
03/26/10	03/25/10	15274 ^	1,077.60
04/09/10	04/06/10	15309 ^	1,282.56
04/23/10	04/22/10	15327 ^	1,117.29
05/07/10	05/06/10	15345 ^	1,220.05
05/21/10	05/20/10	15355 ^	1,083.75
06/04/10	06/03/10	15366 ^	1,083.75
06/18/10	06/17/10	15396 ^	1,047.93
Subtotal for fiscal year 2010			<u>28,518.65</u>
07/02/10	07/01/10	15412 ^	1,045.79
07/16/10	07/21/10	15470 #	<u>1,045.79</u>
Subtotal for fiscal year 2011			<u>2,091.58</u>
Total			<u>\$ 154,224.69</u>

^ - Check was signed by the Mayor, in addition to Denise Miller.

- Ms. Miller passed away on 07/15/10. Check was signed only by the Mayor.

* - Check number 13936 was recorded in the City's records as issued for \$1,035.37. However, the image of the check shows it was actually issued for \$1,008.32.

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

Exhibit C

Report on Special Investigation of the
City of DexterInsurance Stipends Paid to Denise Miller
For the period July 1, 2004 through September 30, 2010

Per Check Images			
Date	Check Number	Amount	
08/27/04	10776	\$ 197.00	
10/28/04	10831	197.00	
11/23/04	10903	197.00	
12/28/04	10998	197.00	
01/31/05	11057	197.00	
02/24/05	11127	197.00	
03/28/05	11192	197.00	
04/26/05	11255	197.00	
05/24/05	11305	197.00	
06/22/05	11319	197.00	
07/26/05	11448	197.00	
08/31/05	11519	197.00	
09/26/05	11610	197.00	
10/26/05	11689	197.00	
11/23/05	11767	197.00	
12/29/05	11858	197.00	
01/25/06	11918	197.00	
02/26/06	12004	197.00	
03/27/06	12076	197.00	
04/18/06	12143	197.00	
05/23/06	12220	197.00	
06/22/06	12302	197.00	
07/27/06	12403	197.00	
08/08/06	12418	197.00	
08/21/06	12471	197.00	
09/25/06	12563	197.00	
10/25/06	12644	197.00	
11/21/06	12732	197.00	
12/21/06	12832	197.00	
01/26/07	12382	197.00	
02/24/07	12903	197.00	
03/22/07	12949	197.00	
04/19/07	13093	197.00	
05/25/07	13168	197.00	
06/28/07	13281	197.00	
07/25/07	13320	197.00	
08/14/07	13371	197.00	
09/20/07	13460	197.00	

Report on Special Investigation of the
City of DexterInsurance Stipends Paid to Denise Miller
For the period July 1, 2004 through September 30, 2010

Per Check Images		
Date	Check Number	Amount
10/09/07	13524	197.00
11/16/07	13408	197.00
12/20/07	13677	197.00
01/25/08	13704	197.00
02/10/08	13732	197.00
03/06/08	13824	197.00
03/10/08	13825	197.00
04/10/08	13887	197.00
05/01/08	13928	197.00
05/17/08	13972	197.00
06/01/08	13981	197.00
07/02/08	14085	197.00
08/25/08	14183	197.00
09/08/08	14213	197.00
09/10/08	14089	197.00
10/07/08	14280	197.00
11/26/08	14389	197.00
12/05/08	14414	197.00
01/10/09	14486	197.00
02/03/09	14514	197.00
03/05/09	14565	197.00
04/06/09	14599	197.00
05/04/09	14641	197.00
06/01/09	14695	197.00
07/07/09	14761	197.00
08/05/09	14819	197.00
09/06/09	14884	197.00
10/08/09	14970	197.00
11/05/09	15044	197.00
12/03/09	15081	197.00
01/05/10	15143	197.00
02/05/10	15188	197.00
03/08/10	15242	197.00
04/05/10	15286	197.00
05/04/10	15306	197.00
06/02/10	15362	197.00
07/01/10	15421	197.00
Total		\$ 14,775.00

Exhibit D

Report on Special Investigation of the
City of DexterOther Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Per Check Images		
Date	Check Number	Amount
10/29/04	10844	\$ 1,046.99
11/03/04	10880	370.20
11/03/04	10881	404.91
11/23/04	10893	1,372.02
12/01/04	10923	349.86
12/30/04	10987	660.19
02/14/05	11111	549.52
03/04/05	11187	462.76
03/08/05	11178	328.75
04/05/05	11214	387.45
04/12/05	11236	553.69
04/18/05	11242 ^	840.01
06/06/05	11330	328.45
06/24/05	11381 ^	854.31
06/30/05	11385	529.76
Subtotal for fiscal year 2005		<u>9,038.87</u>
08/15/05	11501	485.05
08/19/05	11504 ^	875.63
10/05/05	11661	277.50
11/18/05	11754	472.87
12/02/05	11790	472.87
12/12/05	10539	1,065.21
12/16/05	11842	1,002.55
12/27/05	11140	977.99
01/03/06	11855	357.65
01/11/06	11872	600.00
01/26/06	11921	201.68
02/15/06	11966	2,065.60
03/06/06	12065	389.56
03/25/06	12075	550.98
04/01/06	12085 ^	990.69
04/03/06	12097	721.78

Report on Special Investigation of the
City of DexterOther Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Per Check Images		
Date	Check Number	Amount
04/24/06	12156	1,134.85
05/01/06	12161	2,721.00
06/05/06	12272	1,015.50
06/06/06	12240	886.79
Subtotal for fiscal year 2006		<u>17,265.75</u>
07/15/06	12390	232.89
08/04/06	12422	652.29
08/16/06	12463 ^	909.70
09/12/06	12595	346.85
09/12/06	12511	984.56
09/25/06	12572	987.45
10/05/06	12650	604.21
11/10/06	12722	483.34
11/30/06	12744	1,015.50
12/08/06	12809	483.34
12/18/06	12816	483.34
01/15/07	12873	589.44
02/18/07	12864	914.16
03/28/07	12983	397.86
04/09/07	13068	601.13
04/18/07	13144	601.13
06/20/07	13251	68.89
Subtotal for fiscal year 2007		<u>10,356.08</u>
07/02/07	13292	287.95
07/16/07	12995	501.76
07/31/07	13331	40.84
08/03/07	13347	500.63
08/17/07	13382 ^	948.07
10/10/07	13531	125.20
10/17/07	13522	500.63
11/21/07	13618	520.79

Exhibit D

Report on Special Investigation of the
City of DexterOther Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Per Check Images		
Date	Check Number	Amount
12/04/07	13626	246.50
12/07/07	13661	520.79
12/28/07	13678	1,011.49
02/25/08	13411	1,013.03
03/10/08	13831	1,117.49
03/13/08	13852	520.79
04/18/08	13906	566.81
05/06/08	13933	207.95
05/17/08	13969	511.46
05/23/08	13985	970.76
06/10/08	13871	970.76
06/10/08	14040	970.76
Subtotal for fiscal year 2008		<u>12,054.46</u>
07/09/08	14092	968.78
07/28/08	14133	1,003.27
09/20/08	14250	530.15
10/07/08	14273	265.50
10/15/08	14315	90.09
10/20/08	14205	540.44
11/04/08	14334	1,129.16
11/17/08	14374	540.44
12/29/08	14456	540.44
01/13/09	14495	540.44
02/19/09	14539	540.44
04/20/09	14629	531.68
Subtotal for fiscal year 2009		<u>7,220.83</u>
08/12/09	14864	1,152.56
09/08/09	14923	526.23
09/30/09	14929	1,121.41
10/05/09	14737	1,121.41
11/05/09	15039	1,123.67

Report on Special Investigation of the
City of Dexter

Other Checks Issued to Denise Miller
For the period July 1, 2004 through August 31, 2010

Per Check Images		
Date	Check Number	Amount
11/27/09	15071	1,043.55
12/14/09	15061	1,043.55
12/17/09	15123	1,043.55
01/11/10	15163	55.98
03/26/10	15279	58.79
Subtotal for fiscal year 2010		<u>8,290.70</u>
07/12/10	15434 ^	150.95
Subtotal for fiscal year 2011		<u>150.95</u>
Total		<u><u>\$ 64,377.64</u></u>

^ - Check was signed by the Mayor, in addition to Denise Miller.

Exhibit E

Report on Special Investigation of the
City of DexterUnauthorized Loan Schedule
For the period July 1, 2004 through August 31, 2010

Payment Due Date	Payment Total	Principal Total	Interest Total	Principal Remaining
				\$ 85,000.00
07/01/10	\$ 2,525.85	1,994.60	531.25	83,005.40
08/01/10	2,557.49	2,209.41	348.08	80,795.99
09/01/10	2,557.49	2,220.97	336.52	78,575.02
10/01/10	2,557.49	2,230.23	327.26	76,344.79
11/01/10	2,557.49	2,239.52	317.97	74,105.27
12/01/10	2,557.49	2,248.85	308.64	71,856.42
01/01/11	2,557.49	2,248.11	309.38	69,608.31
02/01/11	2,557.49	2,257.79	299.70	67,350.52
03/01/11	2,557.49	2,295.57	261.92	65,054.95
04/01/11	2,557.49	2,277.39	280.10	62,777.56
05/01/11	2,557.49	2,295.92	261.57	60,481.64
06/01/11	2,557.49	2,297.08	260.41	58,184.56
07/01/11	2,557.49	2,315.05	242.44	55,869.51
08/01/11	2,557.49	2,316.94	240.55	53,552.57
09/01/11	2,557.49	2,326.92	230.57	51,225.65
10/01/11	2,557.49	2,344.05	213.44	48,881.60
11/01/11	2,557.49	2,347.03	210.46	46,534.57
12/01/11	2,557.49	2,363.60	193.89	44,170.97
01/01/12	2,557.49	2,367.31	190.18	41,803.66
02/01/12	2,557.49	2,377.50	179.99	39,426.16
03/01/12	2,557.49	2,398.69	158.80	37,027.47
04/01/12	2,557.49	2,398.07	159.42	34,629.40
05/01/12	2,557.49	2,413.20	144.29	32,216.20
06/01/12	2,557.49	2,418.78	138.71	29,797.42
07/01/12	2,557.49	2,433.33	124.16	27,364.09
08/01/12	2,557.49	2,439.67	117.82	24,924.42
09/01/12	2,557.49	2,450.18	107.31	22,474.24
10/01/12	2,557.49	2,463.85	93.64	20,010.39
11/01/12	2,557.49	2,471.33	86.16	17,539.06
12/01/12	2,557.49	2,484.41	73.08	15,054.65
01/01/13	2,557.49	2,492.67	64.82	12,561.98
02/01/13	2,557.49	2,503.40	54.09	10,058.58
03/01/13	2,557.49	2,518.37	39.12	7,540.21
04/01/13	2,557.49	2,525.03	32.46	5,015.18
05/01/13	2,557.49	2,536.59	20.90	2,478.59
06/01/13	2,489.26	2,478.59	10.67	-
Total	\$ 91,969.77	85,000.00	6,969.77	

Report on Special Investigation of the
City of DexterFree Items from Quill
For the period July 1, 2004 through August 31, 2010

Date	Item
09/26/05	Scarecrow tower boxes w/candy
09/26/05	Mrs. Fields cookie tin
09/26/05	<i>Robots</i> DVD
05/09/06	50th Anniversary gold tin
05/09/06	Collection bag f/recycl cartg
05/09/06	Software bundle
05/09/06	Dooney & Bourke Flap Wristlet
10/17/06	Brother electronic labeler
10/17/06	<i>The Little Mermaid</i> (DVD)
01/22/08	Emergency flashlight
05/19/08	Geo Forman Grill w/ bun warmer
10/10/08	Feel Good tea set
12/05/08	Mrs. Fields cookie tin
02/16/09	2 pc. Lazy spoon/ladle set
02/16/09	Rachel Ray 8" skillet
08/04/09	Mrs. Fields toffee popcorn
09/29/09	YC 2 pc gift jar set
11/06/09	<i>Transformers 2</i> DVD
01/07/10	MP3 player

Exhibit G

Report on Special Investigation of the
City of DexterUnsupported Disbursements
For the period July 1, 2004 through August 31, 2010

Check Number	Date	Vendor	Amount
12866	no date	Dexter Café	\$ 59.31
13059	04/03/07	City of Dexter	90.80
12987	^ no date	Gateway Hotel	215.86
13458	09/19/07	Great Midwestern Café	8.50
13586	11/06/07	Ted Stiles	306.00
14787	07/20/09	Petty cash	89.60
14788	07/21/09	Gateway Hotel	210.56
14930	10/16/09	Casey Harvey	333.00
15046	11/05/09	Galls	296.73
15226	02/24/10	Anthony Scharrier	150.00
15247	03/08/10	The Institute of Public Affairs	180.12
15320	04/26/10	Petty cash	97.21
Total			<u>\$ 2,037.69</u>

^ - Redeemed on 07/31/07.

Report on Special Investigation of the
City of Dexter

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Brian P. Schenkelberg, CPA, Senior Auditor
Justin M. Scherrman, Assistant Auditor

Tamera S. Kusian
Tamera S. Kusian, CPA
Deputy Auditor of State

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

Appendices

Appendix 1

Report on Special Investigation of the City of Dexter

Copy of Minutes Located at City Hall for the April 5, 2010 City Council Meeting

**CITY OF DEXTER
COUNCIL MEETING
MONDAY, APRIL 5TH 2010
7:00 P.M.**

The Dexter City Council met on Monday, April 5th 2010 at 7:00pm at the Dexter City Hall. Mayor Jerry Stiles called the roll call: **PRESENT:** Dave Minturn, Mel Stodden, Gregg Wahman, Jim Pivonka and Dixie Simpson.

ABSENT: None

Agenda Additions / Approval -

Councilman Simpson moved to approve the agenda and Councilman Wahman seconded. Roll call. All ayes.

Councilman Wahman moved to approve the Consent Agenda and Councilman Simpson seconded. Roll Call: Ayes: Minturn, Wahman, Stodden, Pivonka and Simpson. Nays: None: Motion passed 5-0

Discussion: Engineer from Bartlett and West spoke to the council about the SRTS project-The council expressed their ideas on what sidewalks they would like to be in the project. The plan is for the project to be bid in the winter with the work to start in early spring.

Discussion: Engineer from Bartlett and West along with the council discussed street project ideas-council will wait until winter to bid street project. During this discussion Scott Stevenson from Ruan Securities spoke about the bonding process.

Discussion: Kevin Findley spoke about Marshall St.

Motion: *To forgive excess sewer charges on Emily Sulgrove's bill.* Councilman Wahman moved to approve and Stodden seconded. Discussion: Emily stated that someone turned on the outside water faucet which was dripping and the water went out thru the sump-pump. Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *To forgive excess sewer charges of \$179.00 of the sewer part of Char Franklin's water bill.* Councilman Wahman moved to approve and Simpson seconded. Discussion: They had a water leak and the water ruined the floor and a plumber was needed to fix the problem. Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *Proceed to submit application to Rural Development.* Councilman Minturn moved to approve and Wahman seconded. Discussion: Sandy Johnson IRWA spoke to the council about the joint water plant project and city will submit an application for funding, no decision has been made yet if the city proceeding with this. City is looking to see what grants/funding is available at this time. IRWA will help with the application at no cost to the city. Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

* **Motion:** *Approve the Renewal liquor Licenses for Dexter American Legion.* Councilman Stodden moved to approve and Wahman seconded. Discussion: Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *Approve the Renewal liquor Licenses for The Rusty Duck and the outdoor service dates:* Councilman Wahman moved to approve and Councilman Stodden seconded. Discussion: Clerk to send letter owner stating that on Wednesday no more than one half of the street be blocked off and on weekends not to set-up prior to 4pm except fall festival. Roll Call: Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Report on Special Investigation of the
City of Dexter

Copy of Minutes Located at City Hall for the April 5, 2010 City Council Meeting

Motion: *To retain police car.* Councilman Simpson moved to approve and Councilman Pivonka seconded. Discussion: Council members discussed not selling the car at this time. Roll Call: Ayes: Minturn, Wahman, Pivonka and Simpson. Nays: Stodden, Motion passed 3-~~2~~

Motion: *To have a preliminary agreement for severance of property with-in 45 days from today.* Councilman Simpson moved to approve and Councilman Wahman seconded. Discussion: Councilman Stodden & Wahman meet with Mr. Hunter's attorney to discuss the de-annexing or he property from city limits. Call: Ayes: Minturn, Wahman, Stodden, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *Allow Mayor to sign the EECBG contract.* Councilman Wahman moved to approve and Councilman Stodden seconded. Discussion: The board is having a study done and the council requested the manufacturer and installer at a meeting about this project. Roll Call: Ayes: Minturn, Wahman, Stodden, Pivonka and Simpson. Nays: None. Motion passed 5-0

Motion: *To approve bills as presented:* Councilman Pivonka moved to approve. Councilman Stodden second. Roll Call: Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

At this time Mayor Stiles asked for a motion to adjourn. Councilman Stodden moved to adjourn. Councilman Pivonka seconded. All ayes. Motion carried 5-0

Meeting adjourned at 9:55pm

_____, Mayor

ATTEST:

City Clerk

Appendix 2

Report on Special Investigation of the City of Dexter

Copy of Minutes from Wells Fargo for the April 5, 2010 City Council Meeting

**CITY OF DEXTER
COUNCIL MEETING
MONDAY, APRIL 5TH 2010
7:00 P.M.**

The Dexter City Council met on Monday, April 5th 2010 at 7:00pm at the Dexter City Hall. Mayor Jerry Stiles called the roll call: **PRESENT:** Dave Minturn, Mel Stodden, Gregg Wahman, Jim Pivonka and Dixie Simpson.

ABSENT: None

Agenda Additions / Approval –

Councilman Simpson moved to approve the agenda and Councilman Wahman seconded. Roll call. All ayes.

Councilman Wahman moved to approve the Consent Agenda and Councilman Simpson seconded. Roll Call: Ayes: Minturn, Wahman, Stodden, Pivonka and Simpson. Nays: None: Motion passed 5-0

Discussion: Engineer from Bartlett and West spoke to the council about the SRTS project-The council expressed their ideas on what sidewalks they would like to be in the project. The plan is for the project to be bid in the winter with the work to start in early spring.

Discussion: Engineer from Bartlett and West along with the council discussed street project ideas-council will wait until winter to bid street project. During this discussion Scott Stevenson from Ruan Securities spoke about the bonding process.

Discussion: Kevin Findley spoke about Marshall St.

Motion: *To forgive excess sewer charges on Emily Sulgrove's bill.* Councilman Wahman moved to approve and Stodden seconded. Discussion: Emily stated that someone turned on the outside water faucet which was dripping and the water went out thru the sump-pump. Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *To forgive excess sewer charges of \$179.00 of the sewer part of Char Franklin's water bill.* Councilman Wahman moved to approve and Simpson seconded. Discussion: They had a water leak and the water ruined the floor and a plumber was needed to fix the problem. Ayes: Minturn, Wahman, Pivonka and Simpson. Nays: None: Abstain: Stodden. Motion passed 4-0

Motion: *Proceed to submit application to Rural Development.* Councilman Minturn moved to approve and Wahman seconded. Discussion: Sandy Johnson IRWA spoke to the council about the joint water plant project and city will submit an application for funding, no decision has been made yet if the city proceeding with this. City is looking to see what grants/funding is available at this time. IRWA will help with the application at no cost to the city. Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

* **Resolution 10-02: Proceed with loan on Railroad Crossings:** Councilman Stodden moved to approve and Wahman seconded. Discussion: 3-year loan from Wells Fargo, Mayor is authorized to sign all documents. Try to have pay off asap. Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *Approve the Renewal liquor Licenses for The Rusty Duck and the outdoor service dates.* Councilman Wahman moved to approve and Councilman Stodden seconded. Discussion: Clerk to send letter owner stating that on Wednesday no more than one half of the street be blocked off and on weekends not to set-up prior to 4pm except fall festival. Roll Call: Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

Report on Special Investigation of the
City of Dexter

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Motion: *To retain police car.* Councilman Simpson moved to approve and Councilman Pivonka seconded. Discussion: Council members discussed not selling the car at this time. Roll Call: Ayes: Minturn, Wahman, Pivonka and Simpson. Nays: Stodden, Motion passed 3-1

Motion: *To have a preliminary agreement for severance of property with-in 45 days from today.* Councilman Simpson moved to approve and Councilman Wahman seconded. Discussion: Councilman Stodden & Wahman meet with Mr. Hunter's attorney to discuss the de-annexing or he property from city limits. Call: Ayes: Minturn, Wahman, Stodden, Pivonka and Simpson. Nays: None: Motion passed 5-0

Motion: *Allow Mayor to sign the EECBG contract.* Councilman Wahman moved to approve and Councilman Stodden seconded. Discussion: The board is having a study done and the council requested the manufacturer and installer at a meeting about this project. Roll Call: Ayes: Minturn, Wahman, Stodden, Pivonka and Simpson. Nays: None. Motion passed 5-0

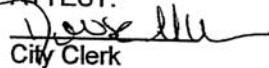
Motion: *To approve bills as presented:* Councilman Pivonka moved to approve. Councilman Stodden second. Roll Call: Ayes: Minturn, Stodden, Wahman, Pivonka and Simpson. Nays: None: Motion passed 5-0

At this time Mayor Stiles asked for a motion to adjourn. Councilman Stodden moved to adjourn. Councilman Pivonka seconded. All ayes. Motion carried 5-0

Meeting adjourned at 9:55pm



ATTEST:


Diane Miller
City Clerk

CITY OF DEXTER
TREASURER'S REPORT
MARCH 31ST 2010

	REVENUE	EXPENDITURES
GENERAL FUND	\$3,948.60	\$9,632.28
ROAD USE TAX	\$5,663.13	\$1,604.36
STATE TRANSFER ROAD USE	\$1,609.69	\$0.00
EMPLOYEE BENEFIT	\$2,738.33	\$2,987.93
EMERGENCY FUND	\$77.45	\$0.00
TAX INCREMENT FINANCING	\$2,759.20	\$0.00
HOY TRUST	\$0.00	\$210.76
DEBT SERVICE	\$505.12	\$0.00
CAPITAL IMPROVEMENT RESERVE	\$193.65	\$0.00
WATER FUND	\$11,367.52	\$5,881.16
SEWER FUND	\$8,590.48	\$3,655.85
LANDFILL/GARBAGE FUND	\$5,998.25	\$4,645.95
STORM WATER FUND	\$314.07	\$0.00

Appendix 2

Report on Special Investigation of the City of Dexter

Copy of Minutes from Wells Fargo for the April 5, 2010 City Council Meeting

MARCH CHECK REGISTER		
ALLIANT ENERGY	ELECTRIC BILLS	\$2,880.95
AWWA	KEVIN SULLIVAN-JON CORNISH	\$360.00
BAKER & TAYLOR	VIDEO-BOOKS	\$402.00
BARLETT & WEST ENGINEERS,	SRF PLANNING & DESIGN LOAN APP	\$609.20
CASEY'S GENERAL STORE	GAS CITY VEHICLES	\$165.01
DALLAS COUNTY TREASURER	CONTRACT PAYMENT FOR MARCH 201	\$3,348.28
DENISE MILLER	HEALTH INSURANCE	\$197.00
DENISE MILLER	METERBOOKS-SAMS CLUB-INVOICE	\$58.79
ED M. FELD EQUIPMENT	SCBA BOTTLE HYDROTEST -O-RING	\$504.00
GALE	7 LARGE PRINT BOOKS	\$1.16.55
HACH COMPANY	SPADNS & PHOSVER CHEMICALS	\$314.18
IAMU	2010-11 WATER DUES & RESEARCH	\$392.71
INSTITUTE OF PUBLIC AFFAIRS	7-IAWA MUNICIPAL LEADERS HANDB	\$180.12
INTERSTATE BATTERY	FIRE-10V BATTERY	\$121.65
IOWA LEAGUE OF CITIES	MLA PART 3-DIXIE SIMPSON	\$120.00
IOWA TELCOM	TELEPHONE	\$255.00
IPERS	MONTHLY IPERS	\$781.76
KEVIN SULLIVAN	HEALTH INSURANCE	\$197.00
LGI	WATER TESTING	\$232.75
MCCOY SANITATION CORP	GARBAGE COLLECTION	\$3,599.20
MIDAMERICAN ENERGY	GAS BILLS	\$1,137.69
MID-IOWA SALES CO.	HAND CLEANER	\$35.70
MOORE MEDICAL	02-MASKS & NASEL CANL	\$33.31
POSTMASTER	STAMPS-SURVEY, METER ACCOUNT	\$489.66
QUILL	PAPER-CASE & REAM COLORED	\$87.60
RYAN HARDING	EMS CONFERENCE-25 CEU	\$150.00
SECRETATY OF STATE	NOTARY RENEWAL	\$30.00
STEVE SUDBROCK	EMS CONFERENCE-25 CEU	\$165.86
THE STUART HERALD	NEWSPAPER RENEWAL-LIBRARY	\$289.37
TRUE NORTH COMPANIES	LIFE & DISABILITY	\$186.30
US CELLULAR	PUBLIC WORKS CELL PHONE	\$147.84
WALLACE AUTO SUPPLY	RESCUE-BULB-BACKHOE PARTS	\$452.67
WELLSFARGO	941 PAYMENT	\$1,625.87
WILLIAMS OIL CO.	DIESEL	\$941.19
PAYROLL		\$5,813.93