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**NEWS RELEASE**

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FOR RELEASE October 28, 2021

Auditor of State Rob Sand today released a report on a special investigation of the City of McCallsburg for the period January 1, 2014 through August 31, 2019. The special investigation was requested by City officials as a result of concerns regarding certain financial transactions processed by the former City Clerk, Jennifer Heithoff.

Sand reported the special investigation identified \$47,510.28 of uncollected and undeposited utility billings, \$32,063.48 of improper disbursements, and \$10,213.93 of unsupported disbursements. Sand also reported the City billed and collected \$123.72 for utilities in excess of what should have been billed. However, because City records were not sufficiently maintained, it was not possible to determine if additional utility transactions were improperly recorded or if additional amounts were improperly disbursed.

Sand reported, while each of the instances of uncollected and undeposited utility billings identified resulted in lost revenue to the City, it was not possible to determine which specific transactions identified, if any, were utility payments received by the City which were not properly deposited in the City's bank account because sufficient records were not available. The uncollected and undeposited utility billings identified includes a net total of \$31,303.97 of adjustments to utility accounts. The uncollected and undeposited utility billings identified also includes \$14,585.57 of transactions recorded in the utility system as payments which were not deposited to the City's bank account. However, based on testing performed, it appears some of the transactions were recorded as a payment in an effort to reduce the account balance as was done with adjustments recorded in the City's utility system.

In addition, Sand reported several adjustments had been made to the utility accounts for the personal residences of Mayor Chris Erickson and Councilmember Leanne Hazen. Specifically, the Mayor's utility account included adjustments which decreased the amount owed by \$2,138.03 and the utility system showed no payments had been posted to his account from October 3, 2017 through July 25, 2019. The last adjustment to the account was made after Ms. Heithoff's resignation and during a period when only Mayor Erickson was recording transactions in the utility system. Utility records also show Councilmember Hazen's utility balance was reduced by

\$1,263.37. She admitted during an interview she had not been billed or paid for her utilities during the last 18 months of Ms. Heithoff's employment. Sand reported no irregularities were identified for the utility accounts of the remaining Councilmembers' personal residences.

Sand also reported the \$32,063.48 of improper disbursements identified includes:

- \$15,407.99 of unauthorized payroll costs resulting from Ms. Heithoff reporting hours worked in excess of expectations,
- \$10,449.75 of reimbursement checks issued to Ms. Heithoff for excessive mileage,
- \$4,572.24 of payroll to City officials for pay increases which did not comply with requirements established by the Code of Iowa,
- \$847.34 of IPERS late fees and interest, and
- \$786.16 of improper purchases made with the City's Staples charge account.

The \$10,213.93 of unsupported disbursements identified is composed of transactions for which the City could not provide supporting documentation, including \$9,890.68 of checks issued from the City's bank account to individuals and vendors, \$231.08 of reimbursements to Ms. Heithoff, and \$92.17 of purchases made with the City's Staples charge account.

In addition, Sand reported payments from four Councilmembers totaling \$1,200.00 were deposited into the City's bank account on September 17, 2021 and October 13, 2021 for their respective shares of the payroll they improperly received during 2018 and 2019.

Sand recommended City officials implement procedures to ensure the City's internal controls are strengthened, including segregation of duties, performing utility reconciliations, performing independent review of bank statements, and ensuring all disbursements are properly supported, approved, and paid in a timely manner.

Sand also recommended City officials ensure all actions taken by the Council are properly documented in the minutes of Council meetings. For instance, when Councilmembers inquired why the road adjacent to Mayor Erickson's home was paved instead of graveled, he reported previous Councilmembers approved the paving. However, available minutes of Council meetings did not include discussions or approval of the paving.

Copies of the report have been filed with the Story County Sheriff's Office, the Iowa Division of Criminal Investigation, the Story County Attorney's Office, and the Iowa Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at <https://www.auditor.iowa.gov/reports/audit-reports/>.

# # #

**REPORT ON SPECIAL INVESTIGATION  
OF THE  
CITY OF MCCALLSBURG  
  
FOR THE PERIOD  
JANUARY 1, 2014 THROUGH AUGUST 31, 2019**

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Rob Sand  
Auditor of State

Auditor of State's Report

To the Honorable Mayor and  
Members of the City Council:

As a result of concerns regarding certain financial transactions processed by the former City Clerk and at your request, we conducted a special investigation of the City of McCallsburg. We have applied certain tests and procedures to selected financial transactions of the City for the period January 1, 2014 through August 31, 2019 unless otherwise specified. Based on a review of relevant information and discussions with City officials and personnel, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in the City's bank accounts to identify any unusual activity.
- (3) Examined bank records for certain deposits to the City's bank accounts to determine the source, purpose, and propriety of each deposit.
- (4) Compared collections recorded in the City's accounting system to detailed records for certain bank deposits to determine if collections were properly deposited for the period January 1, 2014 through October 31, 2019.
- (5) Scanned images of redeemed checks issued from the City's bank accounts for reasonableness. We examined supporting documentation for selected disbursements to determine if they were properly approved, supported by adequate documentation, and appropriate for the City's operations.
- (6) Obtained and reviewed information from Staples for purchases made with the City's credit card account to determine if they were appropriate for City operations and supported by adequate documentation. We also reviewed the payments posted to the City's Staples credit card account to determine if the payments were issued from the City's bank account.
- (7) Interviewed City officials and personnel to determine the purpose of certain disbursements to vendors and reimbursements to employees.
- (8) Examined payroll disbursements and reimbursements to the former City Clerk, Jennifer Heithoff, to determine the propriety of the payments.
- (9) Examined payroll disbursements and pay increases to current and former City officials to determine the propriety of the payments for the period of January 1, 2014 through December 31, 2020.
- (10) Reviewed payments to IPERS to determine if the proper amount of payroll contributions were remitted in a timely manner for the period January 1, 2014 through September 30, 2021.
- (11) Reviewed available City Council meeting minutes to identify significant actions and to determine if certain payments were properly approved.
- (12) Interviewed Councilmembers to obtain an understanding of City processes during and after Ms. Heithoff's employment with the City. In addition, obtained explanations regarding certain disbursements and/or adjustments to utility accounts.

- (13) Interviewed Mayor Chris Erickson to obtain explanations for certain disbursements and adjustments made to the account within the City's utility system for his personal residence.
- (14) Interviewed Councilmember LeAnn Hazen to obtain explanations for adjustments made to the account within the City's utility system for her personal residence.
- (15) Interviewed Ms. Heithoff to obtain an understanding of how she carried out her job duties and explanations for certain disbursements and adjustments made to the City's utility system.

These procedures identified \$47,510.28 of uncollected and undeposited utility billings, \$32,063.48 of improper disbursements, and \$10,213.93 of unsupported disbursements. The procedures also identified \$123.72 of utility billings collected by the City in excess of the appropriate amount and \$1,200.00 of repayments from Councilmembers in September and October 2021. We were unable to determine if additional utility transactions were improperly recorded or if additional amounts were improperly disbursed because adequate documentation was not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **H** 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 McCallsburg, other matters might have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance extended to us by officials and personnel of the City of McCallsburg and the Story County Sheriff's Office during the course of our investigation.



ROB SAND  
Auditor of State

October 21, 2021

City of McCallsburg  
Investigative Summary

**Background Information**

The City of McCallsburg (City) is located in Story County and has a population of approximately 335. The City employs a City Clerk who is responsible for the business operations of the City. The City also contracts various services to outside parties, who are responsible for reading water meters, making repairs to the water/sewer system, mowing, trimming, and removing snow.

Jennifer Heithoff began employment with the City as the City Clerk on January 6, 2014. As the City Clerk she reported to the Mayor. The current Mayor, Chris Erickson, took office on January 1, 2018 and served on the City Council prior to being elected Mayor. Ms. Heithoff reported to Mayor Wallace Loney, who served from January 2014 to December 2015, and Mayor Alex Rainey, who served from January 2016 to December 2017. As the City Clerk, Ms. Heithoff was responsible for:

- Receipts – opening mail, collecting receipts, posting all collections to the accounting records, and preparing and making bank deposits;
- Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the accounting records;
- Payroll – calculating payroll amounts, preparing, signing, and distributing checks, posting payments to the accounting records, and filing required payroll reports;
- Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records, and preparing and making bank deposits;
- Bank accounts – receiving and reconciling monthly bank statements to accounting records; and
- Reporting – preparing City Council meeting minutes and financial reports, including monthly City Clerk reports and the Annual Financial Reports.

According to City officials, typical hours at City Hall were from 9:00 a.m. to 2:00 p.m. Monday, Tuesday, and Thursday during Ms. Heithoff's employment. Based on discussions with City officials and review of supporting documentation maintained in the City's records, it was determined the City did not properly maintain City Council minutes or payroll resolutions identifying pay rates and expected hours for Ms. Heithoff.

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 Story County and remitted to the City. The City receives payments from the State and County electronically. Revenue is also received from customers for water and sewer services. Utility payments and other payments are collected through the mail, in person, or in the collection box at City Hall. Ms. Heithoff did not consistently prepare receipts for collections or record the collections on an initial receipts listing.

As previously stated, the City contracts with individuals to perform utility meter readings. After the readings were provided to the City Clerk, she recorded the readings in the utility system which calculated the water and sewer charges based on the amount of usage for the month and the rates entered into the program. Once the bills were calculated, they were printed and mailed by the City Clerk. The rates charged by the City for water and sewer are established by City ordinance. According to City officials, Ms. Heithoff did not prepare utility reconciliations and the City Council did not request the information.

All City disbursements, including payroll, are to be made by check. In addition, supplies may be purchased with the City's Staples credit card. All disbursements are required to be supported by invoices or other documentation obtained by or submitted to the City Clerk. Each month, the City Clerk is to prepare a listing of bills to be paid and provide the listing to the City Council for approval. After the City Council approves the bills, the City Clerk is to prepare and sign the checks. The checks are to be given to the Mayor to be countersigned. According to City officials, all bills and the Staples credit card statements should be mailed to City Hall.

The City established a bank account which is used for all City operations. The monthly bank statements for the City's bank account are mailed directly to City Hall and opened by the City Clerk. According to City officials, the monthly statements and related images of redeemed checks were not periodically reviewed by members of the City Council or the Mayor while Ms. Heithoff was the City Clerk. City officials also stated bank reconciliations were not performed during Ms. Heithoff's time as City Clerk and the City Council did not request reconciliations.

On April 29, 2019, the City Council placed Ms. Heithoff on a 90-day probation as a result of failures to properly execute her duties as City Clerk. The issues identified in a letter dated April 29, 2019 from the City's attorney to Ms. Heithoff included:

- failing to keep her regularly scheduled hours and missing various meetings;
- failing to communicate or follow-up promptly and effectively;
- failing to keep financials, files and desk in an organized and professional manner; and
- failing to perform her duties as directed and in a timely manner.

Ms. Heithoff subsequently submitted her resignation via email effective July 25, 2019. The City Council accepted Ms. Heithoff's resignation during the August 5, 2019 City Council meeting.

After Ms. Heithoff left employment, the City switched accounting systems, hired a new City Clerk, and hired a consultant to assist in training. On September 9, 2020, the City Clerk and Consultant contacted the Office of Auditor of State regarding concerns identified during their review. They stated the old utility system contained numerous issues and the transition of the old system to the new resulted in several zeroed-out accounts which should have been billed. Additionally, they stated there were numerous checks to Staples and Ms. Heithoff for which no supporting documentation was available in the City's records. In addition, they reported they were unable to locate City Council minutes to document the official decisions made by the City Council.

As a result of the concerns identified, the City Council approved hiring the Office of Auditor of State to review the City's operations and provide recommendations including improvements to internal controls and financial records. We performed the procedures detailed in the Auditor of State's Report for the period January 1, 2014 through August 31, 2019.

### **Detailed Findings**

The procedures performed identified 47,510.28 of uncollected and undeposited utility billings, \$32,063.48 of improper disbursements, and \$10,213.93 of unsupported disbursements. The procedures also identified \$123.72 of utility billings collected by the City in excess of the appropriate amount and \$1,200.00 of repayments from Councilmembers in September and October 2021. We were unable to determine if additional utility transactions were improperly recorded or if additional amounts were improperly disbursed because adequate documentation was not available.

The uncollected and undeposited utility billings identified includes a net total of \$31,303.97 of adjustments to utility accounts which resulted in lost revenue to the City. The uncollected and undeposited utility billings identified also includes \$14,585.57 of transactions recorded in the utility system as payments which were not deposited to the City's bank account. However, based on testing performed it appears some of the transactions were recorded as a payment in an effort to reduce the account balance as done with adjustments. Because sufficient records were not



available, it was not possible to determine which, if any, of the transactions were amounts actually collected by the City but not properly deposited.

The \$32,063.48 of improper disbursements identified includes:

- \$15,407.99 and \$10,449.75 of improper payroll costs and reimbursements, respectively, paid to Ms. Heithoff,
- \$4,572.24 of improper payroll paid to City officials for pay increases which did not comply with requirements established by the Code of Iowa,
- \$847.34 of late fees and interest to IPERS, and
- \$786.16 of improper purchases using the City's Staples credit card.

We also identified \$10,213.93 of unsupported disbursements identified which includes \$9,890.68 of disbursements from the City's checking account to individuals and vendors, \$231.08 of reimbursements to Ms. Heithoff, and \$92.17 of purchases on the City's Staples credit card. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

At the completion of fieldwork, we interviewed Ms. Heithoff and City officials to obtain explanations for certain transactions and processes followed during and after Ms. Heithoff's employment with the City. We also requested explanations for certain disbursements and/or adjustments to utility accounts. The information City officials and Ms. Heithoff provided are described in the following sections of the report.

#### **UTILITY SYSTEM IRREGULARITIES**

As previously stated, Ms. Heithoff was responsible for preparing utility billings, receiving the related payments, depositing collections, and maintaining the City's utility system during her employment. She did not prepare utility reconciliations. Also as previously stated, the City established a primary checking account used for all City operations. The monthly bank statements were sent to the City Clerk and no other City officials reviewed them. According to the Mayor, he received a number of complaints from residents regarding their utility bills prior to Ms. Heithoff being placed on probation. He also reported there were a lot of problems resulting in the Council losing trust in Ms. Heithoff properly performing her assigned duties.

As a result of the concerns identified, we reviewed the deposits made to the City's bank account to identify any unusual activity. We also compared collection records available from the City to the bank deposit slips to determine if all recorded collections were deposited. When we attempted to reconcile the collections recorded in the City's utility system to the deposits to the City's bank account, we identified certain concerns, including:

- Adjustments made to individual utility accounts in the City's utility system which reduced the balances owed and adjustments which removed credit balances on certain accounts.
- Entries in the City's utility system which indicate utility bills were paid by customers, but for which the payments were not included in deposits made to the City's bank account.
- Entries in the City's utility system which indicate certain bills were paid electronically by customers, but for which electronic payments were not included in ACH collections deposited to the City's bank account.
- Account balances which were not properly carried forward when the City switched to a new utility billing system.

While each of these concerns involve risk that utility payments may have been collected by the City but not properly deposited in a City bank account, this risk is somewhat mitigated because,

according to City officials and the current City Clerk, very few customers pay their utility bill in cash and there are limited other sources of cash collected by the City. For the accounts we tested which made cash payments, we did not identify any undeposited cash collections.

Through our testing, we determined the instances described above overlapped and were interrelated at times. While each of the instances resulted in lost revenue to the City, we are unable to determine which specific transactions, if any, were utility billing payments received by the City which were not properly deposited in the City's bank account. Our findings are explained in detail in the following paragraphs.

### **Account Adjustments**

As the City Clerk, Ms. Heithoff had primary responsibility for preparing utility billings, collecting payments, preparing and making deposits, and maintaining the City's utility system. As previously stated, City officials and the current City Clerk reported utility billings are primarily paid with checks and a limited number of bills are paid in cash. Also, a limited number of customers pay utility billings through the bank using ACH.

City officials provided us with meter customer history reports from the utility system previously used by the City for each utility customer for the months of January 2014 through September 2019. The meter customer history reports listed each bill date, any previous balance, the current charges, payment date, amount paid, and the new balance amount. However, the reports did not specify the dates of any adjustments made to the accounts. Instead, the adjusted balance was shown on the date the next billing or payment was recorded.

Using the meter customer history reports, we attempted to recalculate the new balance amount using the previous balance, the current charges, and any recorded payments. We identified numerous instances where the activity in utility customers' history reports did not properly recalculate. Specifically, by comparing the recalculated balance to the balance shown in the history report, we identified instances where an account balance due from a customer was reduced or eliminated. We also identified instances where a credit account balance was eliminated.

**Exhibit B** lists the accounts for which we identified adjustments that exceeded a net total of \$10.00 from January 2014 through September 2019. The **Exhibit** does not include adjustments to accounts for which the net total was \$10.00 or less. As illustrated by the **Exhibit**, customers are identified as A through CI to protect their privacy.

The **Exhibit** includes 266 adjustments made to 87 accounts. The adjustments that reduced a balance are shown as positive numbers and are considered uncollected utility billings. The adjustments that reduced a credit balance (for accounts that had paid more than the amount owed) are shown as negative numbers in the **Exhibit**. Because the credit balances were eliminated, the City collected more than what should have been paid for the account.

As illustrated by **Exhibit B**, Customer BV had two adjustments totaling \$16,704.92. According to City officials we spoke with, Councilmembers were aware this customer consistently did not pay his utility bill and were aware the customer's services had not been shut off due to lack of payment. However, the Council did not authorize the amount due from the account to be eliminated.

Also as illustrated by **Exhibit B**, the account identified for Customer T had 4 adjustments reducing the balance owed by a total of \$2,138.03. This account was for Mayor Chris Erickson's personal residence. During our review of Mr. Erickson's utility account, we also determined no payments had been posted to the account from October 3, 2017 through July 25, 2019, the day of Ms. Heithoff's resignation. As previously stated, Ms. Heithoff was responsible for billing customers, collecting payments, and maintaining the City's utility system. However, as illustrated by **Exhibit B**, the last adjustment to Mr. Erickson's account was reflected in the balance shown in the

utility system occurred between July 26, 2019 and August 29, 2019. As a result, it is apparent the adjustment was not made by Ms. Heithoff.

According to Councilmembers we spoke with, after Ms. Heithoff left employment and before a new City Clerk was hired, Mr. Erickson was the only individual who had the password and login information to access the City's accounting and utility systems. Councilmembers we spoke with all confirmed they never processed transactions in the accounting and/or utility systems. In addition, Councilmembers reported there was a Councilmember present at City Hall during office hours to answer questions and phone calls, collect utility payments, and create a listing of payments collected for Mr. Erickson to post in the utility system when he arrived at City Hall in the evening.

On September 29, 2021 we conducted an interview with Mr. Erickson to obtain explanations for the adjustments made to accounts within the City's utility system, including the account for his personal residence. A representative of the Story County Sheriff's Office also participated in the interview. During the interview, Mr. Erickson confirmed he processed transactions within the City's accounting and utility systems after Ms. Heithoff left employment and no one else had access to the utility system. When asked about the adjustments to the account for his personal residence and why the account history reports did not show any payments on the account from October 3, 2017 through July 25, 2019, he reported he routinely paid cash to Ms. Heithoff before monthly City Council meetings for his utility bill and other City officials would be able to confirm they saw him make the payments. He also reported he did not make any adjustments to his utility account.

City officials we subsequently spoke with reported they did not witness Mr. Erickson making any payments to Ms. Heithoff. In addition, when we spoke with Ms. Heithoff, she adamantly reported Mr. Erickson did not make any cash payments. As a result, the representative of the Story County Sheriff's Office met with Mr. Erickson again on October 18, 2021. During that meeting, he reported he did not pay as much cash as he had previously claimed for his utility bills. He reported he had paid perhaps \$400.00 but not the full amount he owed. During the meeting he also provided a copy of text messages between himself and Ms. Heithoff after she left the City's employment. A copy of the text messages are included in **Appendix 1**. As illustrated by the **Appendix**, the text messages were about satisfying his utility account prior to implementation of the new utility system. The text messages also show a Councilmember had an unpaid utility account.

The Councilmember specified in the text message, Leanne Hazen, is identified in **Exhibit B** as Customer AD. As illustrated by the **Exhibit**, the Councilmember's account had 17 adjustments reducing the balance owed by a total of \$1,263.37. On October 15, 2021 we conducted an interview with Ms. Hazen with the assistance of a representative of the Story County Sheriff's Office.

During the interview, Ms. Hazen reported she contacted Ms. Heithoff during her term as a Councilmember because she had not received a utility bill. She also reported Ms. Heithoff stated not to worry about it because she was a Councilmember, indicating that, as a Councilmember, she did not have to pay for her utilities. When asked if Ms. Hazen had any follow up conversations with anyone about this, she stated she did not. Ms. Hazen admitted she did not pay for any utility services the last year and half of Ms. Heithoff's employment period; however, she was willing to pay what she owed. She also stated she did not access the City's utility system, did not process any transactions on the utility system, and, to her knowledge, only Mayor Erickson had the login and password to the utility system.

In addition to interviewing the Mayor and Councilmembers, we also interviewed Ms. Heithoff. According to Ms. Heithoff, she made adjustments in the utility system to resolve complaints or to forgive amounts due to hardships experienced by residents. However, Ms. Heithoff reported, and Councilmembers confirmed, she did not seek nor receive approval for making these adjustments in the utility system. The adjustments resulted in uncollected utility billings which should have been paid to the City.

When we asked Ms. Heithoff why Ms. Hazen and Mr. Erickson were not billed and/or did not pay for their utility services, she reported “it has always been that way.” However, when we reviewed utility history reports for other Councilmembers, they were routinely billed and paid for their utility services. As a result, it is not apparent why exceptions were made for Ms. Hazen and Mr. Erickson.

None of our testing identified any payments received by the City for utility billings that were recorded as adjustments in the utility system and not properly deposited in the City’s bank account. However, because the adjustments made in the utility system by Ms. Heithoff and Mayor Erickson resulted in lost revenue to the City, the \$31,303.97 net amount of uncollected utility adjustments listed in **Exhibit B** are included in **Exhibit A**.

### **Undeposited Utility Payments**

Using the City’s bank statements with deposit slips and physical copies of the deposit slips with specific utility account stubs making up each deposit, we attempted to trace every payment posted to individual utility accounts to deposits made in the City’s bank account. We ensured all deposits were accounted for and agreed with payments recorded in the utility system. However, we identified instances where payments posted to a utility account did not match a deposit in the City’s bank account.

**Exhibit C** lists the 180 instances we identified where recorded payments were not included in a deposit to the City’s bank account. The 79 accounts in which the payments were recorded are also identified in the **Exhibit**. As illustrated by the **Exhibit**, the 180 payments total \$15,689.62.

While there were days only a single recorded payment was not deposited to the City’s bank account, **Exhibit C** illustrates there were a number of days where more than one recorded payment was not deposited. We determined the undeposited payments were recorded in the City’s utility system on 52 days and the total undeposited collections per day ranged from \$.55 to \$1,691.10. As illustrated by the **Exhibit**, there were three days where the undeposited collections for the day totaled over \$1,000.00, including \$1,086.39 on June 4, 2018, \$1,365.92 on October 8, 2018, and \$1,691.10 on July 2, 2019.

During our fieldwork, a Councilmember reported approximately a year after Ms. Heithoff left the City’s employment, he was approached by her husband at a local convenience store. According to the Councilmember, Mr. Heithoff provided to him an envelope containing utility payments in the form of cash and checks. He reported the envelope had been found in the Heithoff family’s vehicle. While the payments had not been deposited to the City’s bank account, we determined they had been posted as payments to the customers’ utility accounts on July 2, 2019. The cash was deposited on July 23, 2020; however, because the checks were over a year old, they were considered stale and not viable for deposit. Some of the checks were subsequently replaced by the utility account holder, but others were not. The payments included in the envelope are identified in **Exhibit C**. As illustrated by the **Exhibit**, the checks which were subsequently replaced by the account holder are also identified. We were unable to tell if other envelopes of payments were lost prior to deposit as happened with the July 2, 2019 deposit.

As illustrated by **Exhibit C**, Ms. Hazen’s account (customer AD) included two recorded payments that were not deposited into the City’s bank account which totaled \$182.03. As previously stated, Ms. Hazen admitted she did not pay for any utility services the last year and half of Ms. Heithoff’s employment period when we interviewed her. As a result, payments should not have been recorded for her account during that period.

Based on our testing, we were unable to determine if any of the payments listed in **Exhibit C** were collected but not properly deposited to a City bank account or if they were recorded as a payment by Ms. Heithoff in an effort to reduce the account balance as she did with adjustments. While City officials and the current City Clerk reported very few utility bills are paid in cash, it is possible that some of the transactions listed in **Exhibit C** were cash collections which were not properly

deposited. If there had been no collections and the payments were simply recorded in lieu of adjustments, the entries still resulted in lost revenue to the City.

City officials we spoke with could not provide an explanation for the payments recorded in the utility system when corresponding amounts were not deposited to the City's bank account. The \$14,585.57 of payments listed in **Exhibit C** are included in **Exhibit A**.

### **ACH Account Payments**

As previously stated, a limited number of customers pay utility billings through the bank using ACH. According to the current City Clerk, these customers have completed paperwork with the City's bank which allows for the bank to electronically withdraw their utility payment from their account each month. The City Clerk prepares a listing of the amount each individual owes for the month and provides it to the bank to have those amounts electronically paid to the City.

As previously stated, we attempted to match payments recorded in individual utility accounts to deposits made in the City's bank account. We obtained copies of the monthly ACH listings provided to the bank for the period of January 2014 through August 2019. We ensured the totals of the spreadsheets agreed with the total ACH deposit for each month into the City's bank account and then attempted to trace the individual payment amounts listed on the spreadsheets to the individual account histories.

We identified 18 utility accounts which had a payment posted on September 29, 2016 which agreed individually and in total to the monthly spreadsheet prepared by Ms. Heithoff. However, there was no ACH deposit made to the City's bank account on or near that date for the payments. In addition, there was no ACH deposit made that agreed with the total listed on the spreadsheet and we accounted for all ACH deposits made to the City's bank account.

**Exhibit D** summarizes the 18 account payments that were recorded but were not deposited to the City's bank account. We did not identify any indication the ACH payments were misrouted to another bank account or improperly deposited in any other manner. Based on the records available, it appears the spreadsheet of payments which were posted to the utility system was not provided to the bank to make the withdrawals from the customers' accounts.

As illustrated by the **Exhibit**, these 18 payments total \$1,597.28 of uncollected utility collections. The \$1,597.28 is included in **Exhibit A**. While none of our testing identified any payments received by the City for utility billings that were not properly deposited in the City's bank account, the ACH payment entries recorded in the utility system for which there were not corresponding deposits resulted in lost revenue to the City.

### **Close Out of Prior Utility System**

As previously stated, after Ms. Heithoff left employment, the City switched to a new utility accounting system which operates in conjunction with the general ledger system. We obtained a utility billing history report from the current City Clerk for the period October 2019 through June 2020. Using the meter customer history reports from the prior system, we compared the ending balances from September 2019 to the beginning balances recorded in the new system in October 2019.

According to City officials, outstanding and credit balances were carried forward from the prior utility system to the new utility system. We determined the ending balance from the existing utility system was properly carried forward to the new utility system for 91 of the individual accounts. However, we identified four accounts for which the ending balance from the existing utility system did not agree with the balance recorded in the new utility system.

Of the four accounts, three had credit balances at the end of September 2019. Because the credit balances were not recorded in the new utility system and the three accounts subsequently paid all billings recorded in the system, the City ultimately collected an excess \$123.72. **Table 1** lists the

three accounts, their ending balance from the prior utility system, the amount carried forward to the new system, and the difference between the recorded balances.

**Table 1**

<b>Customer</b>	<b>Prior Balance</b>	<b>New Balance</b>	<b>Difference</b>
DE	\$ (25.00)	-	(25.00)
DF	(67.73)	-	(67.73)
DG	(30.99)	-	(30.99)
Total	\$ (123.72)	-	(123.72)

The remaining account had an outstanding balance of \$23.46 at the end of September. However, because the amount due was not properly carried forward to the new system, the City did not collect the \$23.46 due from the customer.

The \$23.46 uncollected utility billing and the \$123.72 of excess collections identified are included in **Exhibit A**.

### **Other Utility Concerns**

As previously stated, we compared payments posted to utility customer history reports to deposits made to the City's bank account. Based on our review we identified the following concerns with the City's utility records and individual accounts.

- We identified instances where the amount received and deposited into the City's bank did not agree with a payment posted on the individual's meter customer history report; however, the amount received agreed with the amount billed in total on these accounts.
- We identified 143 instances in 74 accounts where a service or late fee was charged to the account but not paid.
- We identified 351 instances in 78 accounts where a service or late fee should have been billed but was not.
- We identified 116 instances in 52 accounts where the posting to the account appears to be an error, the payment does not agree with a monthly billed amount, and/or the billed amount does not agree with any support. These appear to be accounting mistakes.
- We determined payments from 55 utility customers were regularly included in deposits made to the City's bank account. However, accounts for the 55 customers could not be located within the prior utility system. Because of this, the \$88,367.22 of payments deposited to the City's bank account could not be traced to individual utility accounts.
- We identified an account that contained a gap in service from September 2016 through August 2017. There were no billings or payments posted to the account and no deposits to the City's bank account contained payments for the account. Based on discussions with City officials, the account holder lived in the home during that period and they were unable to provide an explanation for the gap in billings and payment history for the account. Because of a lack of sufficient supporting documentation, we were unable to determine what amount should have been billed and collected during this period.
- We identified an account which included billing and payment activity on the customer history report from May 2016 through August 2019, however there were no deposits that contained payments from the account. Based on discussions with City officials, they determined the customer had a duplicate account with different billing and payment information. They were unsure why the customer's account was duplicated. Because of a lack of sufficient supporting documentation, we were unable to determine if the billings

and payments recorded in the account identified as a duplicate by City officials should have been billed, collected, and deposited.

These concerns illustrate we cannot rely on information recorded in the utility system or City records to identify all payments collected that should have been deposited to City bank accounts.

### **IMPROPER AND UNSUPPORTED DISBURSEMENTS**

As previously stated, all City disbursements are to be made by check and purchases may be made with the City's Staples credit card. We scanned all disbursements and redeemed checks from the City's bank account from January 1, 2014 through August 31, 2019 to determine propriety. We also scanned all purchases made on the City's Staples credit card for the same period.

Using the supporting documentation available from the City, information obtained from selected vendors, internet searches, the vendor, the frequency and amount of the payments, discussions with City officials, and approved disbursement listings, we classified payments as improper, unsupported, or reasonable.

Disbursements were classified as improper if they were personal in nature or not necessary or reasonable for operations of the City. Disbursements were classified as unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to City operations or was personal in nature. Other disbursements were classified as reasonable if it appeared they were for City operations based on available supporting documentation, the vendor, frequency and amount of the payments, and/or discussions with the Mayor and City Clerk.

The improper and unsupported disbursements identified in the City's bank account and the improper and unsupported charges to the City's Staples credit card are explained in detail in the following paragraphs.

#### **Checks Issued to Jennifer Heithoff**

As previously stated, Ms. Heithoff began employment with the City on January 6, 2014. She was to be paid on the 15<sup>th</sup> and 30<sup>th</sup> of each month for the pay period ended that date. Based on our discussions with City officials and review of supporting documentation maintained in the City's records, we determined the City did not properly maintain minutes of Council meetings or payroll resolutions which documented pay rates and the expected number of hours Ms. Heithoff was to work. However, according to City officials, this was a part-time position with the expectation 24 hours would be worked each week. She was paid an hourly rate and eligible for reimbursement of expenses related to City operations if she submitted supporting documentation.

We identified 266 checks totaling \$104,912.63 paid to Ms. Heithoff during the period of our review. Of these, 132 checks totaling \$87,443.69 were for payroll and the remaining 134 checks totaling \$17,468.94 were issued to Ms. Heithoff as reimbursements.

**Unauthorized Payroll and Related Costs** – As previously stated, the City did not consistently maintain minutes of City Council meetings or payroll resolutions establishing pay rates and expected hours for Ms. Heithoff for the period of our review. We were able to obtain some City Council meeting minutes, but not all of them, from the City's minutes publications. Additionally, the City did not have any payroll resolutions related to Ms. Heithoff's pay rates or expected hours. However, according to City officials, typical hours at City Hall were from 9:00 a.m. to 2:00 p.m. Monday, Tuesday, and Thursday during Ms. Heithoff's employment. She also would have incurred additional time for Council meetings and at training events. According to City officials, Ms. Heithoff was expected to complete a timesheet each month. However, City officials could not locate timesheets for the period prior to October 2018.

In order to determine if the amount Ms. Heithoff paid herself for each pay period was reasonable, we considered established City Hall hours, training events Ms. Heithoff attended, and information from City officials. As stated previously, City officials reported City Hall was to be open from 9:00 a.m. to 2:00 p.m. Monday, Tuesday, and Thursday during Ms. Heithoff's employment. However, in an April 26, 2019 letter placing Ms. Heithoff on probation, the City Council imposed stipulations related to her office hours. Specifically, the letter stated Ms. Heithoff was to keep regular office hours of 8:00 a.m. to 2:00 p.m. Monday, Tuesday, and Thursday.

While Ms. Heithoff was to be at City Hall for 18 hours per week after April 26, 2019, City Hall's posted office hours were five hours per day for three days per week, or a total of 15 hours per week, prior to that. To be conservative, we allowed five hours per day for all five workdays in a week to establish an expectation of a total of 25 hours per week when we reviewed the information recorded in the payroll system. We also obtained confirmation of training and conferences Ms. Heithoff attended from the Iowa League of Cities and the Iowa Municipal Finance Officers' Association. In instances, where she attended a conference or training event, we increased the expected work hours to eight per day plus any roundtrip travel time. Because payroll checks were to be issued the 15<sup>th</sup> and 30<sup>th</sup> of each month, we used a calendar to determine the number of days in each pay period for which a timesheet was not available. We then multiplied by the expected hours to be worked for days within that pay period, allowing for conferences or training events.

As previously stated, sufficient supporting documentation was not available to ensure the hourly rate used by Ms. Heithoff had been discussed and approved by the City Council. As a result, we used the hourly rates recorded in the City's payroll system to calculate expected gross pay per pay period. **Table 2** summarizes the hourly pay rates recorded for Ms. Heithoff in the City's payroll system and the dates they became effective.

**Table 2**

<b>Effective Date</b>	<b>Hourly Pay Rate</b>	<b>Percentage Increase</b>
01/06/14	\$ 11.00	-
01/01/15	12.00	9.1%
01/01/16	13.00	8.3%
07/01/16	14.00	7.7%
04/03/17	15.00	7.1%
07/02/17	16.00	6.7%

As illustrated by the **Table**, the payroll system shows Ms. Heithoff received an increase to her hourly wage rate on the first and second anniversaries of her employment. However, after the increase in January 2016, the increases occurred more frequently, and she received three additional increases in the following 18 months. Ms. Heithoff's hourly wage rate remained at \$16.00 per hour through her resignation in July 2019. Councilmembers we spoke with were unable to confirm the hourly pay rates paid to Ms. Heithoff were reasonable.

We compared the number of hours recorded in the payroll system for Ms. Heithoff to her timesheets to identify any excess payments. However, many of the available timesheets were not reviewed or approved by anyone to ensure their accuracy. During our review of the timesheets, we did not identify any periods of paid or unpaid leave Ms. Heithoff recorded on her timesheets from late 2018 into early 2019. However, during this period, a representative of our office attempted to contact Ms. Heithoff a number of times at City Hall and was unsuccessful. In addition, the representative of our office contacted the Mayor during this period in an effort to reach Ms. Heithoff and he initially reported she should be available during posted City Hall hours but later reported she had been ill for an extended period. Because Ms. Heithoff's timesheets do not reflect any leave time or time away during City Hall hours, we are unable to verify the accuracy of the time sheets.



Because many of Ms. Heithoff's timesheets were not reviewed and approved, we also compared the number of hours recorded on the timesheets to the expected number of hours per pay period. In instances where the number of hours recorded on a timesheet exceeded the expected number of hours for a pay period but there was evidence of the Mayor's review on the timesheet, we allowed the number of hours recorded on the timesheet as reasonable. For instances where the timesheet was not reviewed and approved, any hours in excess of the expected number of hours for the pay period were determined to be improper.

Because timesheets were not available for most of the period we tested, we used the number of hours reported in the payroll system up to, but not in excess of, the expected number of hours for each pay period when we determined if the amount paid to Ms. Heithoff as gross pay was appropriate. **Exhibit E** shows this comparison for each pay period.

As shown by the **Exhibit**, we identified 92 payroll checks which included 943.5 hours in excess of the amount expected resulting in \$13,058.50 of excess gross wages. In addition to the excess gross payroll amounts identified in **Exhibit E**, the City incurred the employer's share of FICA and IPERS contributions for the excess payroll, which total \$998.98 and \$1,171.18, respectively.

The **Exhibit** also illustrates the checks Ms. Heithoff issued to herself were often issued prior to the end of the pay period on the 15<sup>th</sup> or 30<sup>th</sup> of each month. However, because we are unable to determine which days Ms. Heithoff worked outside the time she was scheduled to be at City Hall, we are unable to determine when her last working day within a pay period fell prior to the 15<sup>th</sup> or 30<sup>th</sup> of the month. In some cases, it may have been appropriate for Ms. Heithoff to prepare her paycheck prior to the 15<sup>th</sup> or 30<sup>th</sup> of the month if she was not going to work again before the end of the pay period.

When we asked Ms. Heithoff about the number of hours, she recorded for herself in the payroll system, she reported she did not have approval from the Mayor or Councilmembers for the number of hours she worked. She also reported she did not have remote access to the City's records, but she took work home to try to understand it. But without remote access, she was not able to perform any of her work duties. She also reported she did not have approval to work from home, but she worked a number of hours because she had been sick and gotten behind.

As **Exhibit E** illustrates, Ms. Heithoff was not paid for the pay period of April 1, 2019 through April 15, 2019. City officials we spoke with reported Ms. Heithoff did not report to work and/or did not carry out her duties in early April which led to placing her on probation and not paying her for that pay period.

We also identified a payroll check for which the amount paid to Ms. Heithoff did not agree with the net check amount on the payroll report. Specifically, check number 16132 Ms. Heithoff issued to herself on September 14, 2017 did not have the withholdings identified on the payroll report deducted from the gross amount. As a result, the City incurred the \$179.33 cost of the payroll withholdings and Ms. Heithoff was paid \$179.33 more than appropriate.

The \$13,058.50 of excess gross payroll, the \$2,170.16 of related FICA and IPERS contributions paid by the City, and the \$179.33 of payroll withholdings not properly withheld from check number 16132 are included in **Exhibit A** as improper disbursements.

**Reimbursements** – As previously stated, we identified 266 checks totaling \$104,912.63 paid to Ms. Heithoff during the period of our review. Of the 266 checks identified, 134 checks totaling \$17,468.94 were issued to Ms. Heithoff for reimbursement of mileage and purchases of supplies. The checks identified are listed in **Exhibit F**. According to City officials, Ms. Heithoff was entitled to reimbursement for any expenses or mileage she incurred on behalf of the City. Except for travel costs related to training and mileage to take deposits to the bank, they stated there would be no significant expenses Ms. Heithoff would have incurred on behalf of the City.

The City does not have a travel reimbursement policy addressing mileage rates, limits on meals and lodging, or the required supporting documentation to be submitted along with the travel reimbursement form submitted to the City. Mileage was reimbursed at the rate set by the IRS.

For the period of January 6, 2014 through August 31, 2019, we reviewed the available supporting documentation to determine the propriety of the reimbursements identified. In addition, we confirmed Ms. Heithoff's attendance at various conferences and trainings with the Iowa League of Cities and Iowa Municipal Finance Officers' Association for the dates which attendance records were available. We also recalculated the reimbursements for mileage to determine whether a reasonable number of miles and the correct mileage rates were used. Specifically, we documented each day a deposit was made at the City's bank, each trip to a Staples store for supplies, and each trip to a conference or training we identified Ms. Heithoff had attended. Using these dates, we recalculated the roundtrip mileage to and from each of these places. As a result of our testing, we identified the following concerns:

- We determined sufficient supporting documentation was not consistently available for amounts claimed on travel reimbursements submitted to the City.
- We identified certain instances where Ms. Heithoff claimed miles for bank deposits and/or supply purchases when there was not a bank deposit or Staples purchase made at a store location. We confirmed with Ms. Heithoff that all supplies were purchased from Staples. We also identified a number of instances where the mileage reimbursement did not recalculate because excess miles were claimed, which resulted in overpayments to Ms. Heithoff.
- For months where meeting minutes were maintained or publications of minutes were maintained, the amounts paid to Ms. Heithoff did not agree with the amounts listed on the bill listings. According to interviews with Councilmembers, the Mayor reviewed and approved Ms. Heithoff's reimbursements and no one else saw them.

As illustrated by **Exhibit F**, we determined supporting documentation was not available for three of the reimbursements to Ms. Heithoff. As a result, they were classified as unsupported. The **Exhibit** also illustrates we determined \$6,788.11 of the reimbursements were reasonable and \$10,449.75 were improper because the number of miles claimed was excessive for the trips taken.

When we asked Ms. Heithoff about the reimbursements she issued to herself, she expressed she was surprised at the total dollar value. She also apologized and stated she did not know why the mileage claimed was excessive. She agreed it was appropriate to determine reasonable mileage based on the number of trips to the bank for deposits, the number of trips to Staples, and the number of conferences or training events she attended.

The improper and unsupported disbursements of \$10,449.75 and \$231.08, respectively, are included in **Exhibit A**.

### **Unauthorized Payroll to City Officials**

We reviewed the pay received by the Councilmembers and Mayors for the period January 1, 2014 through December 31, 2020. Councilmembers were to be paid quarterly for the previous three months' service on the Council, while the Mayor was to be paid monthly for his service. We also determined the Mayor elected to have IPERS contributions withheld from his pay while the Councilmembers did not.

In accordance with section 372.13(8) of the *Code of Iowa*, "By ordinance, the council shall prescribe the compensation of the mayor, council members, and other elected city officials, but a change in the compensation of the mayor does not become effective during the term in which the change is adopted, and the council shall not adopt an ordinance changing the compensation of the mayor, council members, or other elected officials during the months of November and December in the year of a regular city election. A change in compensation of council members becomes effective for

all council members at the beginning of the term of the council members elected at the election next following the change in compensation.” As a result, any changes in the amounts paid to the Mayor or City Council must be supported by a City Ordinance and take effect at the time the Mayor and City Council are sworn into office after the next election.

As previously stated, the City did not properly maintain minutes of Council meetings or payroll resolutions/ordinances identifying pay rates or changes in pay. As a result, the City did not have any documentation regarding any formal approval of pay increases for any of the City’s elected officials or employees. We obtained election results from the Story County Auditor’s website to document who was elected as Mayor and Councilmembers and the effective dates of their terms. In addition, we obtained payroll history reports for each City official to determine the amount and frequency of their payroll. With these records, we determined City officials received a pay increase in July 2018. There was not an election held prior to this date, resulting in the increase not being compliant with section 372.13(8) of the Code of Iowa.

The City officials continued to receive payroll amounts at the increased level through October 2019. In October, the new City Clerk informed the City Council that an ordinance could not be found to support the increased pay amounts. As a result, Councilmembers took action to reduce their pay to the amount last approved on record in the City’s ordinances. **Table 3** summarizes the improper amounts paid to City officials and the City’s share of FICA and IPERS related to the payments.

**Table 3**

<b>Individual</b>	<b>Dates</b>	<b>Actual Pay</b>	<b>Authorized Pay</b>	<b>Unauthorized Pay</b>	<b>FICA*</b>	<b>IPERS*</b>
Chris Erickson^	07/01/18 – 12/18/19	\$ 4,800.00	2,550.00	2,250.00	172.13	212.40
Sharon Rainey	07/01/18 – 03/28/19	450.00	225.00	225.00	17.21	-
Gayle Springer	07/01/18 – 10/21/19	750.00	375.00	375.00	28.69	-
Kirby Christensen	07/01/18 – 10/21/19	750.00	375.00	375.00	28.69	-
LeAnn Hazen	07/01/18 – 10/21/19	750.00	375.00	375.00	28.69	-
Scott Anderson	07/01/18 – 10/21/19	750.00	375.00	375.00	28.69	-
Jacki Meimann	06/01/19 – 10/21/19	200.00	125.00	75.00	5.74	-
Total		\$ 8,450.00	4,400.00	4,050.00	309.84	212.40

^ – Mayor. All others were Councilmembers

\* – Employer’s share for unauthorized pay

As shown by the **Table**, we determined the Mayor and Councilmembers received improper salary increases totaling \$4,050.00 of gross payroll. In addition, the City incurred the employer’s share of FICA and IPERS contributions for the excess payroll, which total \$309.84 and \$212.40, respectively. Because the pay increases were not supported by a City ordinance and were not in compliance with section 372.13(8) of the *Code of Iowa*, the \$4,572.24 of excess payroll costs are included in **Exhibit A** as improper disbursements.

As previously stated, City officials took action in October 2019 to change the amount of compensation they received to the amount documented in City ordinance. None of the overpayments received by the City officials from July 2018 through October 2019 were reimbursed at the time the Council reduced the compensation level.

We asked a City official in September 2021 if conversations had been held about the repayment of these overpayments. After that conversation, the Council discussed City officials repaying the improper payroll during the September 13, 2021 City Council meeting. Although no formal action was taken regarding the reimbursements at the meeting, Councilmembers Gayle Springer, Kirby Christensen and Jacki Meimann subsequently issued checks to the City in the amount of their excess gross payroll amounts listed in **Table 3**.

The three payments totaled \$825.00 and were deposited into the City's bank account on September 17, 2021. We also learned after meeting with Councilmember Scott Anderson on October 10, 2021, he subsequently issued a check to the City in the amount of his excess gross payroll amount listed in **Table 3**. The payment totaled \$375.00 and was deposited into the City's bank account on October 13, 2021. Other City officials we spoke with have not made a repayment to the City as of October 20, 2021. The \$1,200.00 total of repayments is included in **Exhibit A**.

### **IPERS Late Fees and Interest**

Using reports obtained from IPERS for the period January 1, 2014 through September 30, 2021, we determined the City paid \$847.34 of late fees and interest charges because required IPERS reports were not filed and required contributions were not remitted in a timely manner. The \$847.34 of late fees and interest charges identified are included in **Exhibit A** as improper disbursements.

### **Staples Credit Card Charges**

As previously stated, the City had a Staples credit card to purchase supplies for City operations. The monthly Staples credit card statements document the purchases made both in store and online from Staples. We requested the Staples credit card statements for the period January 1, 2014 through August 31, 2019; however, City officials could not locate all the statements.

Because supporting documentation was not readily available for the purchases from Staples, we obtained an account history directly from the vendor to determine if the items purchased were reasonable for City operations or personal in nature. We reviewed the activity on the City's Staples credit card account between January 1, 2014 and August 31, 2019 to determine if the purchases were necessary and reasonable for City operations or personal in nature.

Purchases were considered improper if the type of item and/or the quantity purchased appeared to be personal in nature or was not reasonable for City operations. When specific purchase information from Staples appeared consistent with City operations, based on the item, quantity and/or frequency of the purchase, they were classified as reasonable. When specific purchase information from Staples was not available, the purchases were classified as unsupported.

We identified 157 orders totaling \$11,510.87 from Staples. Based on the information received from Staples, we identified 30 orders which contained improper purchases and 5 orders which contained unsupported purchases. **Exhibit G** list the orders which contained improper and unsupported items purchased from Staples. As illustrated by the **Exhibit**, we identified \$786.16 of improper and \$92.17 of unsupported purchases from Staples.

As illustrated by the **Exhibit**, the improper purchases from Staples included items such as candy, scrapbooking materials, colored pencils, and items which were not located at City Hall, including computer accessories, telephones, and printers. As illustrated by the **Exhibit**, the unsupported purchases included a TracFone and special order items for which Staples was unable to provide a description. According to Ms. Heithoff and conversations with City officials, the TracFone was purchased to be used by City officials to field calls from the public, however after purchasing the phone it was determined that the phone could not be used. The location of the phone is unknown.

The \$786.16 of improper purchases and \$92.17 of unsupported purchases listed in **Exhibit G** are included in **Exhibit A**.

### **Other Unsupported Disbursements**

As previously stated, we scanned all disbursements and redeemed checks from the City's bank account for the period January 1, 2014 through August 31, 2019. In addition to improper and unsupported disbursements previously discussed, we identified certain unsupported disbursements from the City's bank account.

Also as previously stated, we determined the propriety of disbursements based on available supporting documentation; the type or the quantity of items purchased; discussions with City officials; and the vendor, frequency, and amount of payments. Purchases for which we were unable to determine the propriety were classified as unsupported. **Exhibit H** lists the unsupported disbursements from the City's bank account we identified. As illustrated by the **Exhibit**, the unsupported disbursements from the account were made primarily to individuals and Nesco Rec. Specifically, the unsupported disbursements include payments to:

- Chris Erickson – The City issued 14 checks from the City's bank account totaling \$1,795.11 to Chris Erickson, former Councilmember and current Mayor, in addition to his payroll checks. Based on general ledger descriptions, these payments were for mileage, supplies, and phone reimbursements. City officials could not locate supporting documentation or meeting minutes to document the approval of a phone reimbursement to Mr. Erickson. It is reasonable for the Mayor to receive a reimbursement for phone expenses; however, we are unable to determine how the reimbursements to Mr. Erickson were split between mileage and phone costs. As a result, we were unable to determine propriety of the mileage portion.
- Wallace Loney – The City issued 7 checks from the City's bank accounts totaling \$345.22 to Wallace Loney, former Mayor, in addition to his payroll checks. Based on general ledger descriptions, these payments were for phone reimbursements. City officials could not locate supporting documentation or meeting minutes to document the approval of a phone reimbursement to Mr. Loney. It is reasonable to reimburse the Mayor for phone costs; however, there is no support to determine propriety of the amounts paid to him.
- Various Individuals – The City issued 18 checks from the City's bank account totaling \$5,100.25 to various individuals. Based on general ledger descriptions, these payments were for reimbursements, fuel for City equipment, snow removal, and for other services provided to the City. City officials could not locate support for the items purchased or the services rendered.

The City also issued three checks totaling \$2,650.00 to Nesco Rec from the City's bank account. According to City officials, Nesco Rec is a recreational organization serving citizens in the Colo-Nesco area. Supporting documentation for the payments was not located. However, based on general ledger descriptions, these payments were for donations to the organization. The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 of the Iowa Constitution states, in part, "...no public money or property shall be appropriated for local, or private purposes..."

Because City officials could not locate supporting documentation for the disbursements listed in **Exhibit H** and we are unsure what was purchased or what services were rendered, the \$9,890.68 total is included in **Exhibit A** as unsupported disbursements.

## **OTHER ADMINISTRATIVE ISSUES**

During our testing and fieldwork, we identified additional items discussed in detail in the following paragraphs.

**City Council Meeting Minutes** – We attempted to review the City Council meeting minutes from January 2014 through August 2019 and determined City Council meeting minutes and payroll resolutions were not properly maintained as required by section 380.7 of the *Code of Iowa*.

**Paving of S 9<sup>th</sup> Street** – During our testing, we determined Chris Erickson, the current Mayor, had requested in 2005 the City gravel a street adjacent to his property. The property is identified as S. 9<sup>th</sup> Street and leads directly to his driveway and no other property. Information from the County Assessor's website shows that portion of S. 9<sup>th</sup> Street goes no further than Mr. Erickson's driveway and there is no owner of the property. Mr. Erickson was not an elected official at the time of his

request. According to a letter issued to Mr. Erickson from a former City Clerk on June 15, 2005, the City Council agreed to gravel the road once Mr. Erickson had paid his outstanding debts owed to the City in the amount of \$487.00. Due to lack of available records, we were unable to determine if Mr. Erickson paid this amount.

In June 2018, after Mr. Erickson became Mayor, the portion of S. 9<sup>th</sup> Street adjacent to his property was paved. When the Councilmembers inquired why the road was paved instead of graveled, he reported previous Councilmembers approved the paving. During our review of the available minutes of Council meetings, we did not identify any discussions or approval of the paving. However, it could have been approved by Council for which meeting minutes are not available. Due to lack of sufficient documentation, we have not included an amount on **Exhibit A**. However, it is unusual the City would pave the street which appears to only serve the Mayor.

**Oversight** – City officials have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of the City’s operations and maintain the public trust. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity. Based on our review, we determined the City officials did not provide sufficient oversight of the City’s financial transactions and did not:

- Properly review payroll supporting documentation prior to issuance.
- Compare the bill listings to supporting documentation and checks.
- Require and maintain original, itemized receipts for all disbursements, including employee reimbursements, and review the supporting documentation to ensure the public purpose of the disbursements.
- Review the City’s bank statements and charge account statements.
- Request and review bank reconciliations.
- Require and review utility reconciliations.

## **Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by the City of McCallsburg to perform bank reconciliations and process receipts, disbursements, and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be identified within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the City's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. The former City Clerk had control over each of the following areas:
- (1) Receipts – collecting, posting to the accounting records, and preparing and making bank deposits,
  - (2) Disbursements – making certain purchases, receiving certain goods and services, presenting disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the accounting records,
  - (3) Payroll – calculating payroll amounts, preparing, signing, and distributing checks, posting payments to the accounting records, and filing required payroll reports,
  - (4) Cash – handling, reconciling bank accounts, and recording,
  - (5) Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records, and preparing and making bank deposits,
  - (6) Bank accounts – receiving and reconciling monthly bank statements to accounting records, and
  - (7) Reporting – preparing City Council meeting minutes and financial reports, including monthly City Clerk reports and the Annual Financial Reports.

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

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

- B. Disbursements – During our review of the City's disbursements, the following were identified:
- Disbursements were not consistently supported by invoices or other documentation.
  - Not all disbursements were approved by the City Council.

Recommendation – All City disbursements should be approved by the City Council prior to payment, with the exception of those specifically allowed by a City Council approved policy.

For those disbursements paid prior to City Council approval, a listing should be provided to the City Council at the next City Council meeting for review and approval. To strengthen internal control, each check should be prepared and signed by one person and detailed supporting vouchers and invoices should be provided, along with the check, to an independent individual for review and countersignature.

- C. Travel Reimbursement Policy – The City does not have a travel reimbursement policy addressing mileage rates or limits on meals and lodging or the required supporting documentation to be provided along with the travel reimbursement form submitted to the City.

Recommendation – City officials should develop and implement a travel reimbursement policy establishing mileage reimbursement rates, limits on meals and lodging and requiring original, itemized receipts for all disbursements.

- D. City Council Minutes – Chapter 21 of the *Code of Iowa* requires minutes to be kept for all meetings of governmental bodies. During our review of minutes, we determined:

- City Council minutes were not maintained or retained in the City’s records for a large portion of the period of our review.
- Minutes were not always signed by the City Clerk as required by section 380.7(4) of the *Code of Iowa*. In addition, they did not include the signature of the Mayor or a Councilmember to authenticate the record.
- Not all disbursements were approved by the City Council.
- The minutes did not include financial reports filed by the City Clerk.

In addition, we determined minutes were not consistently maintained and/or sufficiently prepared to ensure all Council action was adequately documented. For instance, when Councilmembers inquired why the road adjacent to Mr. Erickson’s home was paved instead of graveled, he reported previous Councilmembers approved the paving. However, available minutes of Council meetings did not include discussions or approval of the paving.

Recommendation – City officials should implement procedures to ensure the City is maintaining City Council minutes in their records. They should also implement procedures to ensure all actions taken by the Council are properly documented and the City Clerk and the Mayor or a Councilmember sign all meeting minutes. In addition, the minutes should be reviewed in a timely manner so any errors can be identified and corrected. City officials should also ensure all City obligations are presented to the City Council for approval prior to the payment and financial reports the City Clerk presents to the City Council are filed with the related minutes.

City officials should also ensure compliance with all applicable sections of the *Code of Iowa*.

- E. Reconciliation of Utility Billings, Collections, and Delinquent Accounts – The former City Clerk had sole responsibility for preparing utility billings, collecting payments, and recording the payments in the accounting system. We determined reconciliations of utility billings and collections and delinquent accounts were not required, prepared, or reviewed by the City Council. We also determined supporting documentation was not maintained for adjustments posted to customers’ accounts.

In addition, we identified service or late fees were not consistently applied and accounts in arrears were not shut off.

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquent accounts for each billing period. The City Council,



or an independent individual designated by the City Council, should review the reconciliations and monitor delinquencies. Delinquent accounts should not be written off without City Council approval.

In addition, City officials should establish policies and procedures and ensure compliance with policies regarding service or late fees and accounts in arrears such as, shut offs and liens.

- F. Payroll – During our review of payroll, we determined the starting pay rate, expected hours, and any changes to the pay rate or expected hours for the City Clerk were not properly documented in the City Council minutes. Additionally, we determined there was no evidence of approval for any changes in pay by City officials.

City Hall hours for the time period reviewed were 9:00 a.m. to 2:00 p.m. Monday, Tuesday, and Thursday during the former City Clerk’s employment. Employees were required to complete timesheets and submit them for approval. City employees are to be paid twice each month. During our review of payroll disbursements, we identified the following:

- Ms. Heithoff received paid vacation leave; however, the City did not have a written policy regarding the leave and did not track time earned or used.
- Ms. Heithoff paid herself \$13,058.50 for 943.5 hours in excess of the number of hours expected.
- We determined timesheets were not maintained for the period prior to October 2018.
- The City Council awarded themselves and the Mayor an increase in compensation effective prior to an election. As a result, they received compensation in excess of that allowed by the *Code of Iowa* in a gross amount of \$4,050.00. The City incurred an additional \$522.24 of costs for the employer’s share of FICA and IPERS contributions.

Recommendation – City officials should implement procedures to ensure appropriate payroll records are maintained. City officials should also periodically review payroll records to ensure payroll is calculated properly. In addition, City officials should ensure all increases to Council and/or Mayor compensation are not effective until after the subsequent election, in accordance with section 372.13(8) of the *Code of Iowa*.

In addition, a City official who is familiar with the City Clerk’s actions should review and approve the City Clerk’s timesheet for each pay period. The review and approval should be documented by the signature or initials of the reviewer and the date of approval and information from the timesheets should be periodically compared to the information recorded in the City’s payroll system. Also, City officials should implement procedures to ensure paychecks are not prepared prior to the end of a pay period.

- G. Reconciliation of Bank Accounts, Collections, and Deposits – While the City’s general checking account was reconciled, independent reviews of the monthly bank reconciliations were not performed. During our review of collections and deposits, we determined:

- An initial listing of mail receipts was not prepared.
- Collections and postings to the receipt accounting software were not reconciled to deposits.

Recommendation – Procedures should be established to ensure an initial listing for all receipts is prepared and that collections recorded on the initial listing are reconciled to postings in the City’s accounting records and deposits for each month. Additionally, City Council officials should review the reconciliations to ensure accuracy and completeness. The review should be documented by the signature or initials of the reviewer and date of the review.

- H. Donations – We identified several payments from the City’s bank account to Nesco Rec which were described as donations in the City’s general ledger. The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 of the Iowa Constitution states, in part, “...no public money or property shall be appropriated for local, or private purposes...”

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that “a governmental body may not donate public funds to a private entity, even if the entity is established for charitable or educational purposes and performs work which the government could perform directly.” The Opinions further state, “Even if the function of a private non-profit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes.”

Recommendation – Members of the City Council should establish procedures which ensure all expenditures comply with Article III, Section 31 of the Iowa Constitution.

- I. Oversight by City Officials and Prior Reports – City officials have a fiduciary responsibility to provide oversight of the City’s operations and financial transactions. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity.

Based on our observations and the procedures we performed, we determined City officials failed to exercise proper fiduciary oversight. The lack of appropriate oversight and the failure to ensure implementation of adequate internal controls permitted an employee to exercise too much control over the financial operations of the City.

Recommendation – Oversight by City officials is essential and should be an ongoing effort. City officials should exercise due care and review all pertinent information. City officials should also ensure sufficient information is prepared and provided to them for making decisions and appropriate policies and procedures are adopted, implemented, and monitored to ensure compliance.

## **Exhibits**

Report on Special Investigation of the  
City of McCallsburg

Summary of Findings  
For the Period January 1, 2014 through August 31, 2019

<b>Description</b>	<b>Exhibit/Table/ Page Number</b>	<b>Improper</b>	<b>Unsupported</b>	<b>Total</b>
Uncollected and undeposited utility billings:				
Net amount of utility account adjustments	<b>Exhibit B</b>	\$ 31,303.97	-	31,303.97
Undeposited utility payments	<b>Exhibit C</b>	14,585.57	-	14,585.57
ACH account activity	<b>Exhibit D</b>	1,597.28	-	1,597.28
Conversion from prior utility system	<b>Page 12</b>	23.46	-	23.46
Subtotal		47,510.28	-	47,510.28
Excess utility billings:				
Conversion from prior utility system	<b>Table 1</b>	(123.72)	-	(123.72)
Net amount of uncollected, undeposited and excess utility billings		47,386.56	-	47,386.56
Improper and unsupported disbursements:				
Payments to or for Jennifer Heithoff:				
Unauthorized payroll and related costs	<b>Exhibit E/Page 15</b>	15,407.99	-	15,407.99
Reimbursement checks	<b>Exhibit F</b>	10,449.75	231.08	10,680.83
Unauthorized payroll to City officials	<b>Table 2</b>	4,572.24	-	4,572.24
IPERS late fees and interest	<b>Page 18</b>	847.34	-	847.34
Staples charge account	<b>Exhibit G</b>	786.16	92.17	878.33
Other disbursements	<b>Exhibit H</b>	-	9,890.68	9,890.68
Total improper and unsupported disbursements		32,063.48	10,213.93	42,277.41
Total		\$ 79,450.04	10,213.93	89,663.97
Less: Repayments by City Council members	<b>Page 18</b>			(1,200.00)
Net Amount				\$ 88,463.97

^ - For accounts with a net total adjustment of more than \$10.00

**Exhibit B**Report on Special Investigation of the  
City of McCallsburgUtility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
A	01/19/17	\$ 110.82		
	11/12/18	3.75		
		<u>114.57</u>	\$ 114.57	-
B	01/19/17	135.35		
	02/08/18	(2.32)		
	11/12/18	10.28		
		<u>143.31</u>	143.31	-
C	01/19/17	197.20		
		<u>197.20</u>	197.20	-
D	12/19/17	78.86		
		<u>78.86</u>	78.86	-
E	07/31/16	(0.98)		
	09/19/18	65.87		
		<u>64.89</u>	64.89	-
F	02/19/18	66.87		
		<u>66.87</u>	66.87	-
G	05/08/18	(11.17)		
		<u>(11.17)</u>	-	(11.17)
H	01/19/17	209.60		
		<u>209.60</u>	209.60	-
I	01/19/17	66.87		
	04/19/17	65.87		
	12/04/17	(1.00)		
		<u>131.74</u>	131.74	-

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
J	12/19/17	113.90		
		<u>113.90</u>	113.90	-
K	12/19/17	200.00		
	02/19/19	239.60		
	08/29/19	117.38		
		<u>556.98</u>	556.98	-
L	04/03/17	(0.76)		
	08/07/17	78.80		
	09/19/17	74.24		
	11/19/17	75.17		
	12/19/17	77.94		
	06/19/18	126.04		
		<u>431.43</u>	431.43	-
M	12/05/16	116.02		
	10/02/17	(301.47)		
	12/19/17	325.99		
	04/25/19	(35.97)		
		<u>104.57</u>	104.57	-
N	11/03/16	291.43		
	12/19/17	15.28		
		<u>306.71</u>	306.71	-
O	09/19/16	118.70		
	01/19/17	62.87		
	09/05/17	(62.87)		
	01/08/18	(71.69)		
	01/19/18	62.87		
	09/06/18	(263.86)		

**Exhibit B**

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
	03/04/19	0.88		
	03/28/19	(2.74)		
		<u>(155.84)</u>	-	(155.84)
P	07/19/18	208.92		
	09/19/18	209.81		
	11/13/18	210.81		
	05/14/19	10.59		
		<u>640.13</u>	640.13	-
Q	01/19/17	83.47		
	05/31/19	79.56		
		<u>163.03</u>	163.03	-
R	02/19/17	81.62		
	04/19/17	80.71		
	12/19/17	261.16		
		<u>423.49</u>	423.49	-
S	10/19/17	50.52		
		<u>50.52</u>	50.52	-
T	05/19/17	542.87		
(Mayor Chris Erickson)	10/19/18	400.00		
	11/26/18	557.07		
	07/26/19	638.09		
		<u>2,138.03</u>	2,138.03	-
U	01/19/17	65.86		
	04/25/17	109.96		
		<u>175.82</u>	175.82	-

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

Customer	Date	Amount Uncollected / (Excess Amount Collected)	Net Total by Account	
			Uncollected	Excess Collection
V	04/03/17	72.19		
		<u>72.19</u>	72.19	-
W	12/19/17	89.00		
		<u>89.00</u>	89.00	-
X	08/09/18	(1.39)		
	03/04/19	<u>(92.33)</u>		
		<u>(93.72)</u>	-	(93.72)
Y	12/19/17	95.45		
		<u>95.45</u>	95.45	-
Z	07/02/19	(14.09)		
		<u>(14.09)</u>	-	(14.09)
AA	12/19/17	102.92		
		<u>102.92</u>	102.92	-
AB	12/19/17	83.47		
		<u>83.47</u>	83.47	-
AC	11/03/16	(8.10)		
	04/25/17	<u>(3.47)</u>		
		<u>(11.57)</u>	-	(11.57)
AD	12/19/16	94.15		
(Council member LeAnn Hazen)	02/06/17	(103.23)		
	08/07/17	88.94		
	08/19/17	86.17		
	10/02/17	6.61		
	11/19/17	81.95		
	03/19/18	82.31		



**Exhibit B**Report on Special Investigation of the  
City of McCallsburgUtility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
	04/19/18	81.39		
	05/19/18	89.94		
	06/19/18	94.53		
	07/19/18	100.98		
	08/19/18	86.89		
	10/19/18	91.47		
	12/26/18	85.05		
	01/29/19	83.51		
	02/19/19	84.39		
	05/31/19	128.32		
		<u>1,263.37</u>	1,263.37	-
AE	03/19/17	48.12		
	10/02/17	(109.58)		
	11/09/17	(1.53)		
	01/25/18	2.18		
	03/08/18	(1.59)		
	08/19/18	110.31		
	03/28/19	(11.86)		
	07/16/19	31.77		
		<u>67.82</u>	67.82	-
AF	02/19/17	100.00		
	03/01/18	(1.29)		
	11/26/18	(80.00)		
	03/04/19	(4.13)		
	05/19/19	(0.47)		
	04/25/19	(77.47)		
	07/02/19	0.87		
		<u>(62.49)</u>	-	(62.49)
AG	12/20/16	0.85		
	04/03/17	(1.54)		

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
	09/19/18	80.22		
	10/19/18	368.98		
		<u>448.51</u>	448.51	-
AH	09/19/17	(12.01)		
	11/19/17	95.36		
	06/04/18	86.23		
	06/19/18	94.23		
	12/10/18	172.51		
	06/19/19	171.44		
		<u>607.76</u>	607.76	-
AI	02/19/17	79.78		
	08/07/17	(2.00)		
	03/01/18	(1.56)		
		<u>76.22</u>	76.22	-
AJ	01/19/17	109.29		
	12/19/17	84.53		
		<u>193.82</u>	193.82	-
AK	07/10/17	(175.56)		
		<u>(175.56)</u>	-	(175.56)
AL	05/19/17	(30.00)		
	07/19/17	(292.07)		
	12/19/17	96.39		
		<u>(225.68)</u>	-	(225.68)
AM	12/19/17	76.09		
		<u>76.09</u>	76.09	-

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<b>Customer</b>	<b>Date</b>	<b>Amount Uncollected / (Excess Amount Collected)</b>	<b>Net Total by Account</b>	
			<b>Uncollected</b>	<b>Excess Collection</b>
AN	10/19/16	158.75	158.75	-
		<u>158.75</u>		
AO	01/19/17	85.31	85.31	-
		<u>85.31</u>		
AP	04/25/17	37.31	107.01	-
	09/19/18	50.52		
	02/04/19	70.56		
	05/31/19	<u>(51.38)</u>		
		<u>107.01</u>		
AQ	12/19/17	90.84	286.62	-
	10/19/18	97.89		
	11/26/18	<u>97.89</u>		
		<u>286.62</u>		
AR	05/17/16	(5.53)	1,261.55	-
	09/01/16	148.01		
	12/19/16	331.55		
	01/19/17	114.82		
	05/19/17	110.20		
	07/19/17	124.96		
	10/19/17	117.60		
	12/19/17	115.75		
	02/19/18	107.44		
05/19/19	<u>96.75</u>			
		<u>1,261.55</u>		
AS	12/19/17	66.87	66.87	-
		<u>66.87</u>		
AT	12/19/17	205.41		

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
	01/25/18	(3.68)		
	08/09/18	(154.31)		
	06/19/19	71.85		
	07/16/19	79.42		
		<u>198.69</u>	198.69	-
AU	01/19/17	84.39		
		<u>84.39</u>	84.39	-
AV	01/19/17	84.39		
	11/12/18	3.78		
	11/12/18	(75.12)		
		<u>13.05</u>	13.05	-
AW	02/04/19	14.22		
	02/04/19	(106.80)		
		<u>(92.58)</u>	-	(92.58)
AX	12/19/17	85.31		
		<u>85.31</u>	85.31	-
AY	03/01/18	(11.05)		
	06/04/18	(48.19)		
	11/12/18	(233.66)		
		<u>(292.90)</u>	-	(292.90)
AZ	09/06/16	(5.25)		
	07/10/17	(2.03)		
	08/07/17	(1.74)		
	09/05/17	(1.61)		
	03/08/18	(1.56)		
	06/04/18	90.02		
	11/12/18	(1.65)		

**Exhibit B**Report on Special Investigation of the  
City of McCallsburgUtility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
	12/26/18	224.17		
	03/04/19	(6.88)		
		<u>293.47</u>	293.47	-
BA	12/19/17	135.11		
		<u>135.11</u>	135.11	-
BB	12/19/17	66.87		
		<u>66.87</u>	66.87	-
BC	07/31/16	(172.68)		
	12/05/16	(85.31)		
	12/19/17	77.94		
	06/19/19	25.00		
		<u>(155.05)</u>	-	(155.05)
BD	08/19/18	51.38		
		<u>51.38</u>	51.38	-
BE	12/19/17	15.28		
		<u>15.28</u>	15.28	-
BF	07/02/19	14.49		
		<u>14.49</u>	14.49	-
BG	12/19/16	66.87		
	06/19/19	65.37		
		<u>132.24</u>	132.24	-
BH	07/31/16	(1.77)		
	12/05/16	(1.48)		
	12/27/16	(1.49)		
	04/03/17	(1.38)		

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
	03/19/17	(7.47)		
	06/20/17	102.92		
	07/10/17	(1.60)		
	08/07/17	(1.50)		
	10/02/17	(1.47)		
	01/25/18	(1.51)		
	03/01/18	(1.43)		
	07/02/18	(1.49)		
	11/12/18	(104.61)		
	03/04/19	(1.65)		
		<u>(25.93)</u>	-	(25.93)
BI	12/19/17	103.75		
		<u>103.75</u>	103.75	-
BJ	05/19/16	94.42		
	04/25/17	(4.96)		
	08/19/18	(1.20)		
		<u>88.26</u>	88.26	-
BK	01/19/17	65.87		
	11/19/17	63.92		
	11/12/18	17.65		
	05/02/19	(64.87)		
		<u>82.57</u>	82.57	-
BL	03/08/18	(1.14)		
	05/19/18	68.72		
	02/04/19	273.06		
	02/19/19	34.93		
	05/19/19	76.46		
		<u>452.03</u>	452.03	-

**Exhibit B**Report on Special Investigation of the  
City of McCallsburgUtility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
BM	10/08/18	(74.48)		
		<u>(74.48)</u>	-	(74.48)
BN	02/19/17	73.32		
	03/19/19	0.70		
		<u>74.02</u>	74.02	-
BO	12/19/16	81.62		
	04/25/17	0.92		
	05/09/17	(1.14)		
	10/02/17	(1.15)		
	01/25/18	(1.25)		
	04/19/18	77.01		
		<u>156.01</u>	156.01	-
BP	11/12/18	(73.14)		
		<u>(73.14)</u>	-	(73.14)
BQ	06/04/18	(0.77)		
	09/06/18	(1.00)		
	12/26/18	66.73		
	01/29/19	65.87		
	03/04/19	0.02		
	05/02/19	(1.00)		
		<u>129.85</u>	129.85	-
BR	03/04/19	(0.86)		
	05/31/19	51.38		
		<u>50.52</u>	50.52	-
BS	05/31/19	51.38		
		<u>51.38</u>	51.38	-

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<b>Customer</b>	<b>Date</b>	<b>Amount Uncollected / (Excess Amount Collected)</b>	<b>Net Total by Account</b>	
			<b>Uncollected</b>	<b>Excess Collection</b>
BT	12/10/18	15.35		
	12/26/18	66.73		
	05/31/19	51.68		
		<u>133.76</u>	133.76	-
BU	01/19/17	66.87		
	05/31/19	66.73		
		<u>133.60</u>	133.60	-
BV	12/19/15	9,302.54		
	06/20/17	7,402.38		
		<u>16,704.92</u>	16,704.92	-
BW	09/06/18	15.14		
	04/29/19	0.89		
		<u>16.03</u>	16.03	-
BX	05/22/17	8.58		
	01/25/18	49.05		
		<u>57.63</u>	57.63	-
BY	12/19/17	85.31		
		<u>85.31</u>	85.31	-
BZ	01/19/17	131.74		
	09/19/17	468.09		
	02/19/18	149.09		
	03/19/18	30.70		
	06/19/18	55.90		
		<u>835.52</u>	835.52	-
CA	12/19/17	81.62		
		<u>81.62</u>	81.62	-



Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<u>Customer</u>	<u>Date</u>	<u>Amount Uncollected / (Excess Amount Collected)</u>	<u>Net Total by Account</u>	
			<u>Uncollected</u>	<u>Excess Collection</u>
CB	12/19/17	51.52		
	10/19/18	76.80		
	11/26/18	66.73		
	12/26/18	66.73		
	01/29/19	65.87		
	02/19/19	66.73		
	03/19/19	66.73		
	05/19/19	66.73		
			<u>527.84</u>	527.84
CC	06/04/18	(29.54)		
	07/05/18	(95.10)		
	09/19/18	99.22		
		<u>(25.42)</u>	-	
CD	11/03/16	47.14		
	02/06/17	(1.41)		
	05/01/17	(1.29)		
	07/10/17	(1.51)		
	07/19/18	116.66		
	05/31/19	82.91		
	08/29/19	88.80		
		<u>331.30</u>	331.30	
CE	12/19/16	94.53		
	01/19/17	94.53		
	03/19/17	94.53		
	06/08/17	(97.39)		
	07/10/17	(1.44)		
	12/04/17	102.17		
	03/01/18	(2.45)		
		<u>284.48</u>	284.48	

Report on Special Investigation of the  
City of McCallsburg

Utility Account Adjustments  
For the Period May 1, 2014 through August 31, 2017

<b>Customer</b>	<b>Date</b>	<b>Amount Uncollected / (Excess Amount Collected)</b>	<b>Net Total by Account</b>	
			<b>Uncollected</b>	<b>Excess Collection</b>
CF	05/19/19	130.76		
		<u>130.76</u>	130.76	-
CG	01/19/17	116.57		
		<u>116.57</u>	116.57	-
CH	12/19/17	66.87		
		<u>66.87</u>	66.87	-
CI	05/31/16	(85.99)		
	07/16/19	<u>(159.68)</u>		
		(245.67)	-	(245.67)
Total		<u>\$ 31,303.97</u>	<u>33,039.26</u>	<u>(1,735.29)</u>

**Exhibit C**

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Report on Special Investigation of the  
City of McCallsburgUndeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
F	04/28/16	\$ 85.31	85.31
K	05/05/16	60.00	
AR	05/05/16	114.82	
BO	05/05/16	78.16	252.98
F	05/17/16	79.78	
K	05/17/16	50.00	129.78
F	06/30/16	80.71	80.71
F	07/31/16	85.31	85.31
E	09/01/16	65.87	
E	09/01/16	1.00	
F	09/01/16	74.24	
K	09/01/16	200.00	
BN	09/01/16	66.87	
BU	09/01/16	66.87	474.85
E	09/29/16	64.87	
F	09/29/16	89.94	
CR	09/29/16	68.72	
CY	09/29/16	66.87	
BJ	09/29/16	96.06	386.46
F	11/03/16	81.62	
F	11/03/16	1.00	
CO	11/03/16	100.06	
BO	11/03/16	3.04	185.72
F	12/05/16	80.62	
N	12/05/16	69.23	
Q	12/05/16	85.31	235.16
F	12/20/16	85.31	
M	12/20/16	121.96	

Report on Special Investigation of the  
City of McCallsburg

Undeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
N	12/20/16	15.28	222.55
F	01/19/17	81.62	81.62
F	03/02/17	84.39	
Q	03/02/17	1.74	
CG	03/02/17	126.82	212.95
F	04/03/17	82.54	82.54
Q	04/25/17	85.31	
AJ	04/25/17	102.84	
AP	04/25/17	113.25	301.40
F	04/27/17	84.39	84.39
F	05/15/17	85.31	85.31
AO	05/22/17	81.62	81.62
F	07/10/17	88.08	
CH	07/10/17	71.49	159.57
CJ	10/02/17	85.31	
T	10/02/17	0.09	
AH	10/02/17	100.00	
BK	10/02/17	66.85	252.25
BK	10/08/17	65.87	65.87
AO	11/06/17	0.55	0.55
L	11/09/17	74.03	
V	11/09/17	74.24	
BL	11/09/17	78.86	
DA	11/09/17	78.86	
BZ	11/09/17	66.87	372.86
A	12/04/17	92.90	92.90
C	12/04/17	266.10	
AG	12/04/17	1.17	

Report on Special Investigation of the  
City of McCallsburg

Undeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
AI	12/04/17	87.07	354.34
B	12/14/17	103.27	103.27
E	01/25/18	65.87	
CM	01/25/18	87.16	
AG	01/25/18	116.45	269.48
CD	02/08/18	99.70	99.70
A	03/01/18	90.06	
I	03/01/18	67.87	
K	03/01/18	50.00	
CQ	03/01/18	84.39	
BG	03/01/18	66.87	359.19
CD	04/09/18	95.00	95.00
CL	05/08/18	100.52	
CM	05/08/18	84.39	
CS	05/08/18	73.32	
AF	05/08/18	82.00	
AT	05/08/18	118.46	
AZ	05/08/18	121.22	
BF	05/08/18	66.87	
BH	05/08/18	92.55	
BW	05/08/18	2.30	
CI	05/08/18	70.00	811.63
DA	05/10/18	68.52	
CC	05/10/18	124.10	192.62
CM	06/04/18	84.39	
CN	06/04/18	96.39	
AF	06/04/18	75.00	
CV	06/04/18	71.49	

Report on Special Investigation of the  
City of McCallsburg

Undeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
AT	06/04/18	118.46	
AZ	06/04/18	121.22	
BF	06/04/18	79.78	
BL	06/04/18	70.49	
DA	06/04/18	68.52	
BZ	06/04/18	6.57	
CC	06/04/18	124.10	
CE	06/04/18	100.00	
CF	06/04/18	69.98	1,086.39
CW	08/09/18	14.04	
BD	08/09/18	15.35	
BF	08/09/18	67.87	
BW	08/09/18	87.95	
BX	08/09/18	15.28	
BZ	08/09/18	50.00	250.49
AE	09/06/18	212.50	
AO	09/06/18	1.59	
CW	09/06/18	84.14	
BX	09/06/18	15.14	
CE	09/06/18	50.00	363.37
K	10/08/18	274.00	
U	10/08/18	300.00	
AD	10/08/18	85.97	
AI	10/08/18	138.82	
AJ	10/08/18	90.55	
AV	10/08/18	72.86	
AY	10/08/18	105.22	
AZ	10/08/18	130.23	

Report on Special Investigation of the  
City of McCallsburg

Undeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
BH	10/08/18	101.54	
BQ	10/08/18	66.73	1,365.92
K	11/12/18	274.00	274.00
V	12/10/18	73.14	
AD	12/10/18	96.06	
AE	12/10/18	96.97	
AH	12/10/18	90.00	
BQ	12/10/18	65.73	
CE	12/10/18	75.00	496.90
O	01/07/19	59.34	
P	01/07/19	210.69	
AQ	01/07/19	100.63	370.66
CK	01/17/19	14.28	
CM	01/17/19	2.71	
P	01/17/19	200.00	
X	01/17/19	92.33	
AC	01/17/19	120.00	
CU	01/17/19	75.16	
AF	01/17/19	80.00	
AH	01/17/19	91.55	
BK	01/17/19	66.85	742.88
O	02/04/19	56.69	
P	02/04/19	210.69	
V	02/04/19	1.44	
X	02/04/19	92.33	
CT	02/04/19	90.55	
AI	02/04/19	116.21	567.91
L	03/28/19	150.00	

Report on Special Investigation of the  
City of McCallsburg

Undeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
O	03/28/19	3.63	
U	03/28/19	150.00	
CV	03/28/19	70.00	373.63
DC	04/14/19	15.14	15.14
V	04/29/19	1.00	1.00
CI	05/09/19	70.00	70.00
AA	05/14/19	210.00	
AJ	05/14/19	256.71	
AV	05/14/19	74.46	541.17
CI	05/31/19	70.00	70.00
AG	06/06/19	350.00	350.00
Q ^	07/02/19	79.56	
CP /	07/02/19	80.48	
U *	07/02/19	74.00	
AE /	07/02/19	67.86	
AF /	07/02/19	75.00	
AG /	07/02/19	350.00	
AH *	07/02/19	165.00	
AP *	07/02/19	51.38	
AR *	07/02/19	97.62	
CX /	07/02/19	1.00	
BH *	07/02/19	95.63	
CF *	07/02/19	66.85	
CZ *	07/02/19	133.46	
CZ /	07/02/19	0.98	
BK *	07/02/19	65.87	
DB *	07/02/19	65.87	
BR *	07/02/19	51.38	



Report on Special Investigation of the  
City of McCallsburg

Undeposited Utility Payments  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>		<b>Date</b>	<b>Amount</b>	<b>Subtotal by Date</b>
BS	*	07/02/19	51.38	
BT	*	07/02/19	51.38	
DC	*	07/02/19	15.14	
BU	*	07/02/19	66.73	
DD	*	07/02/19	51.38	1,757.95
K		07/16/19	250.00	250.00
E		07/26/19	66.73	
CK		07/26/19	15.14	
AH		07/26/19	100.00	
CV		07/26/19	67.64	249.51
BH		07/30/19	92.81	92.81
BJ		07/30/19	102.00	102.00
Total			15,689.62	15,689.62
07/02/19 Collections *			(1,104.05)	(1,104.05)
Net Amount			\$ 14,585.57	14,585.57

\* - Collections received by Jennifer Heithoff in July 2019 but not immediately deposited to the City's bank account. These payments were provided to a Council member in July 2020 by Ms. Heithoff's husband. Because the checks were over a year old, they could not be deposited, but these customers paid in cash or provided a replacement check.

^ - Customer's payment also included in July 2020 activity (see \*), but did not provide a replacement check.

/ - Based on the nature of unusual transactions recorded in the City's utility system, these entries appear to be account adjustments rather than payments.

Report on Special Investigation of the  
City of McCallsburg

ACH Account Activity  
For the Period January 1, 2014 through August 31, 2019

<b>Customer</b>	<b>Date</b>	<b>Amount</b>
J	09/29/16	\$ 119.43
M	09/29/16	15.28
N	09/29/16	131.57
Y	09/29/16	87.16
AA	09/29/16	113.50
AB	09/29/16	95.45
AK	09/29/16	15.28
AL	09/29/16	99.15
AM	09/29/16	94.53
AX	09/29/16	89.00
BA	09/29/16	139.72
BB	09/29/16	66.87
BC	09/29/16	77.01
BE	09/29/16	15.28
BI	09/29/16	97.30
BY	09/29/16	164.61
CA	09/29/16	74.24
CB	09/29/16	101.90
Total		<u>\$ 1,597.28</u>

Report on Special Investigation of the  
City of McCallsburg

Excess Gross Pay Issued to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

**Per Report from City's Payroll System**

<b>Date</b>	<b>Check Number *</b>	<b>Pay Period</b>	<b>Hours</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>
01/14/14	14321	01/06/14 - 01/15/14	24.75	\$ 11.00	272.25
01/30/14	14341	01/16/14 - 01/31/14	57.00	11.00	627.00
02/12/14	14353	02/01/14 - 02/14/14	52.00	11.00	572.00
02/27/14	14368	02/17/14 - 02/28/14	48.00	11.00	528.00
03/11/14	14394	03/03/14 - 03/14/14	45.00	11.00	495.00
03/31/14	14407	03/17/14 - 03/31/14	53.00	11.00	583.00
04/14/14	14430	04/01/14 - 04/15/14	73.50	11.00	808.50
04/29/14	14438	04/16/14 - 04/30/14	47.00	11.00	517.00
05/15/14	14457	05/01/14 - 05/15/14	54.00	11.00	594.00
05/29/14	14485	05/16/14 - 05/30/14	48.00	11.00	528.00
06/12/14	14481	06/02/14 - 06/13/14	52.00	11.00	572.00
06/30/14	14496	06/16/14 - 06/30/14	54.00	11.00	594.00
07/15/14	14517	07/01/14 - 07/15/14	66.00	11.00	726.00
07/31/14	14532	07/16/14 - 07/31/14	110.00	11.00	1,210.00
08/14/14	14535	08/01/14 - 08/15/14	25.00	11.00	275.00
08/28/14	14555	08/15/14 - 08/29/14	55.00	11.00	605.00
09/15/14	14569	09/01/14 - 09/15/14	48.00	11.00	528.00
09/30/14	14593	09/16/14 - 09/30/14	56.00	11.00	616.00
10/14/14	14625	10/01/14 - 10/15/14	52.00	11.00	572.00
10/30/14	14635	10/16/14 - 10/31/14	60.00	11.00	660.00
11/13/14	14653	11/03/14 - 11/14/14	55.00	11.00	605.00
11/25/14	14657	11/17/14 - 11/28/14	52.00	11.00	572.00
12/18/14	14677	12/01/14 - 12/15/14	65.00	11.00	715.00
12/30/14	14688	12/16/14 - 12/31/14	63.00	11.00	693.00
01/15/15	14714	01/01/15 - 01/15/15	50.00	12.00	600.00
01/29/15	14724	01/16/15 - 01/30/15	52.00	12.00	624.00
02/21/15	14728	02/02/15 - 02/13/15	52.00	12.00	624.00
02/26/15	14740	02/16/15 - 02/27/15	60.00	12.00	720.00
03/12/15	14764	03/02/15 - 03/13/15	65.00	12.00	780.00
03/31/15	14773	03/16/15 - 03/31/15	70.00	12.00	840.00

<b>Calculated Gross Pay**</b>			
<b>Hours ~</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>	<b>Over/(Under) Payment</b>
24.75	\$ 11.00	272.25	-
57.00	11.00	627.00	-
50.00	11.00	550.00	22.00
48.00	11.00	528.00	-
45.00	11.00	495.00	-
53.00	11.00	583.00	-
65.00	11.00	715.00	93.50
47.00	11.00	517.00	-
54.00	11.00	594.00	-
48.00	11.00	528.00	-
50.00	11.00	550.00	22.00
54.00	11.00	594.00	-
55.00	11.00	605.00	121.00
60.00	11.00	660.00	550.00
25.00	11.00	275.00	-
55.00	11.00	605.00	-
48.00	11.00	528.00	-
55.00	11.00	605.00	11.00
52.00	11.00	572.00	-
60.00	11.00	660.00	-
50.00	11.00	550.00	55.00
50.00	11.00	550.00	22.00
55.00	11.00	605.00	110.00
60.00	11.00	660.00	33.00
50.00	12.00	600.00	-
52.00	12.00	624.00	-
50.00	12.00	600.00	24.00
50.00	12.00	600.00	120.00
50.00	12.00	600.00	180.00
60.00	12.00	720.00	120.00

Report on Special Investigation of the  
City of McCallsburg

Excess Gross Pay Issued to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

**Per Report from City's Payroll System**

<b>Date</b>	<b>Check Number *</b>	<b>Pay Period</b>	<b>Hours</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>
04/14/15	14795	04/01/15 - 04/15/15	65.00	12.00	780.00
04/30/15	14810	04/16/15 - 04/30/15	72.00	12.00	864.00
05/14/15	14826	05/01/15 - 05/15/15	60.00	12.00	720.00
05/31/15	14833	05/18/15 - 05/29/15	63.00	12.00	756.00
06/15/15	14857	06/01/15 - 06/15/15	65.00	12.00	780.00
06/29/15	14875	06/16/15 - 06/30/15	65.00	12.00	780.00
07/14/15	14902	07/01/15 - 07/15/15	65.00	12.00	780.00
07/28/15	14915	07/16/15 - 07/31/15	120.00	12.00	1,440.00
08/16/15	14929	08/03/15 - 08/14/15	63.00	12.00	756.00
08/27/15	14938	08/17/15 - 08/31/15	66.00	12.00	792.00
09/14/15	14954	09/01/15 - 09/15/30	65.00	12.00	780.00
09/28/15	14963	09/16/15 - 09/30/15	56.00	12.00	672.00
10/15/15	14990	10/01/15 - 10/15/15	68.00	12.00	816.00
10/29/15	14998	10/16/15 - 10/30/15	77.00	12.00	924.00
11/13/15	15014	11/02/15 - 11/13/15	62.00	12.00	744.00
11/30/15	15023	11/16/15 - 11/30/15	63.00	12.00	756.00
12/14/15	15042	12/01/15 - 12/15/15	65.00	12.00	780.00
01/04/16	15060	12/16/15 - 12/31/15	60.00	12.00	720.00
01/14/16	15073	01/01/16 - 01/15/16	60.00	13.00	780.00
01/28/16	15097	01/18/16 - 01/29/16	60.00	13.00	780.00
02/11/16	15116	02/01/16 - 02/15/16	61.00	13.00	793.00
02/29/16	15127	02/16/16 - 02/29/16	62.00	13.00	806.00
03/14/16	15140	03/01/16 - 03/15/16	56.00	13.00	728.00
03/29/16	15153	03/16/16 - 03/31/16	55.00	13.00	715.00
04/12/16	15616	04/01/16 - 04/15/16	58.00	13.00	754.00
04/26/16	15632	04/18/16 - 04/29/16	78.00	13.00	1,014.00
05/12/16	15645	05/02/16 - 05/13/16	51.00	13.00	663.00
05/26/16	15656	05/16/16 - 05/31/16	70.00	13.00	910.00
06/13/16	15669	06/01/16 - 06/15/16	55.00	13.00	715.00
06/30/16	15684	06/16/16 - 06/30/16	48.00	13.00	624.00

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<b>Calculated Gross Pay**</b>			
<b>Hours ~</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>	<b>Over/(Under) Payment</b>
55.00	12.00	660.00	120.00
55.00	12.00	660.00	204.00
55.00	12.00	660.00	60.00
50.00	12.00	600.00	156.00
55.00	12.00	660.00	120.00
55.00	12.00	660.00	120.00
55.00	12.00	660.00	120.00
60.00	12.00	720.00	720.00
50.00	12.00	600.00	156.00
55.00	12.00	660.00	132.00
55.00	12.00	660.00	120.00
55.00	12.00	660.00	12.00
55.00	12.00	660.00	156.00
70.00	12.00	840.00	84.00
50.00	12.00	600.00	144.00
55.00	12.00	660.00	96.00
55.00	12.00	660.00	120.00
60.00	12.00	720.00	-
55.00	13.00	715.00	65.00
50.00	13.00	650.00	130.00
55.00	13.00	715.00	78.00
50.00	13.00	650.00	156.00
55.00	13.00	715.00	13.00
55.00	13.00	715.00	-
55.00	13.00	715.00	39.00
65.00	13.00	845.00	169.00
50.00	13.00	650.00	13.00
60.00	13.00	780.00	130.00
55.00	13.00	715.00	-
48.00	13.00	624.00	-

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Report on Special Investigation of the  
City of McCallsburg

Excess Gross Pay Issued to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

**Per Report from City's Payroll System**

<b>Date</b>	<b>Check Number *</b>	<b>Pay Period</b>	<b>Hours</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>
07/14/16	15704	07/01/16 - 07/15/16	54.00	14.00	756.00
07/31/16	15714	07/18/16 - 07/29/16	84.00	14.00	1,176.00
08/15/16	15730	08/01/16 - 08/15/16	59.00	14.00	826.00
08/29/16	15746	08/16/16 - 08/31/16	59.00	14.00	826.00
09/13/16	15750	09/01/16 - 09/15/16	61.00	14.00	854.00
09/27/16	15782	09/16/16 - 09/30/16	62.00	14.00	868.00
10/13/16	15796	10/03/16 - 10/14/16	61.00	14.00	854.00
10/27/16	15808	10/17/16 - 10/31/16	85.00	14.00	1,190.00
11/14/16	15823	11/01/16 - 11/15/16	60.00	14.00	840.00
11/30/16	15834	11/16/16 - 11/30/16	62.00	14.00	868.00
12/13/16	15847	12/01/16 - 12/15/16	65.00	14.00	910.00
12/26/16	15858	12/16/16 - 12/30/16	64.00	14.00	896.00
01/12/17	15879	01/02/17 - 01/13/17	62.00	14.00	868.00
01/31/17	15897	01/16/17 - 01/31/17	72.00	14.00	1,008.00
02/14/17	15913	02/01/17 - 02/15/17	64.00	14.00	896.00
02/27/17	15924	02/16/17 - 02/28/17	74.00	14.00	1,036.00
03/13/17	15933	03/01/17 - 03/15/17	72.00	14.00	1,008.00
03/28/17	15947	03/16/17 - 03/31/17	68.00	14.00	952.00
04/11/17	15972	04/03/17 - 04/14/17	62.00	15.00	930.00
04/25/17	15983	04/17/17 - 04/28/17	77.00	15.00	1,155.00
05/11/17	16001	05/01/17 - 05/15/17	64.00	15.00	960.00
05/31/17	16015	05/16/17 - 05/31/17	65.00	15.00	975.00
06/15/17	16027	06/01/17 - 06/15/17	59.00	15.00	885.00
06/29/17	16043	06/16/17 - 06/30/17	55.00	15.00	825.00
07/14/17	16065	07/02/17 - 07/14/17	65.00	16.00	1,040.00
07/31/17	16082	07/17/17 - 07/31/17	82.00	16.00	1,312.00
08/15/17	16096	08/01/17 - 08/15/17	62.00	16.00	992.00
08/29/17	16109	08/16/17 - 08/31/17	65.00	16.00	1,040.00
09/14/17	16132	09/01/17 - 09/15/17	65.00	16.00	1,040.00
09/29/17	16146	09/18/17 - 09/29/17	65.00	16.00	1,040.00

<b>Calculated Gross Pay**</b>			
<b>Hours ~</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>	<b>Over/(Under) Payment</b>
54.00	14.00	756.00	-
84.00	14.00	1,176.00	-
55.00	14.00	770.00	56.00
59.00	14.00	826.00	-
55.00	14.00	770.00	84.00
55.00	14.00	770.00	98.00
50.00	14.00	700.00	154.00
70.00	14.00	980.00	210.00
55.00	14.00	770.00	70.00
55.00	14.00	770.00	98.00
60.00	14.00	840.00	70.00
55.00	14.00	770.00	126.00
50.00	14.00	700.00	168.00
60.00	14.00	840.00	168.00
55.00	14.00	770.00	126.00
45.00	14.00	630.00	406.00
55.00	14.00	770.00	238.00
60.00	14.00	840.00	112.00
50.00	15.00	750.00	180.00
65.00	15.00	975.00	180.00
55.00	15.00	825.00	135.00
60.00	15.00	900.00	75.00
55.00	15.00	825.00	60.00
55.00	15.00	825.00	-
50.00	16.00	800.00	240.00
67.00	16.00	1,072.00	240.00
55.00	16.00	880.00	112.00
60.00	16.00	960.00	80.00
55.00	16.00	880.00	160.00
50.00	16.00	800.00	240.00



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Report on Special Investigation of the  
City of McCallsburg

Excess Gross Pay Issued to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

**Per Report from City's Payroll System**

<b>Date</b>	<b>Check Number *</b>	<b>Pay Period</b>	<b>Hours</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>
10/10/17	16159	10/02/17 - 10/13/17	63.00	16.00	1,008.00
10/24/17	16173	10/16/17 - 10/31/17	91.00	16.00	1,456.00
11/13/17	16192	11/01/17 - 11/15/17	64.00	16.00	1,024.00
11/28/17	16198	11/16/17 - 11/30/17	66.00	16.00	1,056.00
12/12/17	16219	12/01/17 - 12/15/17	65.00	16.00	1,040.00
01/02/18	16225	12/18/17 - 12/29/17	65.00	16.00	1,040.00
01/15/18	16248	01/01/18 - 01/15/18	65.00	16.00	1,040.00
01/30/18	16259	01/16/18 - 01/31/18	65.00	16.00	1,040.00
02/12/18	16274	02/01/18 - 02/15/18	64.00	16.00	1,024.00
02/26/18	16282	02/16/18 - 02/28/18	65.00	16.00	1,040.00
03/13/18	16301	03/01/18 - 03/15/18	65.00	16.00	1,040.00
04/02/18	16319	03/16/18 - 03/30/18	63.00	16.00	1,008.00
04/10/18	16331	04/02/18 - 04/13/18	76.00	16.00	1,216.00
04/24/18	16341	04/16/18 - 04/30/18	87.00	16.00	1,392.00
05/13/18	16354	05/01/18 - 05/15/18	65.00	16.00	1,040.00
05/28/18	16363	05/16/18 - 05/31/18	67.00	16.00	1,072.00
06/12/18	16375	06/01/18 - 06/15/18	63.00	16.00	1,008.00
06/25/18	16407	06/18/18 - 06/29/18	64.00	16.00	1,024.00
07/09/18	16429	07/02/18 - 07/13/18	63.00	16.00	1,008.00
07/24/18	16443	07/16/18 - 07/31/18	95.00	16.00	1,520.00
08/14/18	16461	08/01/18 - 08/15/18	60.00	16.00	960.00
08/28/18	16462	08/16/18 - 08/31/18	65.00	16.00	1,040.00
09/11/18	16481	09/03/18 - 09/14/18	66.00	16.00	1,056.00
09/28/18	16496	09/17/18 - 09/28/18	56.00	16.00	896.00
10/11/18	16514	10/01/18 - 10/15/18	63.00	16.00	1,008.00
10/30/18	16526	10/16/18 - 10/31/18	90.00	16.00	1,440.00
11/15/18	16538	11/01/18 - 11/15/18	59.00	16.00	944.00
12/04/18	16552	11/16/18 - 11/30/18	51.00	16.00	816.00
12/13/18	16563	12/01/18 - 12/14/18	54.00	16.00	864.00
12/31/18	16575	12/17/18 - 12/31/18	45.00	16.00	720.00

<b>Calculated Gross Pay**</b>			
<b>Hours ~</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>	<b>Over/(Under) Payment</b>
50.00	16.00	800.00	208.00
75.00	16.00	1,200.00	256.00
55.00	16.00	880.00	144.00
59.00	16.00	944.00	112.00
55.00	16.00	880.00	160.00
50.00	16.00	800.00	240.00
55.00	16.00	880.00	160.00
60.00	16.00	960.00	80.00
55.00	16.00	880.00	144.00
55.00	16.00	880.00	160.00
55.00	16.00	880.00	160.00
55.00	16.00	880.00	128.00
50.00	16.00	800.00	416.00
70.00	16.00	1,120.00	272.00
55.00	16.00	880.00	160.00
60.00	16.00	960.00	112.00
55.00	16.00	880.00	128.00
50.00	16.00	800.00	224.00
50.00	16.00	800.00	208.00
95.00	16.00	1,520.00	-
55.00	16.00	880.00	80.00
60.00	16.00	960.00	80.00
50.00	16.00	800.00	256.00
50.00	16.00	800.00	96.00
55.00	16.00	880.00	128.00
90.00 ^	16.00	1,440.00	-
55.00	16.00	880.00	64.00
51.00	16.00	816.00	-
54.00 ^	16.00	864.00	-
45.00	16.00	720.00	-

Report on Special Investigation of the  
City of McCallsburg

Excess Gross Pay Issued to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

**Per Report from City's Payroll System**

<b>Date</b>	<b>Check Number *</b>	<b>Pay Period</b>	<b>Hours</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>
01/17/19	16592	01/01/19 - 01/15/19	51.00	16.00	816.00
01/31/19	16605	01/16/19 - 01/31/19	40.00	16.00	640.00
02/24/19	16616	02/01/19 - 02/15/19	43.00	16.00	688.00
02/28/19	16627	02/18/19 - 02/28/19	50.00	16.00	800.00
03/18/19	16641	03/01/19 - 03/15/19	48.00	16.00	768.00
03/28/19	16652	03/18/19 - 03/31/19 ***	50.00	16.00	800.00
04/30/19	16681	04/16/19 - 04/30/19 ***	36.00	16.00	576.00
05/20/19	16693	05/01/19 - 05/15/19	54.00	16.00	864.00
06/03/19	16703	05/16/19 - 05/31/19	36.00	16.00	576.00
06/17/19	16720	06/03/19 - 06/14/19	48.00	16.00	768.00
07/16/19	16744	06/17/19 - 06/28/19	31.75	16.00	508.00
08/14/19	16769	07/01/19 - 07/25/19	66.00	16.00	1,056.00
Total					

\* - Check numbers listed on the City's payroll report do not tie to the actual check number that cleared the bank, however the payee, amount, and date does.

\*\* - Calculation based on expected number of hours and hourly pay rate recorded in payroll system.

~ - Because timesheet were not available for the period prior to October 2018, we used the lower of the number of hours reported in the payroll system or the expected hours per pay period to calculate the maximum allowed gross pay.

^ - Timesheet approved by the Mayor.

\*\*\* - According to City officials, Ms. Heithoff did not report to work and/or was not carrying out her duties in early April which led to placing on her probation.

<b>Calculated Gross Pay**</b>			
<b>Hours ~</b>	<b>Hourly Rate</b>	<b>Gross Wages</b>	<b>Over/(Under) Payment</b>
51.00 ^	16.00	816.00	-
40.00 ^	16.00	640.00	-
43.00	16.00	688.00	-
45.00	16.00	720.00	80.00
48.00 ^	16.00	768.00	-
50.00 ^	16.00	800.00	-
36.00 ^	16.00	576.00	-
54.00	16.00	864.00	-
36.00	16.00	576.00	-
48.00	16.00	768.00	-
31.75	16.00	508.00	-
66.00	16.00	1,056.00	-
			<u>\$ 13,058.50</u>

Report on Special Investigation of the  
City of McCallsburg

Reimbursement Checks Paid to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

<b>Per Check Image</b>						
<b>Check Date</b>	<b>Check Number *</b>	<b>Check Amount</b>	<b>Reasonable</b>	<b>Improper</b>	<b>Unsupported</b>	
01/30/14	14339	\$ 18.36	18.36	-	-	
02/12/14	14348	14.28	14.28	-	-	
02/27/14	14364	39.78	-	-	39.78	
03/11/14	14382	49.30	-	-	49.30	
03/31/14	14404	42.84	31.36	11.48	-	
04/14/14	14429	267.10	267.10	-	-	
04/29/14	14435	31.00	12.90	18.10	-	
05/15/14	14453	61.20	61.20	-	-	
05/29/14	14463	30.60	11.60	19.00	-	
06/12/14	14477	35.70	31.36	4.34	-	
06/30/14	14491	57.12	-	57.12	-	
07/15/14	14519	89.45	47.04	42.41	-	
07/31/14	14526	288.28	-	288.28	-	
08/14/14	14538	28.20	28.20	-	-	
08/28/14	14552	67.20	28.92	38.28	-	
09/15/14	14570	50.00	50.00	-	-	
09/30/14	14608	61.20	48.56	12.64	-	
10/14/14	14623	91.80	57.12	34.68	-	
10/30/14	14632	209.10	-	209.10	-	
11/13/14	14650	67.20	31.36	35.84	-	
11/25/14	14662	45.90	-	45.90	-	
12/18/14	14676	132.60	62.72	69.88	-	
12/30/14	14684	135.96	-	135.96	-	
01/15/15	14715	66.30	66.30	-	-	
01/29/15	14721	90.78	61.35	29.43	-	
02/12/15	14734	51.00	51.00	-	-	

Report on Special Investigation of the  
City of McCallsburg

Reimbursement Checks Paid to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

<b>Per Check Image</b>					
<b>Check Date</b>	<b>Check Number *</b>	<b>Check Amount</b>	<b>Reasonable</b>	<b>Improper</b>	<b>Unsupported</b>
02/26/15	14744	51.00	39.85	11.15	-
03/12/15	14760	79.05	79.05	-	-
03/31/15	14768	102.00	1.45	100.55	-
04/14/15	14796	122.40	58.65	63.75	-
04/30/15	14802	229.50	-	229.50	-
05/14/15	14819	194.90	90.85	104.05	-
05/31/15	14836	126.00	-	126.00	-
06/15/15	14853	123.20	106.95	16.25	-
06/15/15	14858	259.68	259.68	-	-
06/29/15	14870	100.80	-	100.80	-
07/14/15	14901	100.80	80.50	20.30	-
07/28/15	14909	301.34	-	301.34	-
08/16/15	14930	98.00	74.75	23.25	-
08/27/15	14934	112.00	-	112.00	-
09/08/15	14944	158.38	158.38	-	-
09/14/15	14950	89.60	48.30	41.30	-
09/28/15	14957	89.60	-	89.60	-
10/15/15	14986	126.00	126.00	-	-
10/29/15	14995	308.00	193.70	114.30	-
11/13/15	15007	106.40	58.65	47.75	-
11/30/15	15019	120.40	-	120.40	-
12/14/15	15040	134.00	16.10	117.90	-
01/04/16	15049	121.40	85.32	36.08	-
01/14/16	15076	89.60	-	89.60	-
01/28/16	15089	115.80	-	115.80	-
02/11/16	15104	112.00	60.48	51.52	-

Report on Special Investigation of the  
City of McCallsburg

Reimbursement Checks Paid to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

<b>Per Check Image</b>					
<b>Check Date</b>	<b>Check Number *</b>	<b>Check Amount</b>	<b>Reasonable</b>	<b>Improper</b>	<b>Unsupported</b>
02/29/16	15121	134.40	-	134.40	-
03/14/16	15133	100.80	30.24	70.56	-
03/29/16	15147	89.60	-	89.60	-
04/12/16	15612	120.60	120.60	-	-
04/26/16	15627	268.80	124.56	144.24	-
05/12/16	15639	89.60	89.60	-	-
05/26/16	15652	134.40	1.12	133.28	-
06/13/16	15665	156.80	60.48	96.32	-
06/30/16	15677	200.08	-	200.08	-
07/14/16	15705	112.00	112.00	-	-
07/31/16	15709	241.60	203.36	38.24	-
08/15/16	15724	89.60	89.60	-	-
08/29/16	15741	112.00	1.12	110.88	-
09/13/16	15754	134.40	70.20	64.20	-
09/27/16	15768	128.80	-	128.80	-
10/13/16	15791	100.80	100.80	-	-
10/27/16	15803	313.04	129.24	183.80	-
11/14/16	15815	112.00	-	112.00	-
11/30/16	15829	128.80	-	128.80	-
12/13/16	15844	156.80	106.38	50.42	-
12/26/16	15853	112.00	-	112.00	-
01/12/17	15878	112.00	44.94	67.06	-
01/31/17	15885	145.60	-	145.60	-
02/14/17	15908	134.40	29.96	104.44	-
02/27/17	15917	145.60	-	145.60	-
03/13/17	15932	168.00	59.92	108.08	-

Report on Special Investigation of the  
City of McCallsburg

Reimbursement Checks Paid to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

<b>Per Check Image</b>					
<b>Check Date</b>	<b>Check Number *</b>	<b>Check Amount</b>	<b>Reasonable</b>	<b>Improper</b>	<b>Unsupported</b>
03/28/17	15938	152.32	-	152.32	-
04/11/17	15967	134.40	134.40	-	-
04/25/17	15977	313.60	108.49	205.11	-
05/11/17	15997	123.20	59.92	63.28	-
05/11/17	16007	112.00	-	-	112.00
06/15/17	16020	123.20	29.96	93.24	-
06/29/17	16032	168.00	-	168.00	-
07/14/17	16058	134.40	134.40	-	-
07/31/17	16074	238.00	5.77	232.23	-
08/01/17	16086	270.72	270.72	-	-
08/15/17	16091	134.40	39.59	94.81	-
08/29/17	16102	145.60	-	145.60	-
09/14/17	16121	145.60	29.96	115.64	-
09/29/17	16139	145.60	-	145.60	-
10/10/17	16155	145.60	145.60	-	-
10/24/17	16162	356.00	82.31	273.69	-
11/28/17	16201	179.20	87.74	91.46	-
12/12/17	16211	145.60	44.94	100.66	-
12/15/17	16220	160.65	160.65	-	-
12/31/17	16234	179.20	-	179.20	-
01/15/18	16243	159.60	76.30	83.30	-
01/30/18	16254	145.60	-	145.60	-
02/12/18	16266	122.00	30.52	91.48	-
02/26/18	16279	168.00	-	168.00	-
03/13/18	16293	148.75	30.52	118.23	-
04/03/18	16310	123.20	123.20	-	-



Report on Special Investigation of the  
City of McCallsburg

Reimbursement Checks Paid to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

<b>Per Check Image</b>					
<b>Check Date</b>	<b>Check Number *</b>	<b>Check Amount</b>	<b>Reasonable</b>	<b>Improper</b>	<b>Unsupported</b>
04/10/18	16330	156.80	118.78	38.02	-
04/24/18	16336	291.20	-	291.20	-
05/13/18	16349	154.00	15.26	138.74	-
05/28/18	16358	179.20	-	179.20	-
06/12/18	16369	122.60	30.52	92.08	-
06/25/18	16381	112.00	-	112.00	-
07/09/18	16422	101.50	101.50	-	-
07/24/18	16437	173.60	173.60	-	-
08/14/18	16458	116.00	45.78	70.22	-
08/30/18	16473	121.80	-	121.80	-
09/11/18	16476	139.20	55.59	83.61	-
09/28/18	16486	112.00	-	112.00	-
10/11/18	16508	116.00	116.00	-	-
10/30/18	16521	365.10	116.17	248.93	-
11/15/18	16534	69.60	30.52	39.08	-
12/04/18	16543	56.54	30.52	26.02	-
12/13/18	16556	205.16	-	175.16	30.00
01/17/19	16590	19.73	19.73	-	-
01/17/19	16594	69.60	48.72	20.88	-
01/31/19	16598	189.85	-	189.85	-
01/31/19	16596	42.00	-	42.00	-
02/14/19	16612	94.60	94.60	-	-
02/28/19	16619	107.00	22.04	84.96	-
03/18/19	16634	100.80	48.72	52.08	-
03/28/19	16642	124.40	-	124.40	-
04/30/19	16675	62.20	62.20	-	-

Report on Special Investigation of the  
City of McCallsburg

Reimbursement Checks Paid to Jennifer Heithoff  
For the Period January 1, 2014 through August 31, 2019

<b>Per Check Image</b>					
<b>Check Date</b>	<b>Check Number *</b>	<b>Check Amount</b>	<b>Reasonable</b>	<b>Improper</b>	<b>Unsupported</b>
05/20/19	16692	69.60	69.60	-	-
06/03/19	16697	98.80	64.96	33.84	-
06/17/19	16713	52.20	-	52.20	-
07/16/19	16747	34.80	34.80	-	-
Total		<u>\$ 17,468.94</u>	<u>6,788.11</u>	<u>10,449.75</u>	<u>231.08</u>

\* - Check numbers listed on the City's general ledger do not tie to the actual check number that cleared the bank, however the payee, amount, and date does.

Report on Special Investigation of the  
City of McCallsburg

Improper and Unsupported Purchases - Staples  
For the Period January 1, 2014 through August 31, 2019

**Per Staples**

Order Date	Invoice Number	Item Description	Amount
04/21/15	10021567	CANON MP27-MG PRINTING CALC BK	\$ 99.99
	10051168	STAPLES FUNDED COUPON	(44.00)
		HP PREMIUM OFFICE PAPER	107.98
	10081950	HP 932XL BLK/933 CLR 4PK CVP	62.99
		SPLS 1X2 5/8 LSR/IJ LBL 100SH	25.99
	135882	TOOTSIE ROLL BAG	4.00
	MARS MIXED MINIS - 40OZ	21.98	
08/15/15	161756	HERSHEY KISSES 40OZ BAG	10.99
		HP 932 BLK933 CLR 4PK	63.99
		ODOR ELIMINATOR COOL/CLEAR	7.58
		LIFESAVERS 5 FLAVOR 41OZ	9.99
		2 1/4 IN X 165 THERMAL CAL	6.99
		SNICKERS MINATURES	10.99
		TAX	7.74
11/16/15	185902	ACCUSTAMP SHUTR POSTED R/BLU	10.99
		MARS MIXED MINIS - 40OZ	10.99
		REESES PEANUT BUTTER CUPS BAG	10.99
		PENTEL ENERGIZE START SET .7MM	7.99
		PENTEL ENERGIZE START SET .5MM	7.99
		TAX	3.43
01/30/16	102782	KLEENEX ULTRA FACIAL TISSUE 4	4.00
		SBG PREMIUM ONEHOLE PUNCH 8SH	4.29
		STPLS 1099MISC INK LSR FRM 50P	29.99
		SCOTCH CAT TAPE DISPENSER	7.00
		2 PART SPIRAL RECEIPT BOOK	9.49
		TAX	3.83
04/14/16	10002897	TOOTSIE ROLL MIDGEES 360 CT	6.99
		BOUNTY 12PK SINGLE PLUS SAS	22.99

<b>Improper</b>	<b>Unsupported</b>	<b>Reasonable</b>
-	-	99.99
-	-	(44.00)
-	-	107.98
-	-	62.99
-	-	25.99
4.00	-	-
21.98	-	-
10.99	-	-
-	-	63.99
-	-	7.58
9.99	-	-
-	-	6.99
10.99	-	-
7.74	-	-
-	-	10.99
10.99	-	-
10.99	-	-
-	-	7.99
-	-	7.99
3.43	-	-
-	-	4.00
-	-	4.29
-	-	29.99
7.00	-	-
-	-	9.49
3.83	-	-
6.99	-	-
-	-	22.99

Report on Special Investigation of the  
City of McCallsburg

Improper and Unsupported Purchases - Staples  
For the Period January 1, 2014 through August 31, 2019

**Per Staples**

<b>Order Date</b>	<b>Invoice Number</b>	<b>Item Description</b>	<b>Amount</b>
04/14/16	10047661	JOLLY RANCHER ASST BAG 3.75LB	13.99
04/18/16	10006062	MARS CHOCOLATE MINIS 40OZ 2/BD	28.99
07/06/16	10014254	MARS CHOCOLATE MINIS 40OZ 2/BD	28.99
07/14/16	10025681	STAPLES FUNDED COUPON	(0.24)
		TRACFONE ALCATEL A463G HANDSET	19.99
09/24/16	1657170061	FISKARS SURECUT SCRAPBOOK	19.79
11/17/16	10006614	STAPLES FUNDED COUPON	(0.81)
		STAPLES FUNDED COUPON	(0.81)
		SPECIAL ORDERX	23.99
11/21/16	10010569	SPECIAL ORDERX	23.99
11/22/16	10013265	SPECIAL ORDERX	2.39
12/27/16	10064638	STAPLES FUNDED COUPON	(16.00)
		STAPLES FUNDED COUPON	(6.39)
		STAPLES FUNDED COUPON	(10.00)
		8.5X11 WHITE CARD STOCK 250	36.58
		HP 934 XL BLK/STD CLR 4PK	66.99
		SPECIAL ORDERX	10.49
02/07/17	10032353	HP 935 XL CYAN	20.99
		STAPLES FUNDED COUPON	(11.50)
		STAPLES FUNDED COUPON	(3.35)
		MULTIFUNCTION DESK ORGANIZE	51.98
		POST-IT CAT POP DISP	10.99
		POSTIT 4X6 PHOTOFRAME DISPENSE	15.99

<b>Improper</b>	<b>Unsupported</b>	<b>Reasonable</b>
13.99	-	-
28.99	-	-
28.99	-	-
-	(0.24)	-
-	19.99	-
19.79	-	-
-	(0.81)	-
-	(0.81)	-
-	23.99	-
-	23.99	-
-	2.39	-
-	-	(16.00)
-	-	(6.39)
-	-	(10.00)
-	-	36.58
-	-	66.99
-	10.49	-
-	-	20.99
-	-	(11.50)
-	-	(3.35)
-	-	51.98
-	-	10.99
-	-	15.99

Report on Special Investigation of the  
City of McCallsburg

Improper and Unsupported Purchases - Staples  
For the Period January 1, 2014 through August 31, 2019

**Per Staples**

<b>Order Date</b>	<b>Invoice Number</b>	<b>Item Description</b>	<b>Amount</b>
		HP 934 XL BLK/STD CLR 4PK	66.99
		LIFESAVERS WINTOGREEN BAG 50OZ	16.99
02/07/17	10055446	MARS CHOCOLATE MINIS 40OZ 2/BD	28.99
		PUNCHED METAL MEMO HOLDER BRNZ	3.98
02/08/17	10033819	HERSHEY MINIRESE KTKT 33.36OZ	26.99
06/27/17	10018125	HIGHLIGHTER PEN-STYLE ASST 6PK	3.29
		STAPLES FUNDED COUPON	(10.35)
		STAPLES FUNDED COUPON	(8.06)
		STAPLES FUNDED COUPON	(3.60)
		TOOTSIE ROLL MIDGEES 360 CT	6.99
		ENERGEL RTX RT RB MED ASST 6	11.99
		JOLLY RANCHER ASST BAG 3.75LB	13.99
		HP 934 XL BLK/STD CLR 4PK	73.99
		ENERGEL RTX PEARL RT MED AST 3	7.49
06/29/17	10021551	STAPLES FUNDED COUPON	(3.60)
		JOLLY RANCHER ASST BAG 3.75LB	13.99
06/29/17	10095047	STAPLES FUNDED COUPON	(1.70)
		HERSHEY MINI BAG 35.9 OZ.	14.49
06/30/17	10022551	STAPLES FUNDED COUPON	(4.80)
		HERSHEY MINIRESE KTKT 33.36OZ	26.99
08/30/17	10032949	STAPLES FUNDED COUPON	(15.10)
		HP OFFICEJET PRO 6968 AIO	149.99

<b>Improper</b>	<b>Unsupported</b>	<b>Reasonable</b>
-	-	66.99
16.99	-	-
28.99	-	-
-	-	3.98
26.99	-	-
-	-	3.29
-	-	(10.35)
-	-	(8.06)
-	-	(3.60)
6.99	-	-
-	-	11.99
13.99	-	-
-	-	73.99
-	-	7.49
(3.60)	-	-
13.99	-	-
(1.70)	-	-
14.49	-	-
(4.80)	-	-
26.99	-	-
(15.10)	-	-
149.99	-	-



Report on Special Investigation of the  
City of McCallsburg

Improper and Unsupported Purchases - Staples  
For the Period January 1, 2014 through August 31, 2019

**Per Staples**

<b>Order Date</b>	<b>Invoice Number</b>	<b>Item Description</b>	<b>Amount</b>
10/05/17	10043230	STAPLES FUNDED COUPON	(4.80)
		VTECH 4 LINE CRDLESS DESKSET	109.99
11/30/17	10007883	STAPLES FUNDED COUPON	(3.10)
		STAPLES FUNDED COUPON	(1.05)
		STAPLES FUNDED COUPON	(0.59)
		HERSHEY MINIRESE KTKT 33.36OZ	26.99
02/27/18	10055715	CRAYOLA ERASEABLE COLOR PENCIL	5.49
05/03/18	10091813	NESTLE ASSORTD MINIS 40OZ 2/BD	29.99
		MARS CHOCOLATE MINIS 40OZ 2/BD	28.99
		HERSHEY MINIRESE KTKT 33.36OZ	14.49
09/14/18	127475	2IN RED BTRBINDER WVIEWWIN	(1.00)
		2IN RED BTRBINDER WVIEWWIN	23.98
		MATH SET 9 PC	8.99
		STAEDTLER 10PC MATH SET	11.99
09/25/18	10048163	GLAD OSH TALLKTCHN FRSHCL 80CT	15.99
		SCOTT 15 MEGA PAPER TOWEL	19.79
		HP 902 COLOR 3PK	32.99
		HP 902 XL BLK/STD CLR 4PK	71.99
		SHEET PROT STPLS HEAVYWT 200CT	29.69
		M325C (NATURAL JEWELRY)	29.99
		AIR MORNING&DEW 8.8OZ 2PK	5.99
		SPECIAL ORDER COM	6.59
		SPECIAL ORDER COM	6.59
09/28/18	10083748	LOGITECH M325 BAE-BEE BLUE (MOUSE)	9.99

<b>Improper</b>	<b>Unsupported</b>	<b>Reasonable</b>
(4.80)	-	-
109.99	-	-
(3.10)	-	-
(1.05)	-	-
(0.59)	-	-
26.99	-	-
5.49	-	-
29.99	-	-
28.99	-	-
14.49	-	-
-	-	(1.00)
-	-	23.98
8.99	-	-
11.99	-	-
-	-	15.99
-	-	19.79
-	-	32.99
-	-	71.99
-	-	29.69
-	-	29.99
-	-	5.99
-	6.59	-
-	6.59	-
9.99	-	-

Report on Special Investigation of the  
City of McCallsburg

Improper and Unsupported Purchases - Staples  
For the Period January 1, 2014 through August 31, 2019

<b>Per Staples</b>			
<b>Order Date</b>	<b>Invoice Number</b>	<b>Item Description</b>	<b>Amount</b>
03/04/19	10016921	PENTEL ENERGIZE PENCIL 0.5MM	11.37
		BIC ATLANTIS RT BP BLUE DZ	11.99
		ENERGEL RTX RT RB MED ASST 6	15.59
		PENTEL ENERGEL RTX .7MM	23.49
		STAPLES MOVE&STORE TAPE 6PK 2X	26.49
		PENTEL LEAD REFIL .5MMH HB 3/30	5.29
		GFBR PAD MICRO 8.5X11 WHT	24.87
		HP 902 XL BLK/STD CLR 4PK	157.18
		LIFESAVERS WINTOGREEN BAG 50OZ	16.99
03/04/19	10017985	MARS MIXED MINIS 67.2 OZ BAG	20.89
03/11/19	2257749341	HERSHEYS TRIO ASSORTMENT	20.89
		HERSHEYS EASTER ASSORTED	19.99
		Coupon Discount	(2.48)
		Coupon Discount	(2.38)
Total			<u>\$ 2,115.25</u>

Note: Auditor's notations are in italics.

<b>Improper</b>	<b>Unsupported</b>	<b>Reasonable</b>
-	-	11.37
-	-	11.99
-	-	15.59
-	-	23.49
-	-	26.49
-	-	5.29
-	-	24.87
-	-	157.18
16.99	-	-
20.89	-	-
20.89	-	-
19.99	-	-
(2.48)	-	-
(2.38)	-	-
<b>786.16</b>	<b>92.17</b>	<b>1,236.92</b>

Report on Special Investigation of the  
City of McCallsburg

Unsupported Disbursements  
For the Period January 1, 2014 through August 31, 2019

<b>Check Date</b>	<b>Check Number</b>	<b>Per Check Image</b>	<b>General Ledger Description</b>	<b>Amount</b>
06/26/14	14487	Brett Comgeys	LMI's Survey ( <i>Low to moderate income</i> )	\$ 2,500.00
06/30/14	14494	Bill Lytle	4 cans of gas & truck	100.01
08/18/14	14548	Wallace Loney	phone	64.75
08/28/14	14551	Wallace Loney	<i>None</i>	65.79
09/18/14	14576	Wallace Loney	PHONE	45.85
10/06/14	14614	Adam Erickson	REIMBURSEMENT	300.00
10/27/14	14628	Wallace Loney	Phone	32.97
11/18/14	14656	Wallace Loney	Phone	40.12
12/30/14	14698	Wallace Loney	telephone	47.92
01/13/15	14711	Wallace Loney	Phone	47.92
06/11/15	14841	Stan Vigness	Fuel for City reimbursement	26.01
06/30/15	14885	Nesco Rec	payment	1,250.00
07/14/15	14900	Nesco Rec	Donation	1,250.00
06/23/16	15672	Keith Anderson	reimbursement for hydrant	412.03
07/11/16	15686	Jo Burg	City Lawn Mower Blade	40.00
08/29/16	15740	Jo Burg	mower serviced	68.25
11/17/16	715826	Rick Tjelmeland	Mowing Lagoon - 2 hours	150.00
12/08/16	15841	Chris Erickson	Reimbursement of City Xmas	236.14
01/09/17	15871	Eric Johnson	Truck maintenance	422.50
05/01/17	15985	Mark Venner	Gas for City Lawn mower	33.99
06/15/17	16025	Jo Burg	City Lawn Mower Blade	30.00
06/29/17	16031	Jo Burg	Service mower	97.00
11/21/17	16196	Chris Erickson	Reimbursement parking sign	207.09
02/12/18	16273	Rick Tjelmeland	Snow - 21 hours X \$40 ( <i>sic</i> )	144.46
05/28/18	16366	Chris Erickson	Reimbursement - bench, flowers	456.79
06/25/18	16387	Chris Erickson	Phone & mileage	35.08
07/09/18	16419	Stan Vigness	Liner for new City truck	125.00
07/24/18	16440	Chris Erickson	Mileage meeting & phone	45.20

Report on Special Investigation of the  
City of McCallsburg

Unsupported Disbursements  
For the Period January 1, 2014 through August 31, 2019

Check Date	Check Number	Per Check Image	General Ledger Description	Amount
07/30/18	16447	Jo Burg	Serviced mower	128.00
07/31/18	16449	Chris Erickson	Reimbursement for City	49.15
07/31/18	16450	Mark Venner	Fuel for City Mower	43.00
08/28/18	16470	Chris Erickson	mileage, phone & <i>(sic)</i>	317.39
09/11/18	16474	Sharon Rainey	Reimbursement for business	230.00
09/28/18	16484	Terry Scarbrough	Stump Removal	250.00
09/28/18	16489	Chris Erickson	mileage & phone	30.00
10/30/18	16523	Chris Erickson	Phone & mileage	35.00
12/04/18	16545	Chris Erickson	mileage & phone	54.80
01/31/19	16600	Chris Erickson	Mileage, meetings, supplies	117.80
02/28/19	16630	Chris Erickson	Phone	20.00
03/28/19	16645	Chris Erickson	Mileage, phone	42.40
06/03/19	16700	Chris Erickson	Reimbursement for Flowers & <i>(sic)</i>	148.27
06/04/19	16707	Nesco Rec	Donation to help pay for <i>(sic)</i>	150.00
Total				<u>\$ 9,890.68</u>

Note: Auditor's notations are in italics.

Report on Special Investigation of the  
City of McCallsburg

Staff

This special investigation was performed by:

Melissa J. Finestead, CFE, Manager  
Ryan T. Jelsma, CFE, Senior Auditor II

A handwritten signature in black ink that reads "Annette K. Campbell". The signature is written in a cursive style with a large initial 'A'.

Annette K. Campbell, CPA  
Deputy Auditor of State

Report on Special Investigation of the  
City of McCallsburg

Copy of Text Messages – Jennifer Heithoff to Chris Erickson

