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**STATE OF IOWA**

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**NEWS RELEASE**

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FOR RELEASE \_\_\_\_\_ August 14, 2007 \_\_\_\_\_

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Mystic for the period January 1, 2006 through January 31, 2007. The special investigation was requested by the Mayor as a result of concerns regarding certain disbursements made by the former City Clerk and undeposited collections found in the City Clerk's file drawer. As a result of the concerns identified Gretchen Squier was placed on unpaid leave, effective January 21, 2007, and was terminated from employment on April 5, 2007.

Vaudt reported the special investigation identified \$552.09 of improper disbursements and \$6,680.55 of estimated undeposited collections. The improper disbursements include \$241.44 paid by the City for 274 personal phone calls made by the former Clerk during her normal working hours and \$266.26 of the former Clerk's salary costs for the work time spent on the calls. The estimated undeposited collections of \$6,680.55 consist of undeposited water and sewer fees.

Vaudt also reported the former Clerk paid \$248.83 to the City's phone service provider for personal phone calls made from City Hall. In addition, adequate records were not available to determine whether all collections were properly deposited or if additional amounts were improperly disbursed.

The report also includes recommendations to strengthen the City's internal controls and overall operations.

Copies of the report have been filed with the Appanoose County Sheriff's Office, the Appanoose County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

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**REPORT ON SPECIAL INVESTIGATION  
OF THE  
CITY OF MYSTIC  
FOR THE PERIOD  
JANUARY 1, 2006 THROUGH JANUARY 31, 2007**

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Auditor of State's Report

To the Honorable Mayor and  
Members of the City Council:

As a result of alleged improprieties regarding certain disbursements and undeposited collections by the City Clerk and at your request, we conducted a special investigation of the City of Mystic. We have applied certain tests and procedures to selected financial transactions of the City for the period January 1, 2006 through January 31, 2007. Based on discussions with City officials and a review of information provided to us, we performed the following procedures.

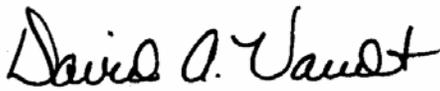
- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Scanned cancelled checks and check images from the City's bank accounts to identify unusual payees or unusual amounts.
- (3) Examined selected disbursements from the City's checking accounts to determine if they were appropriate, reasonable, properly approved and properly supported.
- (4) Obtained invoices or other supporting documentation from selected vendors to determine if the payments were for appropriate purposes.
- (5) Examined payroll disbursements to the former City Clerk to determine if the amounts disbursed were appropriate and supported.
- (6) Examined purchases made with the City's credit cards and store charge accounts to determine if they were appropriate.
- (7) Reviewed the City's telephone bills to determine if calls were for business or personal purposes.
- (8) Confirmed payments made to the City by the State of Iowa and Appanoose County to determine if they were properly deposited to the City's accounts.
- (9) Examined water and sewer billing and collection records to determine if utility collections were properly accounted for and deposited.
- (10) Compared water and sewer billings calculated from meter readings to deposits to the City's water and sewer accounts.

These procedures identified \$552.09 of improper disbursements and \$6,680.55 of estimated undeposited collections. We were unable to determine if additional collections were not properly deposited or additional amounts were improperly disbursed because adequate records were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **E** 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 Mystic, other matters might have come to our attention that would have been reported to you.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

July 18, 2007

City of Mystic  
Investigative Summary

**Background Information**

The City of Mystic employs a full time City Clerk who is responsible for the daily business operations of the City. Gretchen Squier started on January 1, 2006 as the full time City Clerk. The City Clerk is expected to be present during normal operating hours at City Hall, which are from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. until 5:00 p.m. Monday through Friday. The City Clerk's job duties and responsibilities include:

- 1) Disbursements – check preparation, signing and distribution of checks, posting to the accounting records and maintaining supporting documentation,
- 2) Payroll – check preparation, posting to the accounting records, maintenance of the payroll journal and remitting payroll taxes to the State and Federal government,
- 3) Utility Billings and Collections – preparation of billings, payment collections, posting to the accounting records/customer accounts, deposit preparation and nightly deposit of collections,
- 4) Miscellaneous Receipts – collection, posting to the accounting records, deposit preparation and depositing of miscellaneous receipts,
- 5) Reporting – preparation of Council minutes, preparing bill approval listings, budget-to-actual analysis and preparation of financial reports,
- 6) Bank Accounts – reconciliation of monthly bank statements to accounting records,
- 7) Cash - maintaining the petty cash/change fund.

In January 2007, a Council member, while at City Hall to meet with Ms. Squier for her annual performance evaluation, reported discovering over \$8,000 in undeposited cash and checks in a file drawer. According to the Mayor, Ms. Squier was to deposit funds nightly at a bank in Centerville. In addition to the undeposited funds, the Council member found several unpaid bills. The Council had previously been contacted by several residents regarding concerns over the accuracy of their water and sewer billings and why checks had not yet been cashed.

As a result of concerns regarding the undeposited funds and unpaid bills, Ms. Squier was placed on unpaid leave by the Council, effective January 21, 2007. She was officially terminated from employment on April 5, 2007 for failure to perform the duties of her position. The Council hired a temporary City Clerk in February 2007, who subsequently became the full time City Clerk.

The City's primary sources of revenue include taxes from Appanoose County and the State of Iowa. Revenue is also received throughout the year from utility collections for water and sewer fees assessed to each household and business. Occasionally, the City will levy fines for not complying with various ordinances, such as not mowing a yard. According to the Mayor, these fines are usually minimal.

The City maintains several bank accounts including a general account, a water account, a sewer account and a local option sales tax account. The City also has separate accounts for the Fire Department and the Community Center. In addition to the bank accounts, the City had a \$100 petty cash/change fund located at City Hall.

According to the Mayor, all City disbursements are to be made by check. Checks are required to contain dual signatures and are to be signed by the City Clerk and the Mayor or a Council Member with signature authority. The Council requires all disbursements to be listed on a Claims Report and approved by the Council prior to distribution of the checks. According to the Mayor, the City does allow certain routine bills and periodic obligations to be paid prior to Council approval to ensure timely payment or to take advantage of discounts for prompt payment. Payments which may be made prior to Council approval include payroll, utilities, insurance and payroll taxes. When a payment is made prior to Council approval, it is to be included on the next month's Claims Report to be approved by the Council.

In January 2007, the Mayor contacted the Office of Auditor of State regarding concerns with certain disbursements, undeposited collections and the unauthorized use of City property. The Mayor then requested the Office of Auditor of State to conduct an investigation of the City's financial transactions. As a result of that request, we performed the procedures detailed in the Auditor of State's Report for the period January 1, 2006 through January 31, 2007. The City also contacted the Appanoose County Sheriff's Office to assist with the search of the former Clerk's office and her computer.

### **Detailed Findings**

These procedures identified \$552.09 of improper disbursements and \$6,680.55 of estimated undeposited collections for the period January 1, 2006 through January 31, 2007. We were unable to determine if additional collections were not properly deposited or additional amounts were improperly disbursed because adequate records were not available from the City. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

#### **IMPROPER DISBURSEMENTS**

During discussions with the Mayor and other City officials, concerns were expressed about certain disbursements made by the former Clerk, including phone charges and a UPS bill. We scanned all disbursements from the City's bank accounts for the period January 1, 2006 through January 31, 2007. The City has 6 bank accounts. The main accounts are the general, water and sewer accounts. These accounts represent the majority of the City's activity. In addition, there are accounts for the Fire Department, Community Center and local options sales tax, which have minimal activity. We scanned the activity in the smaller accounts and did not identify any unusual transactions. Therefore, the procedures we performed were on the activity in the general, water and sewer accounts.

The City has no written policies or procedures. According to discussions with the Mayor, all checks are to be signed by the Clerk and the Mayor or another Council Member. Supporting documentation is to be maintained in the files for all disbursements. In addition, a complete list of all bills to be paid is to be presented to the Council for approval at each monthly meeting. These procedures were communicated verbally to the former Clerk when she started.

Adequate supporting documentation was not available for many of the City's disbursements. As a result, we discussed all disbursements that were unusual in nature with the Mayor to determine if they were appropriate. We also confirmed certain disbursements with vendors, such as Wal-Mart and Orscheln Farm and Home, to determine the items purchased and if they were appropriate.

The improper disbursements identified are explained in more detail in the following sections of the report.

**Phone Charges** – The City's telephone service is provided by Iowa Telecom. The City's plan provides 100 "free" minutes of phone service a month. Any minutes used above the 100 "free" minutes are charged at a rate of \$0.16 per minute. Prior to contacting our office, the Mayor

identified several calls made by Ms. Squier that appeared to be personal in nature. These calls were to locations the City would not normally call for business purposes. A list of these phone numbers was provided to us by the Mayor. Many of the questionable calls were to locations in Texas, Kentucky and Kansas.

We reviewed phone bills for the period January 1, 2006 through January 31, 2007. Starting with the list provided by the Mayor, we identified calls that did not appear to be for City business. We performed a “reverse look up” on the phone numbers, using various internet sites, to identify who the calls were being made to. We also placed calls to several numbers which were not located by the internet searches. All questionable calls were discussed with the Mayor to determine the propriety of the calls. We identified 274 calls made by the former Clerk which were not for City business, but were personal in nature. The improper calls totaled 1,884 minutes. The minutes used included 567 “free” minutes according to the phone bills. However, because 567 “free” minutes were used for personal calls by the City Clerk, the City was billed for 192 minutes of legitimate City calls at a rate of \$0.16 per minute.

Of the 274 personal calls, 200 of the calls were to 3 phone numbers. There were 90 calls made to 2 numbers in Spring, Texas and 110 calls made to a number in Atchison, Kansas. Based on information located in the former Clerk’s desk, 1 individual called in Spring, Texas, appears to be a member of the military. Based on an internet search, we determined the 2 phone numbers called in Spring, Texas are cell phones. The calls to the 2 numbers in Spring, Texas accounted for 1,088 minutes, or 57.7% of the total improper minutes. The calls to Atchison, Kansas totaled 621 minutes, or 33% of the improper minutes.

At the time the former Clerk was placed on leave, the City’s January 2, 2007 phone bill had a balance due of \$1,152.48. The January bill included past due amounts for the months of August through December. The past due bills were found in the desk drawer of the former Clerk’s desk.

**Table 1** summarizes the personal phone calls made by the former Clerk. The **Table** shows the location of the phone numbers called most frequently, the number of calls made and the total duration of the calls.

**Table 1**

<b>Location Called</b>	<b>Different Numbers Called</b>	<b>Total Number of Calls</b>	<b>Total Free Minutes Used</b>	<b>Total Billed Minutes</b>	<b>Total Minutes</b>
Spring, TX	2	90	219	869	1,088
Atchison, KS	1	110	278	343	621
Ottumwa, IA	3	44	33	47	80
Paducah, KY	1	7	7	32	39
Waco, TX	1	7	-	22	22
Various other locations	13	16	30	4	34
Total	21	274	567	1,317	1,884

As stated previously, the City’s phone plan allows for 100 “free” minutes each month. We considered only those personal calls which caused the City to exceed the 100 “free” minutes and incur additional costs as being an improper use of City funds. Any unused “free” minutes do not carry over from month to month.

Because Ms. Squier used 567 “free” minutes, the City did not always have minutes available for the City’s business calls. Of the 567 “free” minutes used by Ms. Squier for personal calls, 192 minutes resulted in City business calls being billed at the \$0.16 per minute rate. Because the remaining 375 “free” minutes used by Ms. Squier did not result in additional charges to the City, they have not been included on **Exhibit A**.

**Table 2** summarizes the phone calls resulting in additional charges to the City. In calculating the additional cost to the City, we applied all business related calls to the “free” minutes first and then any remaining “free” minutes were applied to the personal calls made by Ms. Squier. Once all the “free” minutes were used, the remaining personal calls resulted in a charge to the City. The improper calls resulted in an additional charge to the City of \$241.44, which has been included on **Exhibit A**.

<b>Description</b>	<b>Amount</b>
Total minutes for personal calls	1, 884
Less “free” minutes not resulting in additional charges to the City	(375)
Minutes resulting in additional charges	1,509
Billed rate of \$0.16/minute	\$ 0.16
Total additional charges to the City	\$ 241.44

**Exhibit B** provides additional details on the locations of the calls made by Ms. Squier. As shown in the **Exhibit**, most of the personal calls were outside the State of Iowa, including numbers in Texas, Kansas, Kentucky and Missouri.

**Exhibit C** summarizes the monthly minutes as shown in the City’s phone bills including how the free minutes were applied. The City would not have exceeded the free minutes in any month if not for the personal calls made by the former Clerk. The **Exhibit** also shows the minutes resulting in additional charges to the City.

When the questionable calls were identified by the Mayor, he requested the former Clerk pay for her personal phone calls. We observed a copy of a personal check issued to the City’s phone service provider by Ms. Squier for \$248.83 on January 11, 2007. We also confirmed the payment was posted to the City’s account. We have included Ms. Squier’s payment in **Exhibit A**.

**Salary** - The City Clerk is a full time position and is expected to be at City Hall during City office hours and attend Council meetings. Ms. Squier started at the City at a wage of \$7 per hour. On February 2, 2006, the Council approved an increase of \$0.50 per hour in order to compensate her for making a nightly deposit on her way home. The Council approved a second raise of \$0.50 during the May 9, 2006 meeting upon the completion of her probationary period. This raise brought the former Clerk’s salary to \$8.00 per hour. At the time of her suspension, Ms. Squier was receiving a salary of \$8.00 per hour.

As previously stated, the former Clerk made personal calls totaling 1,884 minutes. Of the total minutes, 1,773 minutes were made during the former Clerk’s normal working hours of 8:00 a.m. to noon and 1:00 p.m. to 5:00 p.m. This represents approximately 29 hours of work time. **Table 3** shows the calculation of the related salary for the minutes used during her work hours. Because Ms. Squier was conducting personal business during her paid work time, we consider her salary for the time spent on personal calls to be improper. Of the remaining 111 minutes, 69 minutes were used during the former Clerk’s lunch hour and 42 minutes were incurred after 5:00 pm. No calls were made on weekends or holidays.

As shown in **Table 3**, the wages paid to the former Clerk by the City for time spent making personal calls, including the City's share of FICA and IPERS, was \$266.26. The total has been included on **Exhibit A**.

**Table 3**

<b>Time Period</b>	<b>Minutes used for personal calls</b>	<b>Hourly/ Per Minute Rate</b>	<b>Total Salary Cost (Rounded)</b>
01/01/06 – 02/03/06	7	\$7.00/.117	\$ 0.82
02/04/06 – 05/05/06	127	\$7.50/.125	15.88
05/06/06 – 12/31/06	1,639	\$8.00/.133	217.99
Subtotal	1,773		234.69
City's share of IPERS/FICA			31.57
Total Salary Cost			\$ 266.26

As explained in the next section of the report, Ms. Squier also used her work computer for personal purposes during her normal work hours. This included e-mails and searching the internet. We were unable to determine the amount of work time associated with the former Clerk's use of the computer. Therefore, we have not included the related salary costs associated with her personal use of the computer in **Exhibit A**.

The City does not require the Clerk or other staff to complete timesheets. The payroll ledgers maintained by the former Clerk included a column for hours worked. The ledger documents several weeks where the work week was a few hours more than the normal 40 hour work week. There were several notes in the margins indicating these hours were for Council meetings or other events. The explanations provided on the payroll ledger appear reasonable and are related to the former Clerk's duties.

Towards the end of October, the former Clerk received a salary advance of \$100.00. The advance was included in the former Clerk's normal payroll check. The advance was repaid by withholding \$100.00 from the Clerk's next pay check. The salary advance was not included in the bills listing presented to the Council. According to the Mayor and the Council members we spoke with, they were not aware of the salary advance.

We also reviewed all checks written on the City's accounts and identified all payments made by the City to Ms. Squier. All checks written to the former Clerk were for payroll and were supported by the payroll ledger. We did not identify any other improper payments made to Ms. Squier.

**Personal Use of City Equipment** – The City owns a computer which is located in City Hall and was used by the former Clerk to perform her duties. With the assistance of the Appanoose County Sheriff's Office, we examined the information on the computer. We scanned the various files, folders, internet locations bookmarked by the former Clerk and the cache files located on the computer.

We identified a computer folder which contained several personal photos. The photos were primarily of Ms. Squier. The Officer reviewed all photos found on the computer and was able to determine, based on the background of the photos, some of the pictures were taken at City Hall.

The internet browser also had several favorites bookmarked, including a link to Ms. Squier's Myspace page. Some of the photos located on the computer had been uploaded to her Myspace page. We also found several e-mails in her inbox for notices of sales/auctions on E-Bay. Since it is not possible to determine the time spent on the internet for personal usage, we are unable to determine a related salary cost. The City does not have a written policy on the use of computer equipment for personal use. According to the Mayor, the former Clerk was verbally informed personal use of the computer should be kept to a minimum. In speaking with the current Clerk, she also confirmed she was told personal use of the computer and other office equipment should be kept at a minimum.

As stated previously, we were unable to determine a salary cost associated with the former Clerk's personal use of the computer.

**UPS Delivery Charges** – The Mayor provided us with a copy of a UPS bill which appeared to be for the shipping of personal items. A copy of the UPS invoice is included in **Appendix 1**. According to the invoice, the boxes were shipped from City Hall to an address in Houston, Texas by Ms. Squier. By using various internet mapping programs, we determined the address is in a residential section of Houston, Texas. According to the Mayor, the only business conducted by the City from a Texas vendor was to purchase some computer equipment from Tiger Direct. The equipment was later returned to the vendor. According to the Mayor, the City should not have had any other business contacts in Texas.

According to the UPS invoice, the packages were shipped on October 23, 2006 via 2<sup>nd</sup> day air. The instructions on the invoice state the packages were to be left behind a pillar on the porch. On October 24, one of the packages was voided according to the UPS invoice and a credit of \$39.73 was issued. A reason for the void was not provided. The total payment due for these personal shipments, net of the credit, was \$44.39. The shipment costs are considered improper and are included on **Exhibit A**. We scanned the rest of the payments to UPS and did not identify any other shipments which appeared to be for personal purposes.

**Promotional Items** – As part of her job duties, Ms. Squier ordered supplies from Office Depot through its on-line ordering system. An Office Depot invoice, dated August 11, 2006, included a free 3-piece luggage set, valued at \$69.95, as a promotional item for orders of \$50 or more. According to the invoice, the order was made by the former Clerk and was shipped to the City on August 11, 2006. According to the Mayor, the luggage set was not found at City Hall. The Mayor indicated all other items on the invoice appeared reasonable.

We also identified an invoice from Quill, another office supplies vendor, which included a promotional item. The invoice documents the City received a free "New York Style Tote Bag" with an order for a "Leather Executive Chair". The Mayor was unaware the City had received this gift. The Mayor was unable to locate the bag in City Hall. The chair was located in the City's office.

According to the Mayor, the supply orders were approved by the Council during its regular monthly meetings. However, the Council only approved the total to be paid to the vendor and did not review actual invoices when approving bills. The City does not have a policy on how to handle promotional items or gifts received as a result of ordering products from various companies. Because there were no additional charges to the City and the supply purchases included on the invoices appeared reasonable, we have not included any costs on **Exhibit A**.

**Charge Accounts** – The City has charge accounts with Wal-Mart and Orscheln Farm and Home in Centerville. According to the Mayor, the majority of items purchased from Wal-Mart are miscellaneous supplies and include such items as cleaning supplies, paper, pens and hardware. The account at Orscheln Farm and Home is used mainly to purchase supplies for the City's maintenance shop, including rope, fence, tires and hardware.

Supporting documentation was not available at the City for most of the purchases charged at Wal-Mart and Orscheln Farm and Home. However, we were able to obtain documentation from the vendors showing the items purchased except for a purchase at Wal-Mart for \$39.96. Documentation obtained from Wal-Mart for this purchase shows "merchandise/consumables" and did not indicate specific items purchased. The Mayor was unable to provide any additional explanation. The purchase was made by a City Public Works employee and not the former Clerk.

All purchases that appeared unusual for City business were discussed with the Mayor and a Council member. Based on the discussions, the purchases were reasonable and appeared to be for City business. We have not included any of the charges on **Exhibit A**.

## **UNDEPOSITED COLLECTIONS**

As previously stated, the City's primary revenue sources include taxes from the State of Iowa and Appanoose County. Revenue is also received from water and sewer fees assessed to each household and business and other miscellaneous fees.

During an interview with the Appanoose County Sheriff and a representative of the Auditor of State's office, Ms. Squier stated she did not make deposits on a daily basis and she was never told she was to make deposits daily. She also stated collections were placed in a file drawer to which others had access. As previously stated, over \$8,000 of undeposited cash and checks were found in a file drawer in January 2007. The undeposited funds were included in a deposit totaling \$8,952.28 on January 16, 2007. This deposit included \$6,706.00 of cash.

Also, as previously stated, according to minutes of the February 2, 2006 meeting, the Council approved an increase to Ms. Squier's hourly wage rate to compensate her for making a nightly deposit on her way home. Ms. Squier was responsible for preparation of the minutes. While the minutes from the January and March meetings document Ms. Squier prepared them, her name is not included in the minutes for the February meeting. We are not able to determine if the former Clerk was at the February meeting. According to the Mayor, the former Clerk was informed of the reason for the pay increase.

**State and County** – We confirmed payments made to the City by Appanoose County and the State of Iowa for the period July 1, 2005 to April 30, 2007. We determined all payments from the County and the State were properly deposited in the City's bank accounts.

A warrant of \$3,948.72 issued to the City by the State on December 14, 2006 was seized by the State as part of the Income Offset Program. The day after it was seized, a replacement warrant was written to the City for \$3,890.96. The difference of \$57.76 was withheld at the request of the Iowa Department of Workforce Development. The only amounts usually collected by IWD are for unemployment taxes.

We scanned the payments made by the City to the Iowa Department of Revenue for the payment of payroll taxes. We did note the payments were not always made on a timely basis. According to the current City Clerk, the City is current on the payment of all payroll and withholding taxes.

**Utilities** - As previously stated, Ms. Squier had responsibility for utility billings, including billing preparation and the recording, collecting and depositing of utility payments. **Exhibit D** lists the deposits made to the water and sewer accounts. According to the Mayor, Ms. Squier was to split the utilities collections evenly between the 2 accounts. As illustrated by the **Exhibit**, the deposits were not split evenly and they were not made on a daily basis.

We also reviewed copies of the deposit slips for some of the deposits. However, not all deposit slips were maintained with the bank statements. The Mayor and other City officials searched the former Clerk's office, but were unable to locate the missing deposit slips.

**Water account:** During our review of the deposit slips available for the water account, we determined the cash deposits throughout the year were frequently made in even dollar amounts. We also determined small amounts of cash were deposited each month from January through May 2006. However, larger cash deposits, ranging from \$500 to \$900, were made in June, July and October 2006. There was no cash included with the deposits in September, November and December 2006. No deposits were made to the water account during August 2006. Because the water account deposit slips for the month of January 2007 were not available for review, we were unable to determine what portion of the deposits, if any, were made with cash.

For the year ended December 31, 2006, cash deposits to the water account represented 9% of total deposits to the account. After Ms. Squier left the City's employment, the amount of cash deposited in the months of February and March 2007 ranged from 25% to 29% of total deposits in the water account

While scanning the deposit slips available, we identified 4 checks deposited to the City's water account drawn on Ms. Squier's personal account. The 4 checks totaled \$526.00 and are listed in **Table 4**. The address shown on the checks is in Centerville and, according to the Mayor, Ms. Squier did not reside in Mystic. As a result, she would not receive utility services from the City. Copies of the checks are included in **Appendix 2**.

During the interview with the Appanoose County Sheriff and a representative from the Auditor of State's office, the former Clerk indicated she thought 2 of the checks were to pay her father's water bills. Since the utility records are not available, we are not able to verify if these checks were posted to her father's account. According to the former Clerk, the remaining 2 checks were cashed with City funds for personal purposes. The check for \$11.00 was for cash for lunch and the check for \$375.00 was for her truck payment.

**Table 4**

<b>Check Number</b>	<b>Check Date</b>	<b>Deposit Date</b>	<b>Amount</b>	<b>Explanation from former Clerk</b>
1014	03/30/06	04/25/06	\$ 100.00	Possibly for her father's water bill
1024	04/20/06	04/25/06	11.00	Cash for lunch
1066	06/09/06	07/03/06	40.00	Possibly for her father's water bill
1153	08/16/06	10/20/06	375.00	Cash for her truck payment
Total			<u>\$ 526.00</u>	

As illustrated by the **Table**, the checks were usually not deposited for a month after they were prepared. With the exception of check number 1024, Ms. Squier made 2 or more deposits of collections to the water account between the date her personal check was prepared and the date it was subsequently deposited. We are unable to determine why the checks were not deposited in a timely manner.

**Sewer account:** During our review of the deposit slips available for the sewer account, we determined, as with the water account, there were not any deposits made in August 2006. In addition, the only deposit slips available for review were from the months of April 2006, October through December 2006 and January 2007. Because all the deposit slips were not available, we were unable to review the amount of cash deposited for a significant portion of the year. For the limited number of deposit slips available, only \$218.90 of cash deposits were recorded, or less than 1% of the total deposits. Cash deposited to the sewer account in February and March 2007 ranged from 15% to 17% of total deposits.

**Meter Readings:** Each month, a City Public Works employee reads the meters on or about the 15<sup>th</sup> of the month and records these on meter sheets for each address. Once the meters are read, the meter sheets (readings) are turned over to the City Clerk who calculates the amount to be billed, prepares and mails out the bills. According to the Mayor, a subsidiary account ledger should be maintained for each address receiving services and should specify the amount billed, paid and the balance owed.

The meter readings and billing rates were available from the City for the period January 2006 to December 2006. City officials were unable to locate the subsidiary account ledgers by service address. The only other utility records available were the bank statements showing the amounts deposited into the water and sewer accounts.

We were unable to locate any manual subsidiary ledgers. The Mayor indicated the City recently purchased accounting software to computerize the City's accounting records. The former Clerk had started converting to the new software in June or July 2006. Based on our review of the records found on the City's computer, the former Clerk had not been maintaining the City's records on a current basis.

In order to determine if the former Clerk deposited all the water and sewer fees, we recalculated the amount that should have been billed per service address for each month based on the meter readings. The calculated billings amount was then compared to the amount deposited to the bank. Based on discussions with the Mayor, the readings occur around the 15<sup>th</sup> of each month and bills are usually mailed within a couple of days. According to the Mayor and bank records, the City starts to receive payments around the 20<sup>th</sup> of the month. Therefore, we compared deposits received from the 20<sup>th</sup> of the month to the 19<sup>th</sup> of the next month. For example, for the January 2006 reading, we compared the billings to the deposits made during the period January 20, 2006 to February 19, 2006. As a result of these procedures, we identified \$9,094.55 of billings in excess of bank deposits for the period January 1, 2006 through December 31, 2006. **Table 5** shows the calculation of this amount.

The **Table** compares the calculated billing amount based upon meter readings (excluding City owned properties) to the bank deposits made to the water and sewer accounts. The bank deposits include the approximately \$8,000 of cash and checks found in the former Clerk's file drawer.

<b>Description</b>	<b>Amount</b>
Total calculated billings (excluding City properties)	\$ 115,925.96
Less bank deposits	106,831.41
Billings in excess of deposits	\$ 9,094.55

**Exhibit E** compares the calculated billing amounts to the bank deposits made between January 1, 2006 and December 31, 2006. While we calculated the billings which should have been made between January 1, 2006 through December 31, 2006 based on the meter readings, we cannot determine if Ms. Squier billed the proper amount to each service address. Because a subsidiary ledger was not available, we are unable to determine the specific amounts she billed to each address or if there are any delinquent accounts. According to City officials we spoke with, the City did not receive calls from citizens reporting they had not received their monthly bill, but citizens did report their checks to pay the bills were not redeemed in a timely manner. It is possible a portion of the amount that should have been billed was not collected and should be shown as a delinquent account on the subsidiary ledger.

The current City Clerk has been preparing a manual ledger to track the amount owed, paid and past due for each service address. The City considers accounts delinquent if not paid by the next billing cycle. Using information from the manual ledger prepared by the current Clerk for April,

May and June 2007, we calculated an average delinquency rate of 21.8%. Based on our review of the delinquency information prepared by the current Clerk, it appears most delinquencies are a result of late payments and are frequently satisfied during the subsequent billing period.

We applied the 21.8% average delinquency rate to the calculated December billing amount of \$11,075.04 and estimated the amount of delinquencies at the end of the period analyzed would have been approximately \$2,414. The collection of any delinquencies due to the City for December 2005 billings would increase the collections for the period we reviewed. However, because the rate of delinquencies may have increased during Ms. Squier’s employment, we cannot readily determine the amount of delinquencies due at January 1, 2006.

**Table 6** reduces the billings in excess of deposits calculated in **Table 5** by the estimated delinquencies at the end of the period. The estimated undeposited collections of \$6,680.55 have been included in **Exhibit A**.

<b>Description</b>	<b>Amount</b>
Billings in excess of deposits	\$ 9,094.55
Adjustment for estimated delinquencies	(2,414.00)
Net estimated undeposited collections	<u>\$ 6,680.55</u>

**OTHER ITEMS**

**Minutes** – We reviewed the minutes of the City Council meetings for the period January 2006 to January 2007. Minutes were accompanied by a Claims Report for the bills to be approved by the Council during the meeting. During our review of the disbursements and the related files, we found other “bill listings” for several months. These listings included additional disbursements paid by the City which were not on the Claims Report approved by the Council. The additional “bill listings” were also prepared by the former Clerk.

We reviewed the minutes from January 2006 through January 2007. During this time the City held 20 meetings including normal monthly meetings and special meetings. Only 2 of the 20 meeting minutes during this time were signed by the Mayor or former Clerk.

**Petty Cash** – The City had a \$100.00 petty cash and change fund. The fund was to be used to make change for residents paying bills in cash and for small purchases such as stamps. There were no records kept showing how the funds were used. Currently, the City does not maintain a petty cash fund. The petty cash fund was deposited into the City’s water and sewer bank accounts at the same time the undeposited cash and checks were deposited to the accounts. The City still maintains a change fund.

**Recommended Control Procedures**

As part of our investigation, we reviewed the procedures used by the City of Mystic to process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures to provide accountability for assets susceptible to loss from errors or 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 noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the City’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 for the City:

- (1) Cash – preparation of bank account reconciliations, recording of cash transactions and custody.
- (2) Receipts – collecting, depositing and posting.
- (3) Disbursements – check preparation, check signing, distribution and posting.
- (4) Payroll – check preparation, check signing, distribution and posting.
- (5) Utility Billings – preparation, payment collection, posting and depositing.
- (6) Financial reporting – receipt of the bank statement, bank reconciliations and preparation of 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, Mayor and City Council members. In addition, the Council should review financial records, reconciliations and supporting documentation for accounting records on a periodic basis.

In addition, bank statements should be delivered to and reviewed by an official who does not collect or disburse City funds. Bank reconciliations should be performed on a monthly basis.

- (B) Policy and Procedures Manual – The City does not have policies and procedures addressing the following areas:
- The duties of the City Clerk, including payroll, depositing or receipting of funds and disbursements.
  - Personal use of City equipment.
  - Promotional items received from vendors.

Recommendation – Written policies and procedures should be developed to provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

- (C) Financial Accounting Records – Disbursements were not always supported by invoices or other appropriate documentation. In addition, no one independent of preparation of disbursements reviewed the supporting documentation.

In addition, postings to the accounting system were not current and some entries were not correct.

Recommendation – All disbursements should be properly recorded in the accounting system and supported by invoices or other supporting documentation. All disbursements should be approved prior to payment and documented in the minutes. All checks should be signed by the City Clerk and subsequently reviewed and cosigned by the Mayor or designated Council member. The review should include comparing invoices and supporting documentation to the checks.

In addition, the City should establish formal accounting records to properly account for the City's receipts and disbursements.

- (D) Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquencies were not supported by appropriate records and were not reconciled on a periodic basis. We were unable to determine if utility collections were properly deposited. There was no documentation showing collections were reconciled to customer accounts.

Recommendation – Written procedures should be established to maintain a ledger of water and sewer charges, collections and outstanding balances. In addition, written procedures should be established to reconcile utility billings, collections and delinquencies for each billing period. The City Council or an independent person should review the reconciliations and monitor delinquencies.

- (E) Payroll – Sufficient documentation was not maintained for payroll disbursements, including timesheets, payroll journals, support for disbursement of payroll taxes and periodic tax reporting forms. The City does not require the use of timesheets or other methods of tracking time for its hourly employees.

Recommendation – Payroll records should be maintained to support all payroll disbursements. In addition, the Council should implement procedures to ensure all hourly employees maintain timesheets, which should be reviewed by someone who would have a basis for determining if the information recorded is accurate.

- (F) Receipts – The City collects receipts for various reasons, including payment of water and sewer billings. Cash and checks totaling over \$8,000.00 were located by a City official in the file drawer of the former City Clerk. The City requires deposits to be made each day.

Receipts were not recorded in a timely manner and records were not complete. Collections were not deposited in a timely manner and undeposited collections were not adequately safeguarded.

Recommendation – Receipts should be recorded and collections deposited intact in a timely manner. Any undeposited collections should be safeguarded in a locked file or safe.

- (G) Petty Cash Fund and Change Fund – The petty cash fund is not maintained on an imprest basis. In addition, supporting documentation was not available to support purchases made from petty cash.

Recommendation – The petty cash fund should be maintained on an imprest basis. When replenishing petty cash, invoices and other documentation should be attached as support for the payment. The check should be issued for the total amount of items purchased to bring the fund back to the established amount. The change fund should be established for an amount sufficient for the City's needs and it should be maintained separately.

- (H) Minutes - Chapter 21 of the *Code of Iowa* requires minutes be kept for all meetings of governmental bodies. The minutes of the Council meetings were not always properly signed by the City Clerk or Mayor to authenticate the record as required by section 380.7(4) of the *Code*. In addition, not all disbursements were presented to Council for its approval.

Recommendation - The Council should ensure the City Clerk or Mayor sign all minutes. In addition, the Council should ensure all City obligations are presented to the Council for its approval.

## **Exhibits**

**Exhibit A**

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Report on Special Investigation of the  
City of MysticSummary of Findings  
For the Period January 1, 2006 through January 31, 2007

<b>Description</b>	<b>Table/ Page Number</b>	<b>Amount</b>
Improper disbursements:		
Personal phone calls	<b>Table 2</b>	\$ 241.44
Wages associated with the personal phone calls	<b>Table 3</b>	266.26
UPS delivery charges	<b>Page 10</b>	<u>44.39</u>
Total improper disbursements		552.09
Undeposited collections:		
Water and sewer	<b>Table 6</b>	<u>6,680.55</u>
Total improper disbursements and undeposited collections		7,232.64
Less payment by former Clerk	<b>Page 8</b>	<u>(248.83)</u>
Total		<u><u>\$ 6,983.81</u></u>

Report on Special Investigation of the  
City of Mystic

Personal Phone Calls by Location  
For the Period January 1, 2006 through January 31, 2007

<b>Location Per Phone Bill</b>	<b>Different Numbers Called</b>	<b>Number of Calls</b>	<b>Free Minutes</b>	<b>Billed Minutes</b>	<b>Total Minutes</b>
Spring, TX	2	90	219	869	1,088
Atchison, KS	1	110	278	343	621
Ottumwa, IA	3	44	33	47	80
Paducah, KY	1	7	7	32	39
Waco, TX	1	7	-	22	22
Moberly, MO	2	3	7	-	7
Kirksville, MO	2	2	6	-	6
Springfield, MO	1	2	5	-	5
Rock Island, IL	1	1	-	3	3
St Paul, MN	1	1	3	-	3
Westbury, NY	1	1	2	-	2
Atlanta, GA	1	1	2	-	2
Lakeforest, IL	1	1	2	-	2
Raleigh, NC	1	2	2	-	2
Huntington, WV	1	1	1	-	1
Sleepy Eye, MN	1	1	-	1	1
<b>Total</b>	<b>21</b>	<b>274</b>	<b>567</b>	<b>1,317</b>	<b>1,884</b>

Note: The January 2007 phone bill received in February did not include any personal calls.

Report on Special Investigation of the  
City of Mystic

Minutes Used per Monthly Phone Bills  
For the Period January 1, 2006 through January 31, 2007

<b>Date of Bill</b>	<b>Period of Bill</b>	<b>Total Minutes per Phone Bill</b>	<b>Allocation of Free Minutes</b>		<b>Billed Minutes</b>	
			<b>Business</b>	<b>Personal</b>	<b>Business</b>	<b>Personal</b>
02/02/06	01/01/06 - 01/31/06	49	43	6	-	-
03/02/06	02/01/06 - 02/28/06	49	49	-	-	-
04/02/06	03/01/06 - 03/31/06	53	46	7	-	-
05/02/06	04/01/06 - 04/30/06	116	37	63	-	16
06/02/06	05/01/06 - 05/30/06	456	18	82	63	293
07/02/06	06/01/06 - 06/30/06	207	18	82	48	59
08/02/06	07/01/06 - 07/31/06	107	38	62	7	-
09/02/06	08/01/06 - 08/31/06	78	58	20	-	-
10/02/06	09/01/06 - 09/30/06	433	38	62	20	313
11/02/06	10/01/06 - 10/31/06	739	7	93	25	614
12/02/06	11/01/06 - 11/30/06	151	10	90	29	22
01/02/07	12/01/06 - 12/31/06	29	29	-	-	-
<b>Total</b>		<b>2,467</b>	<b>391</b>	<b>567</b>	<b>192</b>	<b>1,317</b>

Note: The January 2007 phone bill received in February did not include any personal calls.

<b>Total Minutes</b>		<b>Personal Calls</b>	
<b>Business</b>	<b>Personal</b>	<b>During 8am - 5pm excluding lunch</b>	<b>Made over lunch and after 5 pm</b>
43	6	6	-
49	-	-	-
46	7	7	-
37	79	60	19
81	375	360	15
66	141	139	2
45	62	62	-
58	20	13	7
58	375	375	-
32	707	639	68
39	112	112	-
29	-	-	-
<b>583</b>	<b>1,884</b>	<b>1,773</b>	<b>111</b>

**Exhibit D**Report on Special Investigation of the  
City of MysticWater and Sewer Deposits  
For the Period January 1, 2006 through January 31, 2007

Deposit Date	Water				Sewer				Grand
	Cash	Check	Unknown*	Total	Cash	Check	Unknown*	Total	Total
01/25/06	\$ -	-	-	-	\$ -	-	337.09	337.09	\$ 337.09
01/31/06	93.00	333.78	-	426.78	-	-	450.00	450.00	876.78
02/06/06	11.00	440.60	-	451.60	-	-	313.91	313.91	765.51
02/08/06	-	743.02	-	743.02	-	-	382.56	382.56	1,125.58
02/10/06	-	314.08	-	314.08	-	-	282.63	282.63	596.71
02/14/06	-	628.20	-	628.20	-	-	315.12	315.12	943.32
	104.00	2,459.68	-	2,563.68	-	-	2,081.31	2,081.31	4,644.99
02/21/06	104.10	2,065.38	-	2,169.48	-	-	-	-	2,169.48
02/22/06	-	-	-	-	-	-	299.94	299.94	299.94
02/27/06	-	-	-	-	-	-	707.99	707.99	707.99
03/03/06	100.00	148.60	-	248.60	-	-	931.87	931.87	1,180.47
03/08/06	260.00	342.54	-	602.54	-	-	569.58	569.58	1,172.12
03/16/06	-	2,100.01	-	2,100.01	-	-	550.00	550.00	2,650.01
	464.10	4,656.53	-	5,120.63	-	-	3,059.38	3,059.38	8,180.01
03/21/06	180.00	236.91	-	416.91	-	-	1,260.09	1,260.09	1,677.00
04/06/06	5.24	253.89	-	259.13	2.18	492.11	-	494.29	753.42
04/07/06	200.00	669.49	-	869.49	100.00	492.91	-	592.91	1,462.40
04/17/06	-	2,001.01	0.42	2,001.43	116.72	433.33	-	550.05	2,551.48
04/18/06	-	-	-	-	-	654.58	-	654.58	654.58
	385.24	3,161.30	0.42	3,546.96	218.90	2,072.93	1,260.09	3,551.92	7,098.88
04/25/06	100.00	119.48	-	219.48	-	-	532.55	532.55	752.03
05/02/06	366.00	131.69	-	497.69	-	-	508.90	508.90	1,006.59
05/10/06	-	495.98	-	495.98	-	-	873.26	873.26	1,369.24
05/15/06	-	500.96	-	500.96	-	-	601.64	601.64	1,102.60
05/16/06	-	615.35	-	615.35	-	-	573.86	573.86	1,189.21
	466.00	1,863.46	-	2,329.46	-	-	3,090.21	3,090.21	5,419.67

Report on Special Investigation of the  
City of Mystic

Water and Sewer Deposits  
For the Period January 1, 2006 through January 31, 2007

Deposit Date	Water				Sewer				Grand
	Cash	Check	Unknown*	Total	Cash	Check	Unknown*	Total	Total
05/31/06	-	660.75	-	660.75	-	-	1,129.02	1,129.02	1,789.77
06/01/06	800.00	-	-	800.00	-	-	730.00	730.00	1,530.00
06/05/06	-	615.23	-	615.23	-	-	464.35	464.35	1,079.58
	800.00	1,275.98	-	2,075.98	-	-	2,323.37	2,323.37	4,399.35
06/20/06	-	660.06	-	660.06	-	-	596.03	596.03	1,256.09
06/26/06	-	431.59	-	431.59	-	-	497.85	497.85	929.44
07/03/06	-	612.96	-	612.96	-	-	506.96	506.96	1,119.92
07/07/06	-	873.12	-	873.12	-	-	796.93	796.93	1,670.05
07/11/06	-	546.18	-	546.18	-	-	737.06	737.06	1,283.24
07/13/06	-	864.62	-	864.62	-	-	721.10	721.10	1,585.72
07/18/06	-	944.92	-	944.92	-	-	834.24	834.24	1,779.16
	-	4,933.45	-	4,933.45	-	-	4,690.17	4,690.17	9,623.62
07/20/06	800.00	1,025.67	-	1,825.67	-	-	1,537.76	1,537.76	3,363.43
07/31/06	900.00	-	-	900.00	-	-	1,128.68	1,128.68	2,028.68
	1,700.00	1,025.67	-	2,725.67	-	-	2,666.44	2,666.44	5,392.11
09/07/06	-	965.07	-	965.07	-	-	-	-	965.07
09/07/06	-	1,402.09	-	1,402.09	-	-	728.74	728.74	2,130.83
	-	2,367.16	-	2,367.16	-	-	728.74	728.74	3,095.90
10/02/06	500.00	830.88	-	1,330.88	-	-	1,099.40	1,099.40	2,430.28
10/02/06	100.00	1,449.12	-	1,549.12	-	-	1,225.85	1,225.85	2,774.97
10/11/06	-	1,064.63	-	1,064.63	-	-	1,699.03	1,699.03	2,763.66
10/11/06	-	1,151.12	-	1,151.12	-	-	-	-	1,151.12
10/12/06	-	1,082.45	-	1,082.45	-	-	1,566.84	1,566.84	2,649.29
10/12/06	600.00	740.36	-	1,340.36	-	-	-	-	1,340.36
10/13/06	-	771.62	-	771.62	-	-	775.30	775.30	1,546.92
	1,200.00	7,090.18	-	8,290.18	-	-	6,366.42	6,366.42	14,656.60

**Exhibit D**

Report on Special Investigation of the  
City of Mystic

Water and Sewer Deposits  
For the Period January 1, 2006 through January 31, 2007

Deposit Date	Water				Sewer				Grand
	Cash	Check	Unknown*	Total	Cash	Check	Unknown*	Total	Total
10/27/06	-	876.98	-	876.98	-	-	672.14	672.14	1,549.12
10/27/06	-	1,189.59	-	1,189.59	-	-	-	-	1,189.59
11/03/06	-	921.37	-	921.37	-	788.64	-	788.64	1,710.01
	-	2,987.94	-	2,987.94	-	788.64	672.14	1,460.78	4,448.72
12/12/06	-	848.14	-	848.14	-	1,405.36	-	1,405.36	2,253.50
12/12/06	-	864.66	-	864.66	-	1,416.93	-	1,416.93	2,281.59
12/12/06	-	866.58	-	866.58	-	1,589.65	-	1,589.65	2,456.23
12/12/06	-	907.29	-	907.29	-	-	-	-	907.29
12/12/06	-	1,001.57	-	1,001.57	-	-	-	-	1,001.57
12/12/06	-	1,115.62	-	1,115.62	-	-	-	-	1,115.62
12/13/06	-	732.36	-	732.36	-	1,022.36	-	1,022.36	1,754.72
12/13/06	-	1,119.69	-	1,119.69	-	-	-	-	1,119.69
12/15/06	-	865.57	-	865.57	-	1,385.09	-	1,385.09	2,250.66
12/15/06	-	877.21	-	877.21	-	-	-	-	877.21
12/15/06	-	1,008.23	-	1,008.23	-	-	-	-	1,008.23
	-	10,206.92	-	10,206.92	-	6,819.39	-	6,819.39	17,026.31
01/04/07	-	-	2,322.79	2,322.79	-	-	1,651.58	1,651.58	3,974.37
01/05/07	-	-	1,156.99	1,156.99	-	-	1,595.50	1,595.50	2,752.49
01/10/07	-	-	1,767.96	1,767.96	-	-	1,343.93	1,343.93	3,111.89
01/12/07	-	-	1,363.84	1,363.84	-	-	1,357.04	1,357.04	2,720.88
01/16/07	-	-	4,476.14	4,476.14	-	-	4,476.14	4,476.14	8,952.28
01/17/07	-	-	658.98	658.98	-	-	674.36	674.36	1,333.34
	-	-	11,746.70	11,746.70	-	-	11,098.55	11,098.55	22,845.25
Total	\$ 5,119.34	42,028.27	11,747.12	58,894.73	218.90	9,680.96	38,036.82	47,936.68	106,831.41

\* - Deposit slips were not available or the composition between cash and checks was not determined.

Report on Special Investigation of the  
City of Mystic

Estimated Undeposited Water and Sewer Collections  
For the Period January 1, 2006 through January 31, 2007

<b>Approximate Billing Period</b>	<b>Collection Period</b>	<b>Total Calculated Billings</b>	<b>Total Deposits</b>	<b>Difference</b>
12/16/05 - 01/15/06	01/20/06 - 02/19/06	\$ 7,413.99	4,644.99	2,769.00
01/16/06 - 02/15/06	02/20/06 - 03/19/06	6,702.38	8,180.01	(1,477.63)
02/16/06 - 03/15/06	03/20/06 - 04/19/06	6,545.30	7,098.88	(553.58)
03/16/06 - 04/15/06	04/20/06 - 05/19/06	7,165.45	5,419.67	1,745.78
04/16/06 - 05/15/06	05/20/06 - 06/19/06	6,470.88	4,399.35	2,071.53
05/16/06 - 06/15/06	06/20/06 - 07/19/06	12,262.54	9,623.62	2,638.92
06/16/06 - 07/15/06	07/20/06 - 08/19/06	13,291.18	5,392.11	7,899.07
07/16/06 - 08/15/06	08/20/06 - 09/19/06	11,151.58	3,095.90	8,055.68
08/16/06 - 09/15/06	09/20/06 - 10/19/06	11,018.90	14,656.60	(3,637.70)
09/16/06 - 10/15/06	10/20/06 - 11/19/06	11,601.80	4,448.72	7,153.08
10/16/06 - 11/15/06	11/20/06 - 12/19/06	11,226.92	17,026.31	(5,799.39)
11/16/06 - 12/15/06	12/19/06 - 01/20/07	11,075.04	22,845.25	(11,770.21)
		<u>\$ 115,925.96</u>	<u>106,831.41</u>	9,094.55
Adjustment for estimated delinquencies				<u>(2,414.00)</u>
Total				<u>\$ 6,680.55</u>

Note: The billing for January 2007 was completed by the current Clerk.

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Report on Special Investigation of the  
City of Mystic

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director  
James S. Cunningham, CPA, Senior Auditor II  
Sharon Stickrod, Assistant Auditor



Tamera S. Kusian, CPA  
Deputy Auditor of State

## **Appendices**

Report on Special Investigation of the City of Mystic

UPS Shipping Invoice



Shipped from: CITY OF MYSTIC, GRETCHEN SQUIER, 304 W MAIN ST, MYSTIC, IA 52574

Invoice date: October 28, 2006; Invoice number: 000013VW66436; Shipper number: 13VW66; Page 1 of 5



CITY OF MYSTIC, GRETCHEN SQUIER, PO BOX 69, MYSTIC, IA 52574-0069

For questions about your invoice, call: (800) 811-1648, Monday - Friday, 8:00 a.m. - 9:00 p.m. E.T.

or visit ups.com

or write: UPS, P.O. Box 650580, Dallas, TX 75265-0580

Account Status Summary Weekly Payment Plan

Table with 2 columns: Description, Amount. Rows include Amount Due This Period (\$44.39), Amount Outstanding (prior invoices) (\$12.48), Total Amount Outstanding (\$56.87).

Please include the Return Portion of each outstanding invoice with your payment. See Account Status for details.

Get your invoice via e-mail

An exact copy of this paper invoice could have been sent to you via e-mail. When you choose UPS PDF Invoice instead of paper, UPS can send a message to you or up to five e-mail addresses of your choice.

Thank you for using UPS. Summary of Charges

Table with 3 columns: Page, Description, Charge. Rows include UPS Internet Shipping (\$84.12), Void Credits (\$-39.73), Amount due this period (\$44.39).

UPS payment terms require payment of this invoice by November 8, 2006.

Payments not received by November 22, 2006 are subject to a late fee of 5% of the Amount Due This Period.

Note: This invoice may contain a fuel surcharge as described at ups.com. The current fuel surcharge is 5.25% for UPS Ground Services and 16.5% for UPS Air Services, UPS 3 Day Select, and International services.



Return Portion

CITY OF MYSTIC, GRETCHEN SQUIER, PO BOX 69, MYSTIC, IA 52574-0069

Invoice Date: October 28, 2006; Invoice Number: 000013VW66436; Shipper Number: [Redacted]

Amount due this period: \$44.39; Amount enclosed: [Redacted]

If this billing address is incorrect, mark an "X" in this box and make the appropriate changes above.

UPS LOCKBOX 577, CAROL STREAM, IL 60132-0577

13VW66 9 102806 0552 1 00000044390 3

Report on Special Investigation of the  
City of Mystic

UPS Shipping Invoice



Invoice date **October 28, 2006**  
 Invoice number **000013VW66436**  
 Shipper number **13VW66**  
 Page 3 of 5

**Outbound:**

**UPS Internet Shipping**

Pickup Date	Tracking Number	Service	ZIP Code	Zone	Weight	Billed Charge
10/23	1Z13VW660290300053	2nd Day Air Residential	77068	205	15	34.10
		Customer Entered weight			4	
		Fuel Surcharge				5.63
		<b>Total</b>				<b>39.73</b>
1st ref : Please Leave Behind Pillar On Porch		UserID : City Of Mystic				
Sender : Gretchen Squier		Receiver:				
City Of Mystic		Jeremy Zalbst				
304 W Main St		HOUSTON TX 77068				
Mystic IA 52574						
<b>Message Codes : r</b>						
	1Z13VW660292322268	2nd Day Air Residential	77068	205	15	38.10
		Customer Entered weight			4	
		Fuel Surcharge				6.29
		<b>Total</b>				<b>44.39</b>
1st ref : LEAVE BEHIND PILLARS ON PORCH		UserID : City Of Mystic				
Sender : Lacey Squier		Receiver:				
City Of Mystic		Jeremy Zalbst				
304 W Main St		HOUSTON TX 77068				
MYSTIC IA 52574						
<b>Message Codes : r</b>						
<b>Total for Internet-ID: City Of Mystic</b>						<b>84.12</b>
<b>Total UPS Internet Shipping</b>			<b>2 Package(s)</b>		<b>84.12</b>	
<b>Total Outbound</b>			<b>2 Package(s)</b>		<b>84.12</b>	

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Report on Special Investigation of the  
City of Mystic

UPS Shipping Invoice



**Delivery Service Invoice**  
Invoice date **October 28, 2006**  
Invoice number 000013VW66436  
Shipper number 13VW66  
Page 4 of 5

**Void Credits**

**UPS Internet Shipping Voids**

Pickup Date	Void Date	Tracking Number	Service	Number of Packages	Refund Amount
10/23	10/24	1Z13VW660290300053	2nd Day Air Residential	-1	-39.73
<b>Total UPS Internet Shipping Voids</b>				<b>-1 Package(s)</b>	<b>-39.73</b>
<b>Total Void Credits</b>				<b>-1 Package(s)</b>	<b>-39.73</b>

Report on Special Investigation of the  
City of Mystic

Copies of Ms. Squier's Personal Checks

**GRETCHEN M. SQUIER**  
CENTERVILLE, IA 52544

DATE 3-31-06 1014

PAY TO THE ORDER OF Mystic Lister \$ 100.00  
One Hundred dollars and 00/100 DOLLARS

Community 1st Credit Union  
Main Office:  
235 Richmond Ave.  
Ottumwa, IA 52501

FOR Gretchen Squier

# LIBERTY

APR 2 2006  
P0092832310 >07390141  
P3 04252006 Iowa Trust & Savings  
0000000001105676 Centerville, Iowa

City of Mystic  
P.O. Box 69  
Mystic, IA 52574

Amt. \$100.00

**GRETCHEN M. SQUIER**  
CENTERVILLE, IA 52544

DATE 4-20-06 1024

PAY TO THE ORDER OF City of Mystic \$ 11.00  
Eleven dollars and 00/100 DOLLARS

Community 1st Credit Union  
Main Office:  
235 Richmond Ave.  
Ottumwa, IA 52501

FOR Gretchen Squier

# LIBERTY

APR 23 2006  
P0092832390 >07390141  
P3 04252006 Iowa Trust & Savings  
0000000001105884 Centerville, Iowa

1111  
17109

Amt. \$11.00

Report on Special Investigation of the  
City of Mystic

Copies of Ms. Squier's Personal Checks

GRETCHEN M. SOQUIER  
CENTERVILLE, IA 52544  
DATE 6-9-06  
1066  
72-7572739  
BACKS

PAY TO THE ORDER OF City of Mystic \$ 40.00  
Forty dollars & 00/100 DOLLARS

Community 1st Credit Union  
Main Office:  
235 Richmond Ave.  
Ottumwa, IA 52501

FOR: [Redacted] Gretchen Squier  
1066 0000004000

P0076783300 >073901411 < 3  
P3 07032006 Iowa Trust & Savings  
0000000001105884 Centerville, Iowa

City of Mystic  
P.O. Box 69  
Mystic, IA 52574 5

Amt. \$40.00

GRETCHEN M. SOQUIER  
CENTERVILLE, IA 52544  
DATE 8-16-06  
1153  
72-7572739  
BACKS

Pay to the Order of City of Mystic \$ 375.00  
Three hundred Seventy five dollars & 00/100 DOLLARS

COMMUNITY 1st CREDIT UNION Main Office:  
235 Richmond Ave.  
Ottumwa, IA 52501

FOR: [Redacted] Gretchen Squier  
1153 0000037500

P0071484720 >073901411 < 4  
P3 10022006 Iowa Trust & Savings  
0000000001105884 Centerville, Iowa

City of Mystic  
P.O. Box 69  
Mystic, IA 52574

Amt. \$375.00