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NEWS RELEASE

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FOR RELEASE _____ February 15, 2013 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Stockport for the period July 1, 2007 through October 31, 2011. The special investigation was requested by City officials as a result of concerns regarding unpaid bills.

Vaudt reported the special investigation identified \$48,009.12 of improper and unsupported disbursements and undeposited collections. The \$35,932.71 of improper disbursements identified includes \$15,133.89 of improper payroll checks to Beverly Runyon, the former City Clerk, \$4,375.68 paid for FICA and IPERS as a result of the improper payroll checks issued, \$6,798.80 in State income withholding tax payments, \$4,201.59 in Federal income withholding tax payments, \$1,491.16 of late fees and penalties paid to IPERS, \$2,475.10 of sales tax penalties paid to the State and \$1,437.57 of penalties paid to the IRS for failing to file required tax forms and for not remitting the proper withholding tax. The \$2,691.72 of unsupported disbursements identified includes \$1,167.25 paid to the former City Clerk for attending City Council meetings and \$1,524.47 of reimbursements to the former City Clerk.

The undeposited collections identified include \$9,384.69 of State warrants which were not deposited by the former City Clerk. As of December 31, 2012, the City had recovered \$5,794.41 of the undeposited collections after the State reissued 7 warrants which were properly deposited into the City's general checking account.

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

The report includes recommendations to strengthen the City's internal controls and overall operations, such as improving segregation of duties, performing bank reconciliations, requiring adequate documentation to support disbursements and performing an independent review of

bank statements. In addition, Vaudt recommended all disbursements be approved by the City Council.

Copies of the report have been filed with the Division of Criminal Investigation, the Van Buren County Attorney's Office 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/1122-0861-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF STOCKPORT
FOR THE PERIOD
JULY 1, 2007 THROUGH OCTOBER 31, 2011**

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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 financial transactions and at the request of the City Council, we conducted a special investigation of the City of Stockport. We have applied certain tests and procedures to selected financial transactions of the City for the period July 1, 2007 through October 31, 2011. 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 checking accounts held by the City to identify any unusual activity.
- (3) Scanned all checks issued from the City's checking accounts for reasonableness. We examined certain disbursements to determine if they were properly approved and supported by adequate documentation.
- (4) Examined deposits to the City's checking accounts to determine the source, purpose and propriety of certain deposits and to determine whether deposits were made intact.
- (5) Reviewed payroll disbursements and other payments to Beverly Runyon, the former City Clerk, to determine the propriety of the payments.
- (6) Analyzed utility collections and the composition of deposits prior to and after Ms. Runyon's departure as City Clerk to determine if all collections were properly deposited and whether the cash/check composition of the deposits changed significantly.

These procedures identified \$48,009.12 of improper and unsupported disbursements and undeposited collections. We were unable to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because adequate records for receipts and disbursements 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 **C** 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 Stockport, other matters might have come to our attention that would have been reported to you.

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

We would like to acknowledge the assistance extended to us by personnel of the City of Stockport during the course of our investigation.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

July 31, 2012

City of Stockport
Investigative Summary

Background Information

The City of Stockport is located in Van Buren County and has a population of approximately 300 according to the 2010 census. The City employs a City Clerk and a maintenance worker. Beverly Runyon became the City Clerk on July 1, 2007. As the City Clerk, Ms. Runyon was responsible for the following functions:

- 1) Receipts – opening mail, preparing and collecting utility billings, preparing deposits, posting to the ledger and making deposits,
- 2) Disbursements – purchasing, preparing checks, posting to the ledger and approving and maintaining supporting documents,
- 3) Payroll - preparing payroll checks and entering information into the accounting system,
- 4) Reports - preparing the City's annual financial report and budget and preparing periodic reports for the City Council and
- 5) Bank accounts - reconciling monthly bank statements to accounting records.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa, property tax collected by Van Buren County and remitted to the City and utility billings.

According to a City Council member we spoke with, all City disbursements, including payroll, are to be made by check. The checks are to be signed by both the City Clerk and the Mayor. All disbursements are to be supported by invoices or other documentation obtained by or submitted to the City Clerk. Supporting documentation is to be placed in vendor files. Each month, the City Clerk is to prepare the checks to be countersigned by the Mayor. All disbursements, including payroll, were to be authorized by the City Council.

Receipts are deposited to and disbursements are made from various checking accounts held by the City at State Central Bank in Keokuk, Iowa. The monthly bank statements are mailed directly to City Hall where they are opened by the City Clerk. City staff we spoke with could not locate any bank reconciliations.

During fiscal year 2011, the City was required by its insurance company to have a routine internal audit. Two members of the City Council made plans to meet the City Clerk to perform the requested internal audit. According to the City Council member we spoke with, after the City Clerk failed to show up for 3 scheduled meetings, she was sent a registered letter on October 12, 2011 informing her of her termination.

The City hired a temporary City Clerk to fill in until a full time City Clerk could be hired. When the temporary City Clerk and a City Council member began going through the office, they found unopened and unpaid bills. They also found cash and checks for utility bills in a box. Some of the checks dated back to 2009. They could not locate bank statements and supporting documentation for many of the checks written by Ms. Runyon from the City's checking accounts. They also identified concerns with the amount paid to the former City Clerk.

As a result of the concerns identified, City officials requested the Office of Auditor of State review the City's financial transactions. We performed the procedures detailed in the Auditor of State's report for the period July 1, 2007 through October 31, 2011.

Detailed Findings

These procedures identified \$48,009.12 of improper and unsupported disbursements and undeposited collections for the period July 1, 2007 through October 31, 2011. This amount includes \$35,932.71 of improper disbursements, \$2,691.72 of unsupported disbursements and \$9,384.69 of undeposited collections. The improper disbursements include:

- \$15,133.89 of unauthorized payroll to the former City Clerk,
- \$3,176.32 of additional contributions to the Iowa Public Employees Retirement System (IPERS) as a result of the unauthorized payroll,
- \$1,199.36 of additional contributions for FICA as a result of the unauthorized payroll,
- \$1,491.16 of late fees and penalties paid to IPERS because the former City Clerk did not remit payments in a timely manner,
- \$6,798.80 and \$4,201.59 in State and Federal income withholding tax, respectively, paid by the City for employees,
- \$2,475.10 of penalties and interest paid to the State of Iowa for not remitting sales tax collected on utility bills in a timely manner and
- \$1,437.57 of late fees and penalties paid to the Internal Revenue Service (IRS) for not filing the required tax forms and remitting the proper withholding tax.

The unsupported disbursements identified include \$1,167.25 paid to the former City Clerk for City Council meetings and \$1,524.47 of reimbursements to her.

Undeposited collections identified include \$9,384.69 of warrants issued to the City by the State of Iowa which were not deposited by the former City Clerk. In January 2012, the City recovered \$5,794.41 of this amount after the State reissued 7 warrants which were properly deposited into the City's general checking account.

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

IMPROPER AND UNSUPPORTED DISBURSEMENTS

We reviewed all disbursements from the City's checking accounts for the period July 1, 2007 through October 31, 2011. Supporting documentation was not available for all disbursements. As a result, we reviewed information recorded on individual checks, discussed the disbursements with City officials and reviewed available documentation related to the payments to determine if they were appropriate. We identified several improper and unsupported disbursements issued by Ms. Runyon. The improper and unsupported disbursements identified are explained in detail in the following sections of the report.

Payroll Checks to Beverly Runyon – According to a City Council member we spoke with, Ms. Runyon was authorized to work 20 hours per week at the federal minimum wage rate. The posted City Hall office hours were from 8:30 to 12:30 on Monday, Tuesday, Wednesday and Friday and 1:00 to 5:00 on Thursday. Upon her termination, Ms. Runyon was paid \$7.25 per hour. According to the City Council member, Ms. Runyon could work some extra hours to prepare utility billings, if needed. Ms. Runyon was paid on a bi-weekly basis.

According to the City Council member we spoke with, when she reviewed Ms. Runyon's payroll and the scrap paper Ms. Runyon recorded her hours on after Ms. Runyon was terminated, she determined Ms. Runyon was paid for 50 to 80 hours every two weeks. The City Council member

also stated the amount of work to be done would not require 50-80 hours every two weeks, especially since she was not completing her job duties.

Ms. Runyon did not complete a timesheet. Instead, she recorded her hours and net pay on a small scrap of paper. **Appendix 1** includes a sample of the document Ms. Runyon recorded her hours on. According to the City Council member, the City Council was not aware of the amount of time she claimed to have worked. According to City officials, they did not require timesheets for Ms. Runyon or other City staff. As stated previously, Ms. Runyon prepared the payroll checks.

The current City Clerk and a City Council member were unable to locate all the scrap paper used by Ms. Runyon to record her hours. Using the available scraps of paper, we determined Ms. Runyon did not always include the dates worked, hours worked, the pay period and did not sign the paper. The scrap paper available included the net amount owed to Ms. Runyon but not the gross pay or the amount withheld for FICA, IPERS, State and Federal withholding tax or other deductions. There was also no indication the information was reviewed and approved by a City Council member or the Mayor. City officials could only locate 33 scraps of paper with her hours for the 101 payroll checks issued to Ms. Runyon. On the scraps of paper located, hours ranged from 60 to 80 hours for a 2 week pay period. Because we were unable to locate all the scraps of paper and the hours do not appear reasonable, we did not rely on the scraps of paper to determine her authorized payroll.

As previously stated, the posted hours at City Hall were 8:30 a.m. to 12:30 p.m. Monday, Tuesday, Wednesday and Friday and 1:00 p.m. to 5:00 p.m. on Thursday. We used Ms. Runyon's approved hourly wage and the posted hours at City Hall to calculate her gross pay. We subtracted the required employer's share of FICA and IPERS contributions from the calculated gross pay to determine her authorized net pay. We did not include any deductions for federal or state withholding tax because, using documentation provided by the State and Federal governments, we determined Ms. Runyon did not withhold State and Federal taxes from her paychecks. **Exhibit B** illustrates the calculation for gross pay, FICA, IPERS and net pay.

Exhibit B also compares the calculated net pay to the actual pay checks issued to Ms. Runyon. As shown in the **Exhibit**, Ms. Runyon did not issue herself paychecks for the 4 pay periods ended December 31, 2007 and January 15, January 31 and June 30, 2008. Because Ms. Runyon did not prepare timesheets, we are unable to determine if she worked during these pay periods. It is possible she did not receive a paycheck because she took those pay periods off. According to a City Council member we spoke with, the City Council was unable to recall if she worked during these pay periods. As illustrated by the **Exhibit**, Ms. Runyon was paid \$15,133.89 more than authorized. The \$15,133.89 is included in **Exhibit A** as improper disbursements.

The City is required to make FICA and IPERS contributions based on each employee's gross pay. City officials could not locate IPERS reports at the City, but they were able to locate the 941 reports submitted to the IRS. As a result, we requested reports from IPERS. Using the 941 reports and the reports received from IPERS, we compared the amounts contributed for IPERS and FICA to the amounts calculated based on Ms. Runyon's calculated gross pay.

Table 1 compares the amounts reported on the IPERS reports to the amount calculated as the employer's share of IPERS.

Description	Amount
Total paid per IPERS report	\$ 4,428.66
Less: Calculated IPERS (Exhibit B)	<u>1,252.34</u>
Total improper IPERS	<u>\$ 3,176.32</u>

According to a representative from IPERS, wages were only reported for Ms. Runyon. Wages were not reported for the City maintenance worker. As illustrated by the **Table**, the City paid an additional \$3,176.32 of IPERS for Ms. Runyon. The \$3,176.32 is included in **Exhibit A** as improper disbursements.

Using the 941 reports located at the City, we subtracted the amounts reported for the City maintenance worker and City Council members from the total amount reported as qualifying wages to determine the total qualifying wages reported for Ms. Runyon. **Table 2** compares the employer's share of FICA based on Ms. Runyon's authorized payroll wages to the amount calculated based on her gross wages in **Exhibit B**.

Description	Amount
Total paid for Ms. Runyon per 941 reports	\$ 3,392.97
Less: Calculated FICA (Exhibit B)	<u>2,193.61</u>
Total improper FICA	<u>\$ 1,199.36</u>

As shown by the **Table**, the City overpaid the employer's share of FICA for Ms. Runyon by \$1,199.36. The \$1,199.36 in additional FICA is included in **Exhibit A** as improper disbursements.

In addition to her hourly wage, the Council authorized a \$20.00 payment for each City Council meeting Ms. Runyon attended. During the meetings, Ms. Runyon was to present financial information, present the bills to be approved for payment and take the minutes. **Table 3** summarizes the additional payments to Ms. Runyon for attending City Council meetings.

Date	Check Number	Description per memo line	Amount
12/04/07	4196	2 special meetings/6 regular meetings/mileage	\$ 206.81
12/03/08	4286	<i>None</i>	295.52
12/11/09	4372	11 council meetings/9 sp budget meetings	369.40
12/07/10	4521	Council + 4 sp meetings	<u>295.52</u>
Total			<u>\$ 1,167.25</u>

City staff was unable to locate minutes, financial reports or bill listings for most of the City Council meetings. As shown in the **Table**, check number 4286 did not include a notation on the memo line. Based on the timing of the payment, it is reasonable the checks were issued for meetings held during calendar year 2008. Because minutes could not be located and there were no other records showing Ms. Runyon attended the meetings, we could not determine if Ms. Runyon was paid the correct amount for attending the meetings shown in **Table 3**. As a result, the \$1,167.25 is included in **Exhibit A** as unsupported disbursements.

State Income Withholding Tax – According to a representative from the Department of Revenue (DOR), the City did not file quarterly withholding forms or remit amounts withheld for the employees' state income withholding tax. Forms were not submitted for the period July 1, 2007 through March 31, 2011.

The current City Clerk and a City Council member were unable to locate any payroll journals showing how, or if, Ms. Runyon had calculated and withheld any income withholding tax from the pay checks issued to the City maintenance worker and herself.

According to the DOR representative, the State estimated the amount the City owed for State income withholding tax based on prior filings and amounts remitted by the City. As a result, the State offset \$26,731.31 for estimated State income withholding tax from the local option sales tax and other warrants owed to the City by the State.

As of the date of this report, the City has filed all the required "Iowa Withholding Quarterly Reports". The reports submitted showed no State income withholding tax was withheld from the employees' paychecks. As a result of filing these reports, the State issued a \$19,932.51 warrant to the City in January 2012 for the excess State income withholding tax originally offset by the State. According to the DOR representative, the State did not refund the remaining \$6,798.80 because it was outside the statutory deadline for filing amended returns.

Because Ms. Runyon did not file the required reports timely, the City was unable to recover \$6,798.80 offset by the State for State income withholding tax. As a result, \$6,798.80 is included in **Exhibit A** as improper disbursements.

Because complete reports were not filed in a timely manner, the City incurred \$18.92 of penalties and interest. The penalties and interest are a result of changes in the City maintenance worker's withholding tax which the City did file correctly and, as a result, the City had to resubmit the information. The \$18.92 is included in **Exhibit A** as improper disbursements.

Iowa Workforce Development (IWD) Unemployment Insurance – Cities are required to file a quarterly report and remit payments for unemployment insurance to IWD. According to a representative of IWD, the City did not file any of the quarterly reports for 2010 in a timely manner. However, the City filed all the 2010 reports on April 22, 2011. The City also failed to file the 2nd and 3rd quarter reports for 2011 by the November 2011 deadline. IWD assesses a late fee of \$35.00 per quarterly report not filed on time. However, the City requested IWD waive the late fees because the City was not able to upload the reports to the IWD website due to website issues. The City is waiting for IWD's decision and has not paid the late fees. As a result, the late fees are not included in **Exhibit A**.

Federal Income Withholding Tax – The City received a letter from the IRS dated February 2, 2011 in which the IRS stated tax forms were not filed for the 1st, 3rd and 4th quarters of 2007. In addition, tax forms were not filed for all 4 quarters of 2008, 2009 and 2010. As a result, the IRS calculated the City owed \$19,422.77 for taxes, penalties and interest, which the City paid on June 9, 2011.

Of the \$19,422.77, \$6,763.16 is for the employer's share of Social Security, \$7,251.22 is for the employee's share of Social Security and \$5,408.39 is for Federal income withholding tax, including \$3,448.92 of penalties and interest assessed by the IRS which the IRS did not break out by category. In order to determine the penalties and interest related to each category, we allocated the \$3,448.92 of penalties and interest as shown in **Table 4**.

Table 4

Category	Amount	% of total	Penalties/ Interest	Allocated Penalties/ Interest	Total less Allocated Penalties/ Interest
Social Security - Employer	\$ 6,763.16	34.9 %	\$ 3,448.92	1,203.67	5,559.49
Social Security - Employee	7,251.22	37.3	3,448.92	1,286.45	5,964.77
Federal income withholding tax	5,408.39	27.8	3,448.92	958.80	4,449.59
Total	<u>\$ 19,422.77</u>			<u>\$ 3,448.92</u>	<u>15,973.85</u>

As calculated in the **Table**, \$4,449.59 paid by the City was for Federal income withholding tax. Based on the 941 reports subsequently filed by the City, the City only withheld \$248.00 from employees for Federal income withholding tax. As a result, the City paid an additional \$4,201.59

for employee federal income withholding tax. The \$4,210.59 is included in **Exhibit A** as improper disbursements.

The City requested the IRS waive some of penalties due to the inexperience of the City Clerk. The IRS waived \$2,011.35 as a result of the request by the City. Because the City Clerk failed to file the required reports, the City paid \$1,437.57 of penalties and interest. The \$1,437.57 of penalties and interest is included in **Exhibit A** as improper disbursements

IPERS – We contacted a representative of IPERS and obtained reports summarizing the covered wages reported for the City for the period July 1, 2007 through December 31, 2011. According to the IPERS representative, the wage reports submitted by the City were only for Ms. Runyon’s wages.

According to the pay checks available, both Ms. Runyon and the maintenance worker had IPERS withheld from their paycheck, but no payments to IPERS were made on behalf of the maintenance worker. Although Ms. Runyon submitted all required reports, reports were not submitted timely on several occasions.

IPERS calculated the amount which should have been paid for the maintenance worker and calculated the lost interest on the adjusted balance. As a result, the City paid \$5,881.53 for the maintenance worker in order to bring his balance up to the correct amount. The amount includes \$348.12 of interest. Because the City had withheld IPERS from the maintenance worker’s paychecks, the only improper disbursement is the \$348.12 of interest.

The City incurred a total of \$1,491.16 of interest and late fees, including the \$348.12 of interest related to the maintenance worker’s account and \$1,143.04 as a result of not filing reports timely. The \$1,491.16 of interest and late fees is included in **Exhibit A** as improper disbursements.

Sales Tax – The City provides water, sewer and solid waste services to households and commercial businesses within the City. Amounts charged for water service provided to all customers is subject to sales tax. Charges to commercial customers for sewer and solid waste are also subject to sales tax. Sales tax collected is to be remitted to the DOR.

We reviewed the reports from the City’s accounting system and determined the calculations for the sales tax to be remitted to the State were incorrect. The utility system used by the City was incorrectly programed to calculate sales tax on water, sewer and solid waste services billed to all customers. In addition, Ms. Runyon added 1% to the appropriate sales tax rate when she input the information.

Because Ms. Runyon did not remit payments to the State, the City’s sales tax permit was revoked in June 2008. DOR also initiated income offset based on estimated sales tax calculated by DOR. After the City contacted the DOR, the State issued a new sales tax permit in November 2011 which was retroactive to June 2008. The DOR calculated the City owed \$13,473.10 in unpaid sales tax and interest. This was in addition to the amount already collected through the income offset program. Of the \$13,473.10, \$2,475.10 was for penalties and interest. In December 2011, the City paid \$13,473.10 for the period July 1, 2007 through October 31, 2011. The \$2,475.10 of penalties and interest is included in **Exhibit A** as improper disbursements.

Because records were not maintained by the former City Clerk, we are unable to determine the amount of additional sales tax collected and deposited to a City checking account as a result of the information incorrectly recorded in the utility system and sales tax improperly charged to customers. As a result, the sales tax improperly collected by the City is not included in **Exhibit A**.

Reimbursements to Beverly Runyon – According to a City Council member, Ms. Runyon picked up any supplies needed for the City and paid for them. She was to be reimbursed by the City for

the supplies based on the receipts she submitted. We reviewed all reimbursements to Ms. Runyon to determine if the amount reimbursed was properly supported. City staff could not locate supporting documentation for any of the reimbursements made to Ms. Runyon. **Exhibit C** details the reimbursements to Ms. Runyon during the period of our investigation.

According to City officials, the notations made on the memo line of the checks are consistent with items normally purchased by the City. City officials could not locate any support for the reimbursements. However, City Officials believe these are legitimate purchases. As a result, the \$1,524.27 is included in **Exhibit A** as unsupported disbursements.

Late Fees – According to a City Council member, when City officials were going through the office after Ms. Runyon’s termination, they found bills in the desk and in the trash. Some of the bills dated back to 2009 and showed the City owed late fees and finance charges. However, we were unable to readily identify the amount of late fees and finance charges paid by the City and/or the amount forgiven by various vendors. According to a City Council member we spoke with, the City is now current on all of its bills.

UNDEPOSITED COLLECTIONS

As previously stated, the City’s main revenue sources are funds received from the State of Iowa, Van Buren County and billings for water, sewer and garbage services. We reviewed documentation related to each of these revenue sources to determine if collections were properly deposited.

State of Iowa/Income Offset – The majority of revenue received from the State of Iowa are road use tax and local option sales tax. We confirmed all payments to the City by the State of Iowa to determine if they were properly deposited to the City’s bank accounts and identified the following:

- 4 warrants totaling \$3,358.93 were not redeemed by the City and
- 8 warrants totaling \$6,025.76 were not redeemed by the City and were cancelled by the State after the 6 month void period.

The total of \$9,384.69 for these 12 warrants is included in **Exhibit A** as undeposited collections.

Subsequent to our investigation, the State reissued 7 warrants totaling \$5,794.41. The warrants were received and properly deposited to the City’s general checking account in January 2012. The \$5,794.41 is shown in **Exhibit A** as a reduction of the undeposited collections.

As previously stated, DOR and IWD used the State’s income offset program to collect amounts owed to the State for State income withholding tax, unemployment tax and sales tax owed on utility bills. Through the State’s income offset program, the State retained 35 warrants totaling \$39,160.66 as payment for various amounts owed by the City. The \$39,160.66 included the following:

- \$26,731.31 for estimated State income tax withholding for City employees, of which \$19,932.51 was refunded to the City after all the required forms were filed showing the actual amounts owed,
- \$189.00 for State unemployment tax and
- \$9,016.42 for the estimated sales tax owed for utility billings.

DOR staff we spoke with were unable to provide an explanation for the remaining \$3,223.93. DOR records did not include the coding necessary to identify the reason for the income offset.

Water, Sewer and Garbage Fees – The City bills each household and business for water, sewer and garbage services provided. Water and sewer are billed based on the gallons used and the rate set by the City Council. Garbage collection is billed at a flat monthly rate. The City uses a utility software program to prepare the monthly billings. Using the billing and receipt reports on the City’s utility system, we compared the receipts listed in the system to the actual deposit made to the bank. The amount deposited did not agree with the collections recorded in the utility system.

Table 5 compares the amount recorded as collected in the utility system to the amount deposited to a City checking account.

Table 5

Calendar Year	Amount Collected per Utility System	Amount Deposited	Undeposited/ (Excess)
2008	\$ 96,654.27	96,225.61	428.66
2009	95,483.37	92,874.45	2,608.92
2010	92,050.59	92,224.20	(173.61)
2011 [^]	88,737.06	81,042.42	7,694.64
Total	\$ 372,925.29	362,366.68	10,558.61

[^] - From January 2011 through November 2011.

We attempted to trace the amounts listed as payments for 4 individuals as payments in the utility system for a 6 month period from December 2010 to June 2011 to the amount actually deposited. As a result of this procedure, we identified the following:

- The type of payment (cash/check) noted in the utility system did not match the payment type on the deposit slip. For example, the utility system showed a payment was made in cash but the deposit slip listed a check for the individual.
- The date paid on the receipt report did not match the actual date deposited. For example, the date paid on the receipt report shows April 19, 2011 but the amount was actually deposited on April 16, 2011.
- The amounts listed as paid do not match the actual amount deposited. For example, account number 145 paid \$49.24 on March 3, 2011 according to the deposit detail, but the receipt report shows \$48.60 was paid on March 7, 2011. There were no adjustments to the account to indicate a different amount was owed.

We attempted to determine the amount which should have been receipted and deposited by comparing the amount billed to the deposit detail. We were unable to reconcile the amounts recorded in the utility system to the amounts deposited. In addition, City officials could not locate a delinquent listing or an adjustment report. As a result, we could not determine if utility payments were collected but not properly deposited. We have not included an amount for undeposited utility collections in **Exhibit A**.

ADMINISTRATIVE RESPONSIBILITIES

During our investigation, we determined Ms. Runyon and the City Council did not properly carry out their fiduciary responsibilities as an employee and officials of the City. The concerns identified include:

- City Council minutes could not be located for many of the City Council meetings. For the minutes located, there was no evidence a bill listing was prepared by the City Clerk and provided to and approved by the City Council. It was Ms. Runyon's responsibility to ensure all disbursements were presented to the City Council for approval and minutes were properly prepared and approved.
- City Council members asked Ms. Runyon on several occasions if all outstanding obligations were paid. According to the Council Member we spoke with, Ms. Runyon stated all bills were up-to-date. However, when City officials cleaned out Ms. Runyon's

desk, they found several past due bills and notices of late bills, late fees and interest. The Mayor also received a call from a vendor stating the City owed money.

- Ms. Runyon failed to deposit all checks and cash collected, including payments for utilities. Checks and cash were found in boxes and warrants from the State of Iowa were not deposited.
- Ms. Runyon failed to submit reports to the appropriate parties for payroll, including IPERS, Federal and State income withholding tax. In addition, the City received a letter from Van Buren County stating the City had not filed its 2010 annual budget. The letter also stated the City had been delinquent on at least 2 other occasions and the City would not be able to levy property tax or receive state funding if the budget was not filed. According to a City Council member we spoke with and an employee of the Department of Management, the City has now filed all the required reports and has received all its funds from the County.

According to a City Council member we spoke with, Ms. Runyon failed to conduct all City business at City Hall. The computer used at City Hall had a computer program called 4Shared Desktop installed. The application allows files to be uploaded easier and faster to another computer. This would allow access to files on the City's computer from a home computer and vice versa. According to a City Council member, Ms. Runyon also had a personal laptop at home.

The City Council is responsible for all City operations, including financial operations. We identified the following related to the City Council's oversight of the City's operations:

- The Mayor or a City Council member did not review Ms. Runyon's time records.
- The City Council did not require Ms. Runyon to provide written financial reports, bill listings, bank reconciliations or other information related to the financial condition of the City.
- The City Council did not segregate duties, which allowed Ms. Runyon to perform all functions related to the cash receipt and disbursement processes, including billing, collecting and recording utility bills. The City Council also failed to conduct appropriate oversight to mitigate the lack of segregation of duties.

In addition, individuals we spoke with stated Ms. Runyon worked on personal items while at City Hall. City officials stated she often stayed at City Hall after hours. They believed Ms. Runyon worked on personal items and charged time to the City. According to a City Council member we spoke with, Ms. Runyon was expected to work 20 hours per week, with some additional time as needed. As previously stated, Ms. Runyon worked over 40 hours per week.

City officials made a list of all items located in the back room of City Hall on November 17, 2011. We observed the items during our initial visit on November 19, 2011. The items included craft supplies, such as baskets, craft patterns, magazines and other supplies used in crafting. Maintaining these items at City Hall and working on personal projects is not an appropriate use of City property and should not have been included in the time Ms. Runyon recorded as working for the City.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Stockport to 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 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 employees to prevent an individual employee from handling duties which are incompatible. The former City Clerk had control over each of the following areas:
1. Receipts – opening mail, preparing deposits and recording transactions.
 2. Disbursements – preparing checks, approving supporting documentation and recording transactions.
 3. Payroll – preparing checks and recording transactions.
 4. Reports – preparing the City's Annual Financial Report and budget.

In addition, bank balances were not reconciled to the City's accounting records and redeemed checks were not compared to recorded disbursements by a party independent of check preparation.

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 City Council members. In addition, the Mayor or City Council members should review financial records, perform reconciliations and examine supporting documentation for accounting records on a periodic basis.

In addition, 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.

- B. Administrative Responsibilities – During our review of City operations, we determined Ms. Runyon failed to carry out a number of her responsibilities, including:
1. There was no evidence bill listings were provided to and approved by the City Council. The minutes of City Council meetings did not include documentation disbursements were approved. It was Ms. Runyon's responsibility to ensure all disbursements were presented to the City Council for approval and minutes were properly prepared and approved.
 2. City Council members asked on several occasions whether bills were current and Ms. Runyon responded the bills were current. However, when City officials cleaned out Ms. Runyon's desk, they noticed several notices of late bills, late fees and interest. The Mayor also received a call from a vendor stating the City owed it money.
 3. Ms. Runyon failed to deposit all amounts collected, including payments for utilities which were found in boxes and warrants from the State of Iowa.

4. There was no evidence bank reconciliations were provided to the City Council for its review.
5. Ms. Runyon failed to file required reports timely and request help when needed. For example, she did not submit the required IPERS and sales tax reports with the State in a timely manner. In addition, the City received a letter from Van Buren County stating the City had not filed its 2010 annual budget. The letter also stated the City had been delinquent on at least 2 other occasions. The City would not be able to levy property tax or receive state funding if the budget was not filed. The City was allowed to continue to levy property tax.
6. The City Council did not require timesheets be maintained for all City employees.
7. Ms. Runyon failed to conduct all City business at City Hall, as outlined in her expectations. The computer used at City Hall had a computer program called 4shared Desktop installed. The application allows files to be uploaded easier and faster to another computer. This would allow access to files on the City's computer from a home computer and vice versa. According to a City Council member we spoke with, Ms. Runyon had a personal laptop at home.

In addition, the Mayor and City Council members did not take action to require Ms. Runyon to provide monthly financial information.

Recommendation – The City Council should develop policies and procedures to ensure all required reports are accurately prepared and submitted in a timely manner, a monthly bill listing is presented with supporting documentation for approval and pre-numbered receipts are prepared and reconciled to deposits.

- C. Disbursements – During our review of the City's disbursements, we determined supporting documentation was not maintained for a number of the disbursements. Because the minutes of City Council meetings and a disbursement listing could not be located, we were unable to determine if the City Council reviewed and approved the disbursements.

Recommendation – Checks should only be signed after review and approval of the related documentation by the Mayor or other City Council members.

The City Council should implement procedures which require all purchases made be properly supported with invoices, receipts or other appropriate documentation. For certain disbursements which are allowed to be paid prior to City Council approval, a listing should be provided to the City Council at the next meeting for its review and approval.

- D. Water, Sewer and Garbage Fees – The City bills for water, sewer and garbage service. The City utilizes a software program to calculate the amount billed and track the amount paid for each customer. The reports showing the amounts collected and recorded in the system did not agree with the amounts deposited to a City bank account and did not include the type of payment. In addition, utility reconciliations were not prepared and adjustments were not supported by documentation.

Recommendation – The City should develop procedures to require a utility reconciliation be performed monthly. The reconciliation should be reviewed by an independent person.

E. Meeting Minutes – Chapter 21 of the *Code of Iowa* requires minutes to be kept of all meetings of governmental bodies. During our review of minutes, we determined:

1. Minutes could not be located for many City Council meetings.
2. The minutes available for review were not properly signed by the City Clerk or the Mayor to authenticate the record as required by section 380.7(4) of the *Code*.
3. Not all disbursements were presented to the City Council for approval.

Recommendation – The City should implement procedures to ensure the City Clerk and the Mayor sign all meeting minutes and the minutes are reviewed so any errors can be identified and corrected. In addition, the City Council should ensure all City obligations are presented to the City Council for approval prior to payment.

The City Council should also ensure all minutes, including bill listings approved by the City Council, are maintained at City Hall and an official copy is kept in the City Council meeting book.

Exhibits

Report on Special Investigation of the
City of Stockport

Summary of Findings
For the Period July 1, 2007 through October 31, 2011

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Improper and Unsupported Disbursements:				
Payroll Checks Issued to Beverly Runyon	Exhibit B/Table 3	\$ 15,133.89	1,167.25	16,301.14
IPERS	Table 1	3,176.32	-	3,176.32
FICA	Table 2	1,199.36	-	1,199.36
State Income Withholding Tax	Page 8	6,798.80	-	6,798.80
State Penalty and Interest	Page 8	18.92		18.92
Federal Income Withholding Tax	Pages 8-9	4,201.59	-	4,201.59
IRS Penalties and Interest	Page 9	1,437.57	-	1,437.57
IPERS Interest and Late Fees	Page 9	1,491.16	-	1,491.16
Sales Tax Penalties and Interest	Page 9	2,475.10	-	2,475.10
Reimbursements to Beverly Runyon	Exhibit C	-	1,524.47	1,524.47
Subtotal		35,932.71	2,691.72	38,624.43
Undeposited Collections:				
Warrants Issued by the State	Page 10	9,384.69	-	9,384.69
Total		45,317.40	2,691.72	48,009.12
Less: Reissued State Warrants	Page 10	(5,794.41)	-	(5,794.41)
Net		\$ 39,522.99	2,691.72	42,214.71

Report on Special Investigation of the
City of Stockport

Recalculated Payroll for Beverly Runyon
For the Period July 1, 2007 through October 31, 2011

Pay Period		Calculated Authorized Net Pay @					
Start*	End*	Number of Hours ^	Hourly Rate	Calculated Gross Pay	Withholdings		Net Pay
					IPERS	FICA	
07/13/07	07/30/07	52	\$ 6.20	322.40	12.57	24.66	285.17
08/01/07	08/15/07	44	6.20	272.80	10.64	20.87	241.29
08/16/07	08/31/07	48	6.20	297.60	11.61	22.77	263.22
09/01/07	09/15/07	36	6.20	223.20	8.70	17.07	197.43
09/16/07	09/30/07	40	6.20	248.00	9.67	18.97	219.36
10/01/07	10/15/07	44	6.20	272.80	10.64	20.87	241.29
10/16/07	10/31/07	48	6.20	297.60	11.61	22.77	263.22
11/01/07	11/15/07	40	6.20	248.00	9.67	18.97	219.36
11/16/07	11/30/07	36	6.20	223.20	8.70	17.07	197.43
12/01/07	12/14/07	40	6.20	248.00	9.67	18.97	219.36
12/15/07	12/31/07	40	6.20	**	-	-	-
01/01/08	01/15/08	40	7.25	**	-	-	-
01/16/08	01/31/08	44	7.25	**	-	-	-
02/01/08	02/15/08	44	7.25	319.00	12.44	24.40	282.16
02/16/08	02/29/08	40	7.25	290.00	11.31	22.19	256.50
03/01/08	03/14/08	40	7.25	290.00	11.31	22.19	256.50
03/17/08	03/31/08	44	7.25	319.00	12.44	24.40	282.16
04/01/08	04/15/08	44	7.25	319.00	12.44	24.40	282.16
04/15/08	04/30/08	44	7.25	319.00	12.44	24.40	282.16
05/01/08	05/15/08	44	7.25	319.00	12.44	24.40	282.16
05/16/08	05/30/08	40	7.25	290.00	11.31	22.19	256.50
06/01/08	06/15/08	40	7.25	290.00	11.31	22.19	256.50
06/16/08	06/30/08	44	7.25	**	-	-	-
07/01/08	07/15/08	40	7.25	290.00	11.89	22.19	255.92
07/16/08	07/31/08	48	7.25	348.00	14.27	26.62	307.11
08/01/08	08/15/08	44	7.25	319.00	13.08	24.40	281.52
08/16/08	08/31/08	40	7.25	290.00	11.89	22.19	255.92
09/01/08	09/15/08	40	7.25	290.00	11.89	22.19	255.92
09/16/08	09/30/08	44	7.25	319.00	13.08	24.40	281.52

Check Number	Date	Per Check Memo	Amount	Improper Amount
4162	07/30/07	Wages 7/13-7/30	\$ 270.26	(14.91)
4166	08/15/07	Wages 8-1-07-8-15-07	286.14	44.85
4168	08/30/07	8-16-07-8-30-07 Wages	330.15	66.93
4170	09/14/07	Wages 8-31-07 to 9-14-07	324.64	127.21
4177	09/28/07	Wages 9-15-07 to 9-30-07	307.29	87.93
4179	10/15/07	Wages 9-30 to Oct 15	341.15	99.86
4183	11/02/07	Wages 10-16-07 - 10-30-07	341.15	77.93
4186	11/15/07	Wages 10-31-11-15 2007	338.40	119.04
4189	11/30/07	Wages 11-16-07 - 11-30-07	341.15	143.72
4201	12/14/07	Wages 12 1-07-12-14-07	307.29	87.93
			-	-
			-	-
			-	-
1982	02/15/08	Wages 1/31/08-2/15/08	321.72	39.56
1983	03/14/08	Office supplies	259.79	3.29
3376	03/14/08	Wages 3/1/08 to 3/14/08	416.46	159.96
1984	03/31/08	Wages 3/17/08 to 3/31/08	398.93	116.77
4230	04/15/08	Wages 4/1 to 4/15/08	344.24	62.08
4233	04/30/08	Wages 4/15 to 4/30/08	413.72	131.56
1985	05/15/08	Wages 5/1 to 5/15/08	424.67	142.51
1995	06/03/08	Wages	373.20	116.70
4240	06/16/08	Wages 6/1 to 6/15	373.20	116.70
			-	-
4246	07/15/08	Wages July 1-15	410.19	154.27
4248	07/31/08	Wages	456.83	149.72
2001	08/15/08	Wages	397.93	116.41
4252	08/31/08	Wages 8/16/08 to 8/31/08	398.93	143.01
4260	09/15/08	Wages 9/1/08 - 9/15/08	379.63	123.71
4258	09/30/08	Wages 9/15 to 9/30/8	427.88	146.36

Report on Special Investigation of the
City of Stockport

Recalculated Payroll for Beverly Runyon
For the Period July 1, 2007 through October 31, 2011

Pay Period		Calculated Authorized Net Pay @					
Start*	End*	Number of Hours ^	Hourly Rate	Caclulated Gross Pay	Withholdings		Net Pay
					IPERS	FICA	
10/01/08	10/15/08	44	7.25	319.00	13.08	24.40	281.52
10/15/08	10/30/08	48	7.25	348.00	14.27	26.62	307.11
11/01/08	11/15/08	36	7.25	261.00	10.70	19.97	230.33
11/16/08	11/30/08	32	7.25	232.00	9.51	17.75	204.74
12/01/08	12/15/08	44	7.25	319.00	13.08	24.40	281.52
12/16/08	12/31/08	44	7.25	319.00	13.08	24.40	281.52
01/01/09	01/15/09	40	7.25	290.00	11.89	22.19	255.92
01/16/09	01/31/09	40	7.25	290.00	11.89	22.19	255.92
02/01/09	02/15/09	40	7.25	290.00	11.89	22.19	255.92
02/16/09	02/28/09	40	7.25	290.00	11.89	22.19	255.92
03/01/09	03/15/09	40	7.25	290.00	11.89	22.19	255.92
03/16/09	03/31/09	48	7.25	348.00	14.27	26.62	307.11
04/01/09	04/15/09	44	7.25	319.00	13.08	24.40	281.52
04/16/09	04/30/09	44	7.25	319.00	13.08	24.40	281.52
05/01/09	05/15/09	44	7.25	319.00	13.08	24.40	281.52
05/16/09	05/30/09	36	7.25	261.00	10.70	19.97	230.33
06/01/09	06/15/09	44	7.25	319.00	13.08	24.40	281.52
06/16/09	06/30/09	44	7.25	319.00	13.08	24.40	281.52
07/01/09	07/15/09	40	7.25	290.00	12.47	22.19	255.34
07/16/09	07/31/09	48	7.25	348.00	14.96	26.62	306.42
08/03/09	08/14/09	40	7.25	290.00	12.47	22.19	255.34
08/16/09	08/31/09	44	7.25	319.00	13.72	24.40	280.88
09/01/09	09/15/09	40	7.25	290.00	12.47	22.19	255.34
09/16/09	09/30/09	44	7.25	319.00	13.72	24.40	280.88
10/01/09	10/15/09	44	7.25	319.00	13.72	24.40	280.88
10/16/09	10/30/09	44	7.25	319.00	13.72	24.40	280.88
11/01/09	11/15/09	32	7.25	232.00	9.98	17.75	204.27
11/15/09	11/30/09	36	7.25	261.00	11.22	19.97	229.81
12/01/09	12/15/09	44	7.25	319.00	13.72	24.40	280.88
12/16/09	12/31/09	44	7.25	319.00	13.72	24.40	280.88
01/01/10	01/15/10	40	7.25	290.00	12.47	22.19	255.34

Per Check				Improper Amount
Check Number	Date	Memo	Amount	
2005	10/15/08	Wages 10/1/08 thru 10/15/08	379.62	98.10
4274	10/30/08	Wages 10/15/08 to 10/30/08	410.19	103.08
4278	11/15/08	Wages	395.71	165.38
3407	11/30/08	Wages	396.63	191.89
3408	12/21/08	Wages "illegible"	437.53	156.01
3410	12/30/08	None	431.10	149.58
7200300 (#3)	01/13/09	Wages 1/1/09 to 1/15/09	421.25	165.33
002400200 (#1)	01/30/09	Wages January Last "illegible"	443.98	188.06
4302	02/13/09	Wages 2/1/09 to 2/15/09	382.85	126.93
4305	02/28/09	Wages 2/16 to 2/28/2009	435.92	180.00
4309	03/13/09	Wages 3/1 to 3/15 2009	299.19	43.27
4311	03/31/09	Wages 3/16 to 3/31/09	366.75	59.64
2014	04/15/09	Wages Apr. 1 - 15 2009	328.15	46.63
4326	04/30/09	Wages 4/16 to 4/30	402.15	120.63
4329	05/15/09	Wages 5/1 to 5/15	398.54	117.02
4330	05/30/09	5/16 to 5/30 2009 Wages	434.33	204.00
4334	06/15/09	Wages 6/1 to 6/15 2009	456.84	175.32
4337	06/30/09	Wages 6/16 to 6/30	472.92	191.40
2023	07/15/09	Wages 7/1 to 7/15 2009	408.27	152.93
4343	07/30/09	Wages 7/16 to 7/30/09	456.83	150.41
2025	08/14/09	Wages 8/3/09 to 8/14/09	392.49	137.15
4349	08/31/09	Wages 8/16 to 8/31 2009	424.66	143.78
4352	09/18/09	Wages 9/1 to 9/15 2009	431.10	175.76
4353	09/30/09	Wages 9/16 to 9/30 2009	440.76	159.88
4357	10/15/09	Wages	395.72	114.84
4360	10/30/09	None	447.19	166.31
4365	11/13/09	Wages 11/1 to 11/15 2009	392.49	188.22
4366	11/30/09	Wages 11/15 to 11/30 2009	418.24	188.43
2043	12/15/09	Wages Dec. 1 - 15 '09	392.49	111.61
4383	12/30/09	12/16 to 12/31 2009 Wages	416.63	135.75
2045	01/15/10	Wages 1/1/10 to 1/15/10	424.66	169.32

Report on Special Investigation of the
City of Stockport

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For the Period July 1, 2007 through October 31, 2011

Pay Period		Calculated Authorized Net Pay @					
Start*	End*	Number of Hours ^	Hourly Rate	Calculated Gross Pay	Withholdings		Net Pay
					IPERS	FICA	
01/16/10	01/31/10	36	7.25	261.00	11.22	19.97	229.81
02/01/10	02/15/10	44	7.25	319.00	13.72	24.40	280.88
02/15/10	02/27/10	36	7.25	261.00	11.22	19.97	229.81
03/01/10	03/15/10	44	7.25	319.00	13.72	24.40	280.88
03/15/10	03/31/10	48	7.25	348.00	14.96	26.62	306.42
04/01/10	04/15/10	44	7.25	319.00	13.72	24.40	280.88
04/16/10	04/30/10	44	7.25	319.00	13.72	24.40	280.88
05/01/10	05/15/10	40	7.25	290.00	12.47	22.19	255.34
05/16/10	05/31/10	40	7.25	290.00	12.47	22.19	255.34
06/01/10	06/15/10	44	7.25	319.00	13.72	24.40	280.88
06/16/10	06/30/10	44	7.25	319.00	13.72	24.40	280.88
07/01/10	07/15/10	40	7.25	290.00	13.05	22.19	254.76
07/16/10	07/31/10	44	7.25	319.00	14.36	24.40	280.24
08/01/10	08/15/10	40	7.25	290.00	13.05	22.19	254.76
08/16/10	08/31/10	48	7.25	348.00	15.66	26.62	305.72
09/01/10	09/15/10	40	7.25	290.00	13.05	22.19	254.76
09/16/10	09/30/10	44	7.25	319.00	14.36	24.40	280.24
10/01/10	10/15/10	44	7.25	319.00	14.36	24.40	280.24
10/16/10	10/31/10	40	7.25	290.00	13.05	22.19	254.76
11/01/10	11/15/10	40	7.25	290.00	13.05	22.19	254.76
11/16/10	11/30/10	36	7.25	261.00	11.75	19.97	229.28
12/01/10	12/14/10	44	7.25	319.00	14.36	24.40	280.24
12/15/10	12/31/10	40	7.25	290.00	13.05	22.19	254.76
01/01/11	01/15/11	40	7.25	290.00	13.05	22.19	254.76
01/15/11	01/30/11	40	7.25	290.00	13.05	22.19	254.76
02/01/11	02/15/11	44	7.25	319.00	14.36	24.40	280.24
02/16/11	02/28/11	36	7.25	261.00	11.75	19.97	229.28
03/01/11	03/15/11	44	7.25	319.00	14.36	24.40	280.24
03/16/11	03/31/11	48	7.25	348.00	15.66	26.62	305.72
04/01/11	04/15/11	44	7.25	319.00	14.36	24.40	280.24
04/16/11	04/30/11	40	7.25	290.00	13.05	22.19	254.76

Per Check				Improper
Check Number	Date	Memo	Amount	Amount
4427	01/31/10	Wages 1/16 to 1/31 2010	405.37	175.56
4431	02/17/10	Wages 2/1 to 2/15 2010	460.05	179.17
3466	02/28/10	Wages 2/15 to 2/27 2010	398.93	169.12
4437	03/15/10	Wages 3/1 to 3/15 2010	447.19	166.31
2052	03/30/10	Wages 3/15 to 3/31 2010	508.30	201.88
4440	04/15/10	Wages 4/1 to 4/15 2010	421.45	140.57
4446	04/30/10	Wages 4/16/2010 to 4/30/2010	459.70	178.82
4453	05/14/10	Wages 5/1 to 5/14 2010	405.37	150.03
4457	05/30/10	Wages 5/16 to 5/31 2010	458.45	203.11
4462	06/15/10	Wages 6/1 to 6/15 2010	456.83	175.95
4464	06/30/10	Wages 6/16 to 6/30 2010	472.92	192.04
4469	07/15/10	Wages 7/1 to 7/15 2010	431.10	176.34
4475	07/30/10	Wages	482.56	202.32
4479	08/05/10	Wages 8/1 - 8/15 2010	408.58	153.82
4481	08/30/10	Wages	517.97	212.25
4489	09/15/10	Wages	546.91	292.15
4493	09/30/10	None	466.49	186.25
4497	10/15/10	10/1 to 10/15 Wages	485.79	205.55
4500	10/29/10	Wages "illegible"	437.53	182.77
4505	11/15/10	Wages 11/1 to 11/15 2010	505.10	250.34
4510	11/30/10	Wages	453.63	224.35
4525	12/15/10	Wages	511.54	231.30
2081	12/30/10	Wages 12/15 to "illegible"	508.30	253.54
4532	01/14/10	Wages Jan 1/15/2011	434.30	179.54
4535	01/28/10	Wages 1/15 to 1/30 2011	450.40	195.64
2087	02/15/11	Wages 2/1 2011 to 2/5 2011	453.63	173.39
2088	02/28/11	Wages 2/16 - 2/28 2011	392.49	163.21
3516	03/15/11	Wages 3/1 to 3/15 2011	482.56	202.32
3519	03/30/11	Wages 3/16 to 3/31/11	514.74	209.02
3521	04/15/11	4/1 to 4/15 2011 wages	501.88	221.64
4546	04/29/11	Wages 4/16 to 4/30 2011	424.66	169.90

Report on Special Investigation of the
City of Stockport

Recalculated Payroll for Beverly Runyon
For the Period July 1, 2007 through October 31, 2011

Pay Period		Calculated Authorized Net Pay @					
Start*	End*	Number of Hours ^	Hourly Rate	Caclulated Gross Pay	Withholdings		Net Pay
					IPERS	FICA	
05/04/11	05/15/11	40	7.25	290.00	13.05	22.19	254.76
05/16/11	05/31/11	44	7.25	319.00	14.36	24.40	280.24
06/01/11	06/15/11	44	7.25	319.00	14.36	24.40	280.24
06/16/11	06/30/11	44	7.25	319.00	14.36	24.40	280.24
07/01/11	07/15/11	40	7.25	290.00	15.60	16.39	258.01
07/16/11	07/31/11	40	7.25	290.00	15.60	16.39	258.01
08/01/11	08/15/11	44	7.25	319.00	17.16	18.02	283.82
08/16/11	08/31/11	48	7.25	348.00	18.72	19.66	309.62
09/01/11	09/15/11	40	7.25	290.00	15.60	16.39	258.01
09/16/11	09/30/11	44	7.25	319.00	17.16	18.02	283.82
Total				\$ 29,159.60	1,252.34	2,193.61	25,713.65

@ - Calculated Authorized Net Pay does not include Federal or State income withholding tax.

^ - Expected hours based on a 4 hour work day.

* - Start and end dates are based on Ms. Runyon's scrap paper she recorded her hours on. The dates are inclusive.

** - No records were available showing Ms. Runyon worked during these pay periods.

Per Check				Improper
Check				Amount
Number	Date	Memo	Amount	
4549	05/13/11	wages 5/2 to 5/13 2011	437.53	182.77
4557	05/27/11	Wages 5/16 to 5/31 2011	534.05	253.81
2097	06/15/11	June 1 - 15 2011 wages	479.35	199.11
2101	06/30/11	Wages 6/16 to 6/30 2011	463.28	183.04
4565	07/15/11	Wages July 1 - 15 2011	485.79	227.78
4567	07/29/11	Wages	446.93	188.92
2105	08/12/11	<i>None</i>	482.56	198.74
2107	08/30/11	8/16/2011 to 8/30/2011 Wages	527.62	218.00
2109	09/15/11	Wages 8/31 to 9/15 2011	508.31	250.30
2115	09/30/11	Wages	457.28	173.46
			<u>\$ 40,847.54</u>	<u>15,133.89</u>

Exhibit C

Report on Special Investigation of the
City of Stockport
Reimbursements to Beverly Runyon
For the Period July 1, 2007 through October 31, 2011


Check #	Date	Description per memo line of check	Unsupported
4346	08/10/09	Supplies- Lexmark Ink, Fax Ink	\$ 61.90
4347	08/18/09	Office Supplies	49.76
4354	09/30/09	Supplies- Office	90.98
4448	05/07/10	Reimburse- Envelopes, copy paper, paper clips- Receipt 4/27/10	16.01
4449	05/08/10	Reimburse for copier fax, Canon IC 4350 and ther ileiglbe items	63.10
3478	05/09/10	Reimburse for copier printer, scanner fax- Canon IC 4350d	63.10
1520	05/10/10	Reimburse for copier printer, scanner fax- Canon IC 4350d	63.10
1124	05/11/10	Reimburse for copier printer, scanner fax- Canon IC 4350d	63.10
4470	07/15/10	Reimburse- Office Supplices	23.25
4484	09/01/10	Reimburse- Parade Candy/tp/paper towels	55.73
4491	09/27/10	Reimburse- parade candy	47.70
3494	10/01/10	Parts for Sewer Pump reimburse	339.00
4499	10/20/10	Reimburse- Printer Ink	45.96
3502	12/10/10	Vaccuum \$22, milk househeater for pump house \$21.38, 4 reams copy paper \$10, 2 chair matt's \$21.39	74.77
4526	12/23/10	Reimburse printer ink	101.54
1131	02/22/11	Mileage - DSM	131.58
1575	03/15/11	Reimburse 3 road signs	79.00
4552	05/20/11	office supplies- tp & towels, 3 paper, 3 toner	77.72
4566	07/15/11	office supplies	12.64
4570	08/10/11	3x copy paper @ 3.47, 3x toner cartridge @ 17.54	64.53
Total			<u>\$ 1,524.47</u>

Report on Special Investigation of the
City of Stockport

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
James S. Cunningham, CPA, Manager
Lara K. Van Wyk, Staff Auditor


Tamera S. Kusian, CPA
Deputy Auditor of State

Appendix

Report on Special Investigation of the
City of Stockport

Copy of Time Record Maintained by Beverly Runyon

3	830-230	6
4	830-230	6
5	830-230	6
6	1-5	4
7	830-5	8.5
10	830-230	6
11	830-230	6
12	830-230	6
13	1-5	4
14	830-5	8.5

61 hr.

$7.25 \times 61 = 442.25$

Aug 16 - Aug 30
Beverly Runyon

16		
17	830-230	
18	830-230	
19	830-230	
20	1-5	
21	830-5	4
24	830-230	
25	830-230	
26	830-230	
27	1-5	
28	830-5	
31	830-230	

66 hrs

478.50
18.64 IPers
459.84 AE
28.51 FICA
6.67 medi
<u>424.64 net</u>

442.25
17.25 IPERS

425.00
26.35 FICA
6.16 Medi
<u>\$392.49 Net</u>

RVS SOFTWARE TO REORDER CALL 1-866-787-2455

RVS SOFTWARE TO REORDER CALL 1-866-787-2455