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NEWS RELEASE

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The Office of Auditor of State today released a report on a special investigation of the Lyon County Engineer's Office for the period August 1, 2006 through May 31, 2012. The County Engineer's Office is responsible for the design and general road maintenance of the secondary roads in Lyon County. In addition, the Board of Health required the County Engineer to perform required septic system inspections. The special investigation was conducted after a resident contacted a member of the Lyon County Board of Health with concerns regarding a payment for a septic system inspection. While investigating the concerns identified, the Sheriff's Office determined proceeds from the sale of certain County materials by employees of the County Engineer's Office had not been properly deposited.

The special investigation identified \$13,946.91 of undeposited collections and \$404,223.67 of costs paid by the County for road resurfacing which should have been billed to certain cities within the County, for a total loss to the County of \$418,170.58. Action taken by the Board of Supervisors in 1985 required the County Engineer's Office to bill cities 25% of the cost of resurfacing County roads within city limits. The remaining 75% was to be paid by the County. However, Jeffrey Williams, the former County Engineer, did not bill several cities for resurfacing performed by the County Engineer's Office from 1989 through 2012.

The undeposited collections identified include \$1,890.00 of septic system inspection fees Mr. Williams diverted and \$2,972.60 of septic system inspection fees for which inspections were performed and invoices were prepared but collections could not be identified. The remaining \$9,084.31 of undeposited collections includes \$8,053.75 of proceeds from the sale of scrap materials, \$620.00 from the sale of aluminum signs and \$410.56 of refunds of battery core charges. Sufficient records were not available to determine if additional septic system inspection fees or proceeds from the sale of County materials were diverted or not properly collected or deposited.

Mr. Williams was charged with 2nd degree theft and 3 counts of non-felonious misconduct in office on July 19, 2012 and plead guilty to amended charges on January 24, 2013. Mr. Williams was sentenced to suspended jail time, probation and fines.

In addition, 6 employees from the County Engineer's Office, including Lorna VanMaanen, Rickie Denekas, Robert Gruis, Gerald Grave Jr., Steven Ageson and Gary Vogel, were charged on July 18, 2012 with non-felonious misconduct in office. Each employee pled guilty to the charges against them. Of the 6 employees, 4 were ordered to pay fines and received suspended jail sentences, 1 received a deferred judgment and 1 received a suspended jail sentence. An additional employee was charged with non-felonious misconduct in office, but the charges were later dropped. In addition to non-felonious misconduct, Todd Huisman, the former Roads Supervisor, was charged with 2nd degree theft on July 18, 2012 for the undeposited collections. Mr. Huisman was terminated from employment on July 9, 2012. The other employees continue to be employed by the County Engineer's Office.

The report includes recommendations to strengthen the County Engineer's Office's internal controls, such as preparing adequate documentation to support all collections, requiring all collections be properly deposited with the County Treasurer and implementing procedures to track the value of scrap metal and other used items prior to sale.

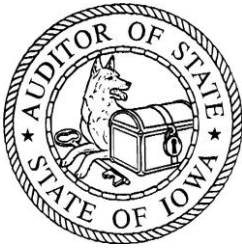
Copies of the report have been filed with the Lyon County Attorney's Office, the Osceola County Attorney's Office, the Attorney General's Office, the Lyon County Sheriff's Office and the Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/specials/1110-0060-BE00.pdf>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
LYON COUNTY ENGINEER'S OFFICE
FOR THE PERIOD
AUGUST 1, 2006 THROUGH MAY 31, 2012**

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Auditor of State's Report

To the Lyon County Board of Supervisors:

As a result of alleged improprieties regarding collections from the inspection of septic systems and the sale of salvage materials, we conducted a special investigation of the Lyon County Engineer's Office (Engineer's Office). We have applied certain tests and procedures to selected financial transactions of the County. However, because certain records were not available for the entire period of the review, not all procedures were performed for the entire period of our review. Based on a review of relevant information and discussions with County officials and staff, we performed the following procedures for the period August 1, 2006 through May 31, 2012 or for the period specified:


- (1) Evaluated internal controls in place in the Engineer's Office to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed transcripts of interviews performed by representatives of the Lyon County Sheriff's Office and the Division of Criminal Investigation and reviewed other information included in their respective reports to obtain an understanding of concerns identified.
- (3) Reviewed available minutes of Board of Supervisors' meetings and Board of Health meetings to identify significant actions taken and to determine if the Boards authorized Jeffrey Williams, the former County Engineer, to keep fees he collected for inspecting septic systems rather than depositing the fees with the County Treasurer.
- (4) Compared a list of all properties sold within Lyon County from July 1, 2009 to May 15, 2012 to a listing of septic system inspections completed by licensed individuals to determine the number of inspections performed.
- (5) Reviewed checks issued by GDK Salvage, Inc. to cash or Todd Huisman, the former Roads Supervisor, for scrap metal sold by the Engineer's Office to the salvage company. We also reviewed statements from TJN Enterprises, Inc. for amounts paid to Mr. Huisman for batteries, heater cores and aluminum products.
- (6) Obtained a list of project costs for projects which were completed between 1989 and 2012 to determine what amounts should have been billed to cities and if the proper amounts were collected by the Engineer's Office.
- (7) Examined accounting records maintained by the County to determine if collections from the septic system inspections, the sale of salvage materials and billings to cities for road project costs were properly deposited. We also examined accounting records maintained by the County to identify all payments to Bargain Barn by the Engineer's Office.
- (8) Obtained and reviewed invoices provided by Bargain Barn to determine whether disposal fees were paid, credits were given and if tire purchases were reasonable.

- (9) Obtained and reviewed personal bank statements for accounts held at certain financial institutions for Mr. Williams for the period July 1, 2009 through May 31, 2012 to determine the source of certain deposits.
- (10) Obtained and reviewed personal bank statements for accounts held at certain financial institutions for Mr. Huisman for the period August 24, 2005 through June 25, 2012, or the period statements were available, to determine the source of certain deposits.

These procedures identified \$13,946.91 of undeposited collections and \$404,223.67 of unbilled project costs, for a total loss to the County of \$418,170.58. We were unable to determine if additional amounts were not properly billed or undeposited because adequate records for collections 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 **D** 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 Lyon County Engineer's Office, other matters might have come to our attention that would have been reported to you.

Copies of the report have been filed with the Lyon County Attorney's Office, the Osceola County Attorney's Office, the Attorney General's Office, the Lyon County Sheriff's Office and the Division of Criminal Investigation. We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of Lyon County and the Division of Criminal Investigation during the course of our investigation.


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 3, 2013

Lyon County Engineer's Office
Investigative Summary

Background Information

The Lyon County Engineer's Office (Engineer's Office) is responsible for the design and general road maintenance of the secondary roads in Lyon County. Services include asphalt resurfacing of blacktop roads, road blading and graveling, bridge maintenance, snow removal, shoulder mowing, driveway installation and general road repairs. In addition, the Engineer's Office provides private water well testing and septic system inspections.

The Engineer's Office has shops located in 6 cities throughout the County. The Engineer's Office and the primary shop are located in Rock Rapids. Auxiliary shops are located in Alvord, Inwood, George, Larchwood and Lester.

Jeffrey Williams began as County Engineer on June 4, 1984. As the County Engineer, his duties included, but were not limited to, supervising employees within the Engineer's Office and ensuring they properly planned, engineered and maintained roads within the County. The Board of Supervisors also added the County Sanitarian's duties to Mr. Williams' responsibilities effective July 1, 2009. These duties included performing inspections and responding to requests for technical assistance for a variety of programs which protect the health of the public, air quality, onsite wastewater management, solid waste management and other disciplines of environmental health.

The Iowa Legislature passed a septic system inspection law in 2008 which became effective July 1, 2009. The new law required the septic system of every home and building be inspected prior to the sale or deed transfer for the home or building. Certain exemptions were included in the legislation, such as the sale or transfer in the event of foreclosures, lineal lineage transfers, divorce settlements and administration of an estate. A report of the inspection is to be completed and filed with the County Engineer's Office, the Iowa Department of Natural Resources (DNR), the buyer and the seller.

In March 2012, Mr. Williams performed a septic system inspection for a home in Larchwood. After the inspection was completed, Mr. Williams sent an invoice to the homeowner for the inspection. A copy of the invoice is included in **Appendix 1**. As illustrated by the **Appendix**, the invoice was issued by Mr. Williams rather than the County. In addition, the invoice contained Mr. Williams' home address. The homeowner issued a check to Mr. Williams for the inspection. However, because the homeowner was concerned the payment should have been made to the County rather than Mr. Williams, he contacted a member of the Board of Health. A member of the Board of Supervisors was subsequently notified and the Sheriff's Office was contacted. The Sheriff's Office, along with an agent of the Division of Criminal Investigation (DCI), began an investigation of the septic system inspection fees billed and collected by Mr. Williams.

As a result of the law enforcement investigation, Mr. Williams was placed on administrative leave on May 21, 2012. He was terminated from employment on May 29, 2012. Mr. Williams was charged with 2nd degree theft and 3 counts of non-felonious misconduct in office on July 19, 2012. He plead guilty to amended charges in January 2013. Mr. Williams was sentenced to suspended jail time, probation and fines.

While conducting the investigation, law enforcement officials determined other types of collections, including proceeds from the sale of salvage materials by employees of the Engineer's Office, were not properly deposited with the County Treasurer. As a result, the law enforcement officials expanded their investigation and Todd Huisman was subsequently terminated from employment on July 9, 2012. Mr. Huisman worked in the shop located in Rock Rapids and was the Roads Supervisor at the time his employment was terminated. He began with the Engineer's Office on May 16, 1984.

Mr. Huisman was charged on July 18, 2012 with non-felonious misconduct in office and 2nd degree theft related to the undeposited proceeds from the sale of salvage materials. In addition, 6 Engineer's Office employees, including Lorna VanMaanen, Rickie Denekas, Robert Gruis, Gerald Grave, Steven Ageson and Gary Vogel, were charged with non-felonious misconduct on July 18, 2012. The 6 employees are still employed by the Engineer's Office. Each employee pled guilty to the charges against them. Of the 6 employees, 4 were ordered to pay fines and received suspended jail sentences, 1 received a deferred judgment and 1 received a suspended jail sentence. An additional Engineer's Office employee was charged with non-felonious misconduct in office, but the charges were subsequently dismissed.

In accordance with requirements established by section 11.6 of the *Code of Iowa*, the County's CPA firm notified the Office of Auditor of State on May 25, 2012 of the alleged misappropriation of funds within the Engineer's Office. As a result of the concerns identified, we performed procedures detailed in the Auditor of State's Report for the period of August 1, 2006 through May 31, 2012.

Detailed Findings

These procedures identified a \$418,170.58 loss to the County. This amount includes \$404,223.67 of road resurfacing costs paid by the County which should have been billed to several cities within the County. The \$13,946.91 of undeposited collections identified includes \$1,890.00 of septic system inspection fees Mr. Williams diverted and \$2,972.60 of septic system inspection fees for which inspections were performed and invoices were prepared but collections could not be identified.

The \$9,084.31 of remaining undeposited collections identified includes \$8,053.75 of proceeds from the sale of scrap, \$620.00 from the sale of aluminum signs and \$410.56 of refunds from battery core charges. We were unable to determine if additional collections were not properly deposited because sufficient records were not available.

UNBILLED PROJECT COSTS

According to the minutes of the Board of Supervisors' April 29, 1985 meeting, the cost of resurfacing hard surfaced County roads within a city was to be shared by the County and the city with the cities reimbursing the County for the 25% of each project's total costs.

As the County Engineer, it was Mr. Williams' responsibility to prepare and distribute the bills to the cities. It was also his responsibility to ensure the payments were collected in a timely manner and properly deposited with the County Treasurer. Some of the payments were collected and deposited with the County Treasurer. However, during a search of Mr. Williams' office by law enforcement officials, several road resurfacing bills were identified for which the County did not receive reimbursements.

The bills identified totaled \$126,955.20 and were addressed to the Cities of Alvord, Doon, Larchwood, Little Rock and Rock Rapids for resurfacing projects performed from 1991 to 2005. The County Attorney contacted representatives of each of the 5 cities to request payment. The representatives stated the bills were not received and declined to pay the outdated bills.

In addition to the bills located in Mr. Williams' office, additional unbilled project costs were identified. The current County Engineer reviewed all the project files to determine if the cities' portion of the project costs had been collected by the County. Using records available in the Engineer's Office, projects completed between 1989 and 2012 were compared to project costs received from the cities where the work was completed. **Exhibit B** lists the projects for which the County was not paid by the cities. Because sufficient records are not available, it is not possible to determine if the amounts were properly billed to the cities and not paid or if they were never billed to the cities.

As illustrated by the **Exhibit**, the unbilled invoices total \$404,223.67. The **Exhibit** also identifies which amounts were included in the billings located in Mr. Williams' office after his employment was terminated. The \$404,223.67 is included in **Exhibit A** as unbilled project costs.

UNDEPOSITED COLLECTIONS

Septic System Inspection Fees – According to the minutes of the Board of Supervisors' July 31, 2006 meeting, Mr. Williams was assigned the Sanitarian duties in addition to his responsibilities as the County Engineer. According to the minutes, the Board assigned the duties to Mr. Williams because the Sanitarian position did not warrant hiring a full-time employee. At the time Mr. Williams assumed these responsibilities, the Sanitarian's duties included issuing tattoo parlor and tanning bed permits and inspecting well closings and a limited number of septic systems.

As previously stated, the Iowa Legislature passed a septic system inspection law in 2008 which became effective July 1, 2009. The legislation requires the septic system of every home and building, with certain exceptions, be inspected prior to the sale or deed transfer for the home or building. The inspection reports are to be filed with the County Engineer's Office, the Iowa Department of Natural Resources (DNR), the buyer and the seller. All inspections must be conducted by a certified individual. The inspections may be performed by certified County officials or certified individuals who are employed by private vendors.

According to Board members, fees collected for inspections performed by Mr. Williams or other qualified County employees were to be deposited with the County Treasurer. However, as previously stated, a Board member was notified Mr. Williams had performed a septic system inspection in March 2012 and subsequently submitted an invoice to the homeowner which was not from the County Engineer's Office. Instead, the invoice contained Mr. Williams' name and home address.

During an interview with law enforcement officials on May 18, 2012, Mr. Williams was asked if the Board authorized him to perform septic system inspections on his own and to keep the related fees he collected. Mr. Williams responded he had not been given permission, but the Board never said he couldn't either. He also stated he did not report the income for the inspection fees he kept on his tax return.

During the interview, Mr. Williams explained septic systems 2 years of age or older are required to be inspected for all property sales unless a waiver is obtained. The inspections were commonly referred to as "time of transfers." He also stated he performed very few inspections, but estimated he performed perhaps 5 per year. He also explained he performed inspections on his own time, outside of his County responsibilities. He also stated when he initially performed the inspections, he did them as a County official and the fee for the inspections was retained by the County.

Mr. Williams stated the County was losing money because the fee charged for the inspections was much cheaper than the fees charged by the vendors. He also stated he didn't have enough time to do the inspections. During the interview, Mr. Williams also stated the Board decided at a point in time the County would no longer provide the inspections. According to Mr. Williams, the Board members decided citizens would have to obtain the inspections from private vendors. Mr. Williams stated after the Board decided the County would not complete the inspections, he decided he would do the inspections on his own time, such as Saturdays and Sundays.

When asked about the amount he charged for inspections, Mr. Williams stated the amount varied because it is based on the number of hours required to complete each inspection. He stated each inspection takes approximately 3 to 5 hours. He also stated there is a \$225.00 fee to ensure new septic systems are properly installed.

When asked if Mr. Williams used County equipment in a personal manner during a subsequent interview with law enforcement officials, an employee of the Engineer's Office stated Mr. Williams' farm is known as the "County Home." If there was ever equipment missing, the running joke was

they should check the "County Home." The employee also stated when he took Mr. Williams home the day he was placed on leave, Mr. Williams gave him several pieces of County equipment which were at his home, including 2 shovels, a tape measure and a probe.

When asked, Mr. Williams stated he may have taken his County-assigned vehicle once or twice when he started performing inspections on his own time. He also used a tape measure and a probe which were owned by the County for the inspections.

The Secretary of the Engineer's Office was also interviewed by law enforcement officials. According to the Secretary, she worked for Mr. Williams for approximately 27 years. She stated Mr. Williams was assigned the Sanitarian duties. She stated the extra work required of Mr. Williams hurt the Engineer's Office because he fell behind on his other work. This statement conflicts with the information Mr. Williams provided during his interview with law enforcement officials on May 18, 2012, when he stated he performed very few inspections and estimated he performed perhaps 5 per year.

The Secretary also stated the inspection reports were always given to her after they were completed by Mr. Williams. She made copies of the reports and sent them to the seller, buyer, DNR, attorneys (if applicable) and County Recorder.

The Secretary also stated Mr. Williams requested additional compensation for the extra duties on several occasions. However, the additional compensation was not approved. She recalled Mr. Williams told her sometime in 2010 the Board had decided the County would no longer be performing the inspections. Instead, they were going to be performed by private vendors. She stated Mr. Williams began performing the inspections on his own, but asked her to continue to do the administrative portion. She stated she continued to assist Mr. Williams with the inspections during her lunch hours. She was paid a \$40.00 administrative fee in cash, which was billed to the customer on their invoice.

Several members of the Board of Supervisors were also interviewed by law enforcement officials. Each member interviewed stated the responsibilities of the Sanitarian's position were to be performed by employees within the Engineer's Office. The Board members also stated the inspections were considered a source of revenue for the County.

In addition, the Board members stated Mr. Williams voiced his concerns to Board members on a number of occasions about the amount of his time the Sanitarian's responsibilities required. Mr. Williams was told he was not required to perform the duties himself, but he could delegate the duties as needed. Several members also recalled Mr. Williams requested additional compensation for the inspections, but they felt it was not warranted.

According to the Board members interviewed, the Board agreed Mr. Williams was to bill \$60.00 per hour for each septic system inspection he completed. According to the Board members, no Board member, either individually or collectively, gave Mr. Williams permission to complete septic system inspections for his personal gain. They also stated they did not decide inspections should be performed by private vendors instead of the County.

To determine if Mr. Williams was authorized by the Board to perform septic system inspections as an independent contractor and to keep the related inspection fees, we reviewed the Board's actions listed in minutes of their meetings. We identified the following notations in the minutes of the Board of Supervisors' meetings and/or the Board of Health's meetings.

- June 29, 2009 Board of Supervisors meeting - Mr. Williams stated if he completes septic system inspections, he would charge an hourly rate rather than a flat fee because the time required for each inspection varies.
- September 16, 2009 Board of Health meeting - Mr. Williams stated he has been contacted by outside parties to perform inspections under contract. The Board felt this

would be a conflict of interest. The County's CPA concurred this would be a conflict of interest.

- February 1, 2010 Board of Supervisors meeting - Mr. Williams stated the workload for the septic system inspections has increased and some months it takes 20 to 25 hours.
- March 31, 2010 Board of Health meeting – According to the minutes, Mr. Williams stated he informed the Board of Supervisors he would no longer be doing the Sanitarian activities. It was also discussed the Board of Supervisors would be exploring options, including establishing a sharing agreement for the position or hiring a part-time employee. According to the minutes from the Board of Health's meeting in May 2010, options were still being considered. The minutes also stated at the time of the meeting it appeared Mr. Williams would continue maintaining the Environmental Health program.
- January 1, 2011 Board of Supervisors meeting - Mr. Williams requested a salary increase to compensate for the additional time spent completing septic system inspections. The Board denied the request. In addition, in the June 16, 2011 minutes, the Board stated Mr. Williams will continue to perform the Sanitarian duties until changes in personnel allow a transition to another employee.

We reviewed the Board of Health meeting minutes and the Board of Supervisors meeting minutes and did not identify any action taken by either Board which would indicate they authorized Mr. Williams to cease performing the septic system inspections as a County official. In addition, we did not identify any action taken by either Board which would indicate they authorized Mr. Williams to perform the inspections on his own for personal gain.

From 2009 through 2012, the County paid the costs required for Mr. Williams to be a certified septic system inspector. The County also paid for equipment used by Mr. Williams to perform the septic system inspections. In addition to shovels and a tape measure, which the Engineer's Office would already have on hand for other types of projects, the County paid \$140.00 for a True Core Sludge Sampler, a specialized product for core sampling of wastewater.

In accordance with Chapter 69.2(3) of the Iowa Administrative Code, every certified inspector must complete 1.2 continuing education units every 2 years that are equal to 12 contact hours of training which have been approved by an accredited college or university, an issuing agency or the Iowa Department of Natural Resources between April 1 of an even numbered year and March 30 of the next even numbered year. The County paid \$600.31 during fiscal year 2009 and \$447.72 during fiscal year 2012 for Mr. Williams' travel costs associated with inspection training.

In accordance with Chapter 69.2(4) of the Iowa Administrative Code, all certificates expire on June 30 of even numbered years and must be renewed every 2 years in order to remain effective. A renewal fee of \$300.00 must accompany the renewal application. During fiscal years 2009 and 2010, the County paid \$275.00 and \$300.00, respectively, for Mr. Williams' certification and exam fees. As previously stated, Mr. Williams' employment was terminated on May 29, 2012. The County did not pay to renew his certificate which expired on June 30, 2012. Mr. Williams was not included in the list of certified inspectors dated January 10, 2013 available on DNR's website.

The costs paid by the County for equipment and Mr. Williams' travel costs and exam fees for certification during fiscal years 2009 through 2012 total \$1,763.03. It is not reasonable the County would pay for these costs if the Board of Supervisors had decided citizens would have to obtain inspections from private vendors because the Engineer's Office would no longer provide the service.

According to a DNR representative, 3 individuals were certified septic inspectors in Lyon County between 2009 and 2012, including Mr. Williams. The other 2 individuals were employed by private vendors. Mr. Williams listed his personal residence as the address on his certification, but he listed the phone number of the Engineer's Office for his contact information.

We obtained a listing of all properties sold in Lyon County from July 1, 2009 through March 31, 2012. We also obtained declaration of value documents for the properties identified in the sales reports to obtain the buyer and seller information for each property sold. According to information obtained from DNR, "Groundwater Hazard Statements" are required for all properties sold. These statements include information on whether a property has a septic system and whether an inspection has been completed. Using a database, we reviewed all statements for the properties sold. We compared inspections according to the database with the listing of inspections performed in Lyon County and did not identify any inspections which should have been performed but were not.

Inspection reports are to be filed with the County Engineer, DNR, the buyer and the seller. Mr. Williams' office was searched upon his termination and 19 reports were located. We also obtained copies of each report filed with DNR for properties located in Lyon County. We reviewed the 23 septic system inspection reports Mr. Williams completed between July 1, 2009 and May 31, 2012 which were filed with DNR and/or found in Mr. Williams' office.

Exhibit C lists the inspection reports and disposition of payments. Of the 23 reports Mr. Williams completed from 2009 to 2012, 17 were filed with both the County Engineer and the DNR, 4 were filed only with the DNR and 2 were filed only with the County Engineer. Invoices for the 23 reports are discussed in detail in the following paragraphs.

- Invoices for 19 of the inspection reports were located in Mr. Williams' office.
 - Of the 19 invoices, 8 include headings which state the invoice was issued by the Lyon County Environmental Health Department. As illustrated by **Exhibit C**, the payments for all 8 of the invoices were made to the County and deposited by the County Treasurer. The 8 payments total \$2,198.59.
 - The remaining 11 invoices include headings which state the invoice was issued by Mr. Williams. As illustrated by **Exhibit C**, the payments for 4 of the invoices were made to Jeff Williams. The total of the 4 payments is \$1,590.00.

The payments for the remaining 7 invoices were not deposited by the County or in Mr. Williams' personal bank account. As a result, we are unable to determine if the 7 invoices were not paid, if the payments were made in cash or if checks for the payments were redeemed for cash rather than deposited. The total of these 7 invoices is \$2,432.60.

- An invoice could not be located for an inspection report dated July 27, 2011. However, a law enforcement official spoke with the former owner of the property and learned Mr. Williams had been paid for the inspection through closing costs rather than a direct payment from the former or new property owner. According to the closing documents obtained, \$300.00 was paid to Mr. Williams by the financing institution.
- The remaining 3 reports were not billed by Mr. Williams and were not paid. According to the 3 homeowners for whom the inspections were performed, they did not receive an invoice and they could not recall the amount of time it took for Mr. Williams to conduct the inspection. Because invoices could not be located for the 3 inspections and the cost of the inspections are based on an hourly rate, we were not able to determine the amount which should have been billed or collected. However, because Mr. Williams estimated inspections took approximately 3 to 5 hours, we used the lower end of the estimated range and determined the County should have received \$540.00 for the 3 inspections at \$60.00 per hour. The unbilled amounts are included in **Exhibit A**.

The \$1,890.00 of inspection fees paid to Mr. Williams rather than the County are included in **Exhibit A** as diverted collections. The \$2,972.60 of inspection fees which were not deposited by the County are included in **Exhibit A** as undeposited fees.

During the search of Mr. Williams' office after his termination, law enforcement officials located 7 additional invoices. Of the 7 invoices, 2 included a description of septic system inspections. The remaining 5 invoices were for other types of inspections. The dates ranged from June 2002 to December 2005, which was prior to the law requiring septic system inspections. As a result, the septic system invoices would be for voluntary inspections requested by homeowners. The invoices identified are summarized in **Table 3**.

Date	Description	Amount
06/27/02	Engineering services – house inspection	\$ 120.00
09/19/02	Septic tank inspection	225.00
12/09/02	Engineering services – house inspection	150.00
04/23/03	Engineering services – garage inspection	100.00
11/04/03	Engineering services – beam inspection	150.00
01/09/04	Engineering services	125.00
12/15/05	Septic system inspection	175.00
Total		<u>\$1,045.00</u>

Due to the age of the invoices, we were not able to determine whether invoices were sent to the homeowner, the invoice was paid and collected or if the payment was properly deposited. As a result, the \$1,045.00 total of the invoices is not included in **Exhibit A**.

In addition to the information obtained from Board members and minutes of the Board meetings, a string of e-mail messages were identified on Mr. Williams' computer which illustrated he understood he was responsible for conducting septic system inspections as a County employee. The string of e-mail messages began at 11:46 a.m. on February 13, 2012. The messages were between Mr. Williams and a personal acquaintance. In 1 of the messages, Mr. Williams stated, in part:

“I am working today. I am doing what they call time of transfer. I am the County Engineer here and the Board of Supervisors have seen fit to also make me Sanitarian, that means that I have to inspect everyone Septic system when they sell their house to make sure it work[s] properly. After I do the inspect[ion] I write a report so I am doing some those today. It is nice to take a short break and chat back and forth.”

Mr. Williams' time card shows he worked for the County from 8:30 a.m. to 12:30 p.m. on February 13, 2012. Of the invoices identified in Mr. Williams' office, 1 was dated February 13, 2010. The homeowner confirmed an inspection was done, but the homeowner never received an invoice for the inspection.

Based on information obtained from Mr. Williams, Board members and various employees of the Engineer's Office, information recorded in the Board minutes and the County's payment of costs associated with performing septic system inspections, it is apparent Mr. Williams was aware the Board expected all fees he collected for performing inspections would be deposited with the County Treasurer.

Sale of Scrap Metal – As previously stated, the Engineer's Office is responsible for general maintenance of County roads. This includes resurfacing, blading and graveling roads, bridge maintenance, snow removal, mowing and general repairs. In addition, equipment, such as trucks, trailers, graders and other machinery, are maintained by Engineer's Office employees.

Salvageable items are collected as staff from the Engineer's Office repair roads and replace roadway pipe culverts and bridges. According to several employees, scrap metal from shops, other than the George location, is collected at the Rock Rapids shop. Some of the salvageable

items are reused, some are sold to citizens from the yard at the Engineer's Office and other items are taken to a scrap vendor. Mr. Huisman was responsible for the disposal of salvage materials, such as scrap metal, aluminum signs and used bridge planks.

According to employees, scrap collected at the Rock Rapids shop was sold to GDK Salvage Inc. (GDK) during the period of our investigation. Employees hauled the scrap to the local elevator where it was weighed and then taken to GDK. Employees interviewed stated the weigh tickets were placed on Mr. Huisman's desk. We obtained weigh tickets from the elevator to identify the dates scrap was weighed by an Engineer's Office employee. The County paid a total of \$54.00 of weighing fees.

During an interview with Mr. Huisman on June 28, 2012, a law enforcement official asked if he had knowledge of selling property which did not belong to him. He initially responded he did not know anything, but then stated he had sold scrap to GDK. He also stated he did not know where scrap from the shop in George was sold. He also stated the Superintendent of the Engineer's Office told him to get cash or have the check written to him because otherwise the money would end up in the County's General Fund. In addition, he stated, "I probably shouldn't have done that." However, during an interview with law enforcement officials, the Superintendent stated he did not provide those instructions to Mr. Huisman.

According to Mr. Huisman, the scrap taken to GDK came from the County. He stated he never loaded scrap or weighed it, but confirmed employees from the Rock Rapids shop weighed it and put the weigh ticket on his desk. He also stated the money received from selling the scrap went to a "slush fund" which was used for Christmas parties and to purchase pizza for employees. In addition, small tools and other items, including a television, refrigerator and microwave, were bought for the shop from the slush fund.

Mr. Huisman stated he kept the proceeds in his desk drawer. When employees were asked what happened to the proceeds, they stated they thought it was deposited to the County, given to the Engineer's Secretary or went to a fund for pizza or parties.

Law enforcement officials also interviewed the Superintendent on June 13, 2012. During the interview, he stated scrap was sold to GDK for cash and the money was used to buy pizza, pop and other items. He remembers it being called the "pizza fund", which had been going on for many years. According to the Superintendent, the funds "maybe total \$50 to \$100 but shouldn't have been any more than that." As stated previously, the Superintendent stated he did not instruct Mr. Huisman to request cash, but he was aware cash was received. He also stated he did not believe the pizza fund had much money in it and he was not aware of any tools purchased with the cash from GDK.

Several employees interviewed stated they were not aware of any cash fund used to purchase tools. They stated they had a charge account at a local store and any tools needed were charged at the local vendor. The employees also stated they had never received cash from Mr. Huisman to purchase tools. However, some employees stated they were aware of a "pizza fund" and had participated in "pizza days" or parties which they believed were funded by the County, including a picnic at Lake Pajoha a few years ago.

We reviewed 18 checks issued by GDK to Todd Huisman and 2 checks issued to "Cash." The 2 checks issued to cash include notations in the memo portion which indicate they were issued for scrap metal from the County. The 20 checks are listed in **Exhibit D** and total \$9,171.25. Of the 20 checks, 18 were redeemed for cash at US Bank, Sportsman Lounge or Corral Lanes. Check number 7899 was prepared by GDK only for documentation in their accounting system and to record the cash provided to Mr. Huisman. Because an image of check number 4983 was not readily available, we are unable to determine its disposition.

Accounting records maintained by the County for a deposit made on April 6, 2010 include a notation which indicates the deposit included \$1,117.50 of proceeds from GDK. While GDK did

not issue a check to the County for this amount, it is possible a portion of the \$2,422.50 cash received from GDK on March 30, 2010 was deposited with the County. There were no other deposits in the County’s accounting records with the same account code. Because a portion of the \$2,422.50 may have been deposited with the County, the remaining \$8,053.75 from GDK is included in **Exhibit A** as undeposited collections.

The employees at the George shop stated they sold scrap to a local vendor and the proceeds were split between the 4 employees of the shop. Of the 4 employees, 2 stated they received approximately \$50, 1 stated he received a total of \$450 or \$500 and 1 stated he received a total of \$300 to \$500. Because we could not locate documentation for the proceeds received when scrap was sold from the George shop or identify the vendor, we were unable to determine the amount of undeposited proceeds. As a result, the undeposited proceeds from the sale of scrap from the George shop are not included in **Exhibit A**.

Aluminum Signs and Battery Core Charges – When the County replaces signs, the old signs are sold separately from scrap. According to an employee who spoke with a law enforcement official, he has sold signs to TJN Enterprises, Inc., Scrap Recycling (TJN). He stated he believed he received approximately \$600.00 for the signs. He also stated he was paid with a check which he cashed and then gave the cash to Mr. Huisman. Records obtained from TJN document TJN paid Todd Huisman \$620.00 on April 12, 2012 for aluminum cast. However, the County’s accounting records do not include a related deposit made to the County. According to an employee, he was with Mr. Huisman when Mr. Huisman gave \$300.00 of the cash to the Engineer’s Secretary.

Mr. Huisman was also responsible for the maintenance and repair of equipment, including tires and batteries. Using a listing of disbursements obtained from the County Auditor, we determined the Engineer’s Office purchased batteries for County vehicles. Some businesses charge a “core charge”, which is similar to a deposit to promote recycling. The customer is charged a deposit when they purchase a battery. If the customer brings the battery they are replacing back to the vendor, the deposit is refunded.

The County primarily purchased batteries from Butler or Ziegler. According to a representative of Ziegler, they typically don’t charge core fees and do not take back old batteries. Another Ziegler representative stated he has taken 3 batteries from Lyon County, but those batteries were defective and under warranty. According to a representative from Butler, they don’t typically take batteries, but some customers leave them anyway. They do not charge core fees.

The County purchased 97 batteries costing \$16,019.64 between August 2006 and May 2012. The frequency, timing and cost of the purchases appear reasonable. In addition, the County was given core credits on 3 occasions, which total \$608.28. The County also received 1 discount for \$29.45, 4 warranty returns which total \$1,056.07 and 1 return credit for \$121.78.

According to Mr. Huisman, batteries were either returned to vendors, given to a guy from Pella or taken to TJN. He thought someone from the Engineer’s Office took batteries to TJN maybe twice a year. According to Mr. Huisman, an employee hauled the batteries to TJN each time.

Table 4 lists payments from TJN to Mr. Huisman for County materials, including payment for aluminum signs, for which deposits in the County’s accounting records could not be identified.

Date	Description per Invoices Provided by TJN	Amount
11/04/09	Batteries, heater cores rad and aluminum radiators	\$ 118.92
04/18/11	Batteries	291.64
04/12/12	Alum cast and sheet	620.00
Total		<u>\$ 1,030.56</u>

We were not able to determine whether additional batteries were returned to other vendors or to TJN as records were not kept prior to 2009. The \$1,030.56 paid by TJN for scrap from the County is included in **Exhibit A** as undeposited collections.

Bridge Planks – Occasionally, wooden bridges are torn down. The planks are removed from the support and either scrapped or sold, depending on their condition. According to employees from the George and Little Rock shops, they took the used planks to the Rock Rapids shop. An employee from the Rock Rapids shop stated he helped load and haul bridge planks several times. He also stated the last time was approximately 2 to 3 years ago and he sent someone interested in purchasing used planks to Mr. Huisman. Another employee from the Rock Rapids shop stated the payments were left on Mr. Huisman's desk when bridge planks were sold. Employees stated they do not prepare receipts for the sale of used planks. As a result, we were unable to determine if all money collected was properly deposited.

Based on County accounting records, proceeds from the sale of used bridge planks were deposited on 12 occasions. The proceeds deposited with the County Treasurer total \$2,883.04. Because inventory of used bridge planks is not maintained, we could not determine whether additional planks were sold. As a result, an amount for the sale of bridge planks is not included in **Exhibit A**.

Tires – During our investigation, it was also brought to our attention Mr. Huisman bought tires for the Engineer's Office from Bargain Barn Tire Center, a vendor in Sioux Falls, SD. According to County employees interviewed, Mr. Huisman and/or his son owned a race car prior to his termination and they believed Bargain Barn sponsored the race car. They expressed concern purchases made by Mr. Huisman for the Engineer's Office and the associated disposal fees and credit granted for tires which could be retreaded may have been affected by the relationship Mr. Huisman had with the vendor as a result of their sponsorship of his race car.

We obtained employment records from Bargain Barn and determined Mr. Huisman began employment with Bargain Barn on July 26, 2012, which was only a few weeks after his termination from employment with the County. As a result, we reviewed the purchases Mr. Huisman made for the County from Bargain Barn.

According to several members of the Board of Supervisors, they had spoken with Mr. Huisman on several occasions and told him to no longer purchase tires from Bargain Barn and to use vendors within the County. However, Mr. Huisman continued to purchase tires from Bargain Barn. In addition to purchasing tires from Bargain Barn, the County also purchased some tires from local vendors, such as Oak Street Station.

Prior to purchasing new tires, it is common practice to determine if existing tires can be retreaded or recapped because it is significantly less expensive to retread tires than to purchase new ones. If a tire cannot be retreaded, a disposal fee is typically charged by the vendor from whom replacement tires are purchased.

According to several employees interviewed by law enforcement officials, the Engineer's Office's practice was to give Bargain Barn both the "good" tires which could be retreaded and the "bad" tires which could not be retreaded. However, the Engineer's Office did not receive compensation for the tires which could be retreaded, as is common industry practice. In addition, the Engineer's Office did not pay a disposal fee for the tires which could not be retreaded, as is also common practice. According to Mr. Huisman, the amount received for the tires which could be retreaded would offset the disposal fee.

We reviewed invoices for all purchases the Engineer's Office made from Bargain Barn for the period March 9, 2007 to April 24, 2012 to determine whether the County paid disposal fees, received credit for good tires and whether the purchases were reasonable. Reasonableness was based on the number of items purchased, timing of the purchase and cost of the purchase.

According to the invoices, disposal fees were not paid and credits were not given. We were also unable to locate an inventory of tires. As a result, we were unable to determine the number of retreaded tires and the amount the County paid for new tires when retreading was an option. In addition, we were not able to calculate what amount, if any, the County should have received as credit for tires which could have been retreaded or how much the County should have paid for disposal fees.

According to a representative from Bargain Barn, most of the tires they received from the County were usually 6 to 8 years old, which was too old to be retreaded. Bargain Barn has an agreement with Mr. Huisman it will not charge a disposal fee for bad tires and, in return, it will not pay for any tires that may have value. Bargain Barn stated it has not issued a check to any Lyon County employee for used tires.

After reviewing individual purchases Mr. Huisman made for the County from Bargain Barn, we discussed the purchases with representatives from County Engineer's Offices in 2 other counties. We contacted an employee within the Sioux County Secondary Roads Department because Sioux County is similar in population and terrain to Lyon County. We also contacted an employee within the Story County Secondary Roads Department.

- According to the Sioux County employee we spoke with, the Secondary Roads Department re-caps approximately 95% of its tires. Tires are bought, retreaded and then disposed of when they go bad. Retreads are typically put on their trailers, which are similar to the cargo trailers for semis. The representative also stated he did not believe the credits received for good tires would offset the disposal fees for the bad tires. He stated, based on his experience, the credits received should exceed the disposal fees.
- According to a Story County Secondary Roads Department employee, Story County puts retreads on all of its big equipment except for the steering tires. The employee also stated Story County's policy is to pay the disposal fee for bad tires and receive a credit for the good tires. The employee also stated, based on the Lyon County information she was provided and reviewed, the frequency of tire purchases for Lyon County, the amount paid and timing of purchases appeared reasonable.

We also reviewed all invoices subpoenaed from Bargain Barn for purchases by Mr. Huisman and his son from August 6, 2006 to April 12, 2012. We determined 2 services and 54 items, such as motor oil, valve stems and filters, were included on the invoices at no charge to Mr. Huisman. We also identified 5 items which were listed on invoices at no charge to Mr. Huisman's son. We compared the dates of purchases made by Mr. Huisman and his son to the dates of purchases for the County and identified only 1 date in common, which was July 19, 2007. There does not appear to be any other correlation between other purchases or anything unusual in nature about the purchases on July 19, 2007.

In addition to these procedures, we compared total tire purchases between fiscal years for the period March 9, 2007 through February 1, 2013. The quantity and frequency of tire purchases appears reasonable based on the amount of equipment the County operates. However, without additional information, we were unable to determine if tire purchases were made earlier than necessary for the County or if Mr. Huisman received any form of incentive related to an early replacement of tires for Lyon County.

We also performed procedures regarding the per-tire cost the County paid Bargain Barn to determine if the costs seemed reasonable. Bargain Barn prices were compared to internet vendors and similar tires purchased from other vendors. All per-tire costs appeared reasonable for each size tire the County purchased.

Based on the County's accounting records, the County no longer purchased tires from Bargain Barn after Mr. Huisman's employment was terminated. The County now receives credits for tires traded in at local vendors.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the County to process collections. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check of those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the County'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. During our investigation, we determined the former County Engineer was responsible for:
- Performing septic system inspections,
 - Billing individuals who received inspections,
 - Collecting fees for inspections, and
 - Ensuring collections were properly deposited with the County Treasurer.

In addition, the duties related to the sale of scrap materials were not properly segregated to ensure all collections were properly deposited with the County Treasurer. Specifically, a former employee was able to authorize scrap materials to be sold, when they were sold and receive the proceeds from the sale of the scrap. No one independent of the former employee reviewed the transactions to ensure all proceeds were properly deposited with the County Treasurer.

Recommendation – While we recognize it is necessary for certain levels of management to have the ability to periodically record and deposit funds, responsibilities for the various duties related to collecting, recording and depositing funds should be segregated to the extent possible. In addition, transactions which may result in collections being diverted from the County should be monitored by an independent party on a routine basis.

- B. Unbilled Projects – The former County Engineer was responsible for billing cities for a portion of certain project costs within city limits. The County Engineer failed to bill several cities for their portion of the project costs. In addition, it was not possible to determine if other project costs were not billed or were billed but not collected.

Recommendation – The Board of Supervisors should develop procedures to ensure all project costs are properly billed and collected. The County should also consult with legal counsel to determine if it is possible to recover unbilled funds from the cities which received the benefit of projects paid for with County funds.

- C. Septic System Inspection Fees – During our review of 23 septic system inspection reports, we determined payments for 8 of the inspections were properly billed, paid, collected and deposited with the County Treasurer. However, for the remaining 15 inspections:
- 5 were billed, paid and collected but not deposited by the County.
 - 7 were billed but not deposited by the County. We were unable to definitively determine if the invoices were paid or unpaid.
 - An amount due could not be determined for 3 inspections.

Recommendation – The County should develop a policy or procedure to ensure all septic system inspections are correctly performed, billed, collected and deposited by the County.

D. Sale of Scrap– During our review of the process for selling used bridge planks and scrap metal, we determined the following:

- No policy exists regarding proper disposal of used bridge planks and aluminum signs.
- Employees at the George shop sold scrap metal and split the proceeds between themselves.
- Employees at other shop locations took scrap to the Rock Rapids shop where it was sold to a local vendor. Not all proceeds from the sale of the scrap metal were deposited with the County Treasurer.

During our review of the purchases of batteries, we also determined:

- No policy exists regarding purchasing or disposal of batteries.
- Proceeds from refunds for battery cores were not deposited with the County Treasurer.

Recommendation – The Engineer’s Office should implement procedures which ensure sufficient records are maintained for materials recovered from job sites. The records should include a description of the materials, quantity/weight, whether it will be sold as individual pieces or as scrap, the job from which it was recovered, the date it was returned to the Engineer’s Office yard, the date it was subsequently sold, the amount it was sold for and who authorized the sale.

In addition, the records should periodically be reviewed by someone independent of other duties related to the materials to ensure all material is accounted for. The sale amounts should be compared to the amounts deposited with the County Treasurer. Any variances identified should be resolved in a timely manner.

Also, proceeds should be provided to a designated individual by the purchaser or scrap metal vendor. Any documentation related to the sale, such as a ticket from a scrap metal vendor, should be maintained with a copy of the receipt. The proceeds and appropriate documentation should be remitted to the County Treasurer in a timely manner. Periodically, someone independent of handling the sale of materials and the collection of proceeds should compare the material records, receipts and the amounts deposited with the County Treasurer.

E. Tires – During our review of purchases and disposal of tires, we determined the Engineer’s Office had not established procedures to ensure tire purchases were approved in an appropriate manner. In addition, procedures were not established regarding when tires should be retreaded rather than disposed of and replaced and how often tires should be purchased.

Recommendation – The County should develop a policy or procedure for the purchase, disposal and payment for tires.

F. Tool Purchases – During interviews with employees, we determined tools purchased for less than \$50.00 did not require prior approval. The purchases were charged by employees at a local vendor.

Recommendation – The County should develop a policy which requires independent approval for purchases of tools to ensure all purchases are appropriate.

Exhibits

Report on Special Investigation of the
Lyon County Engineer's Office

Summary of Findings
For the period August 1, 2006 through May 31, 2012

Description	Exhibit/Table/ Page Number	Amount
Unbilled city share of project costs	Exhibit B	\$ 404,223.67
Undeposited collections:		
Diverted septic system inspection fees	Exhibit C	\$ 1,890.00
Undeposited septic system inspection fees	Exhibit C	2,972.60
Sale of scrap metal	Page 13	8,053.75
Sale of aluminum and battery core charges	Table 4	1,030.56 13,946.91
Total		<u>\$ 418,170.58</u>

Exhibit B

Report on Special Investigation of the
Lyon County Engineer's Office

Unbilled City Share of Project Costs
For the period August 1, 2006 through May 31, 2012

City	Year	Project Number	Description	City Share
Alvord				
	1996	STP-S-60(42)--5E-60	CITY LIMITS - EAST OF RR TRACKS TO HWY 75	\$ 5,172.12 ^
	1999	FM-60(51)--55-60	CITY LIMITS - WEST 1.3 MILES ON A-34	3,211.92 ^
	1999	FM-60(52)--55-60	CITY LIMITS - SOUTH 3 MILES ON K-30	6,151.50 ^
				14,535.54
Doon				
	1993	FM-60(38)--55-60	CITY LIMITS - S SIDE OF DOON WEST 3 MILES	2,679.07 ^
	2003	STP-S-CO60(58)--55-60	CITY LIMITS - EAST 3 MILES TO HWY 75	4,688.56 ^
	2004	FM-CO60(64)--55-60	CITY LIMITS - K42 NORTH TO A34	14,555.97 ^
				21,923.60
George				
	1996	L-ACRES-96--73-60	CITY LIMITS - 1 MILE ON WEST SIDE	8,040.50
	1999	FM-60(49)--55-60	CITY LIMITS - GEORGE SOUTH TO SIOUX CO	15,113.42
	2003	STP-S-CO60(59)-5E-60	BRIDGE - L14 - VIRGINIA STREET	40,107.19 *
	2011	STP-CO60(87)--5E-60	A34 FROM HWY 75 EAST TO E CITY LIMITS	128,523.59 *
				191,784.70
Inwood				
	1996	L-RES-194--73-60	CITY LIMITS - K12 NORTH & WEST	6,236.66
	2004	STP-S-CO60(63)--5E-60	CITY LIMITS - A42 EAST TO K42	11,689.60
				17,926.26
Larchwood				
	1996	L-RES-474--73-60	CITY LIMITS - CEMETARY ROAD 1/2 MI NORTH	4,378.02 ^
	1996	L-RES-594--73-60	CITY LIMITS - BLACKTOP TO GOLF COURSE	1,769.45 ^
	1996	FM-60(41)--55-60	CITY LIMITS - A18 - TO SOUTH DAKOTA LINE	8,979.94 ^
	2002	STP-S-CO60(54)--5E-60	CITY LIMITS - K16 NORTH TO MN STATE LINE	17,084.01 ^
				32,211.42

Report on Special Investigation of the
Lyon County Engineer's Office

Unbilled City Share of Project Costs
For the period August 1, 2006 through May 31, 2012

City	Year	Project Number	Description	City Share
Little Rock				
	1989	RS-82(3)--61-60	CITY LIMITS - HWY 9 N TO MN LINE	9,474.41 ^
	1991	L-WIDE-191--73-50 DIV II	CITY LIMITS - FROM HWY 9 THRU MAIN ST	13,573.49 ^
	1993	L-RES-190--73-60	CITY LIMITS - EAST 1 MILE TO OSCEOLA LINE	4,264.93 ^
	1996	FM-60(45)--55-60 DIV III	CITY LIMITS - MAIN ST TO WEST CITY LIMITS	3,720.69 ^
	2009	LFM-CO60(140)--7X-60 DIV IV	CITY LIMITS - EAST 1 MILE TO OSCEOLA LINE	19,499.65
	2009	STP-S-CO60(78)--5E-60 DIV II	CITY LIMITS - 1.009 MI ON L-26 N OF HWY 9	48,057.86
				<u>98,591.03</u>
Rock Rapids				
	2003	STP-S-CO60(60)--5E-60	CITY LIMITS - HAIR PIN ROAD - 2 DIVISIONS	16,784.33 ^
	2005	FM-CO60(67)--55-60	CITY LIMITS - K52 NORTH FROM HWY 9 TO MN	10,466.79 ^
				<u>27,251.12</u>
Total				<u>\$404,223.67</u>

^ - Included in bill found in Jeffrey Williams' office after his employment was terminated.

* - Records from the Engineer's Office show the City's share was 10% for the the 2003 project and 50% for the 2012 project. The current Engineer was unable to explain why Mr. Williams recorded these amounts for the projects rather than 25% for each project. Records from the Engineer's Office also show the County owed the City approximately \$52,000.00 for a bridge project.

Report on Special Investigation of the
Lyon County Engineer's Office

Septic System Inspection Reports
For the period August 1, 2006 through May 31, 2012

Per Billing

Date	Location	Billing from	Paid to
07/31/09	1496 Gage Dr., Lester	Jeff Williams	Payment not found
08/14/09	2318 IA 9, Rock Rapids	Jeff Williams	Payment not found
08/20/09	3251 240th St., Doon	LCEHD	LCEHD
08/31/09	3457 Hwy US 9, Rock Rapids	LCEHD	LCEHD
10/14/09	1555 Indian Rock, Rock Rapids	LCEHD	LCEHD
10/30/09	3848 140th St., Rock Rapids	LCEHD	Jeff Williams
11/06/09	1165 Ibex Ave., Rock Rapids	##	
11/10/09	2729 110th, Rock Rapids	LCEHD	LCEHD
11/24/09	2215 Kennedy Ave., George	LCEHD	LCEHD
12/22/09	1956 180th Ave., Inwood	LCEHD	LCEHD
01/19/10	1580 Coolidge Ave., Larchwood	LCEHD	LCEHD
12/15/10	1848 Marsh Ave, Little Rock	Jeff Williams	Jeff Williams
12/17/10	1992 Ibex Ave., Rock Rapids	Jeff Williams	Payment not found
12/28/10	1493 Gage Dr., Lester	Jeff Williams	Jeff Williams
04/15/11	4223 190th St., George	Jeff Williams	Payment not found
05/17/11	3338 IA 9 Ave., Rock Rapids	Jeff Williams	Payment not found
07/11/11	309 S. Carroll St., Rock Rapids	Jeff Williams	Jeff Williams
07/11/11	1908 130th St., Larchwood	Jeff Williams	Payment not found
07/27/11	1379 100th Ave., Larchwood	*	
02/03/12	1888 Kingbird Ave., George	##	
03/27/12	1372 Cleveland Ave., Larchwood	Jeff Williams	Payment not found
03/27/12	2525 210th St., Alvord	Jeff Williams	Jeff Williams
**	1725 South Tama - Riverbend Cir., Rock Rapids	##	
Total			

LCEHD - Lyon County Environmental Health Department

^ - Invoices were located, but we were unable to determine if the invoice was paid.

- An invoice was not located. We used Jeffrey Williams' estimate of 3 hours per inspection at \$60.00 per hour.

* - Inspection was paid through closing costs. An invoice was not located.

** - Documentation did not provide sufficient information.

Redeemed/Cashed by		
Lyon County	Jeffrey Williams	Undeterminable^
\$ -	-	286.71
-	-	286.71
166.71	-	-
526.71	-	-
256.71	-	-
316.71	-	-
-	-	180.00
90.00	-	-
150.00	-	-
285.00	-	-
406.75	-	-
-	186.20	-
-	-	440.00
-	390.00	-
-	-	400.00
-	-	449.18
-	593.80	-
-	-	100.00
-	300.00	-
-	-	180.00
-	-	470.00
-	420.00	-
-	-	180.00
\$2,198.59	1,890.00	2,972.60

Report on Special Investigation of the
Lyon County Engineer's Office

Proceeds from Sale of Scrap Metal
For the period August 1, 2006 through May 31, 2012

Per Check				
Date	Check Number	Payee	Memo	Amount
05/27/04	4499	Cash	Lyon Co. Highway Dept./U8860@\$45/Ton	\$ 199.35
03/04/05	4983	Todd Huisman	<i>None</i>	312.30
10/18/05	5367	Todd Huisman	Iron	122.00
12/20/05	5475	Todd Huisman	Iron	77.60
02/09/06	5565	Todd Huisman	Iron	104.00
07/27/06	5881	Todd Huisman	Iron	158.00
12/08/06	6141	Todd Huisman	Iron	233.80
05/15/07	6731	Todd Huisman	Iron	797.00
11/02/07	6656	Todd Huisman	Iron	193.50
04/03/08	7066	Todd Huisman	Iron	1,863.00
07/03/08	7283	Todd Huisman	Iron	500.00
04/28/09	7537	Todd Huisman	Iron	40.20
07/31/09	7637	Todd Huisman	Iron	90.80
03/30/10	7899	Cash	Todd Huisman Co. 32,300 @ \$150/Ton	2,422.50
02/22/11	8292	Todd Huisman	Iron todd huisman co.	274.00
06/16/11	8428	Todd Huisman	Iron	997.50
11/15/11	8637	Todd Huisman	Iron	100.00
12/16/11	8688	Todd Huisman	Iron	201.00
03/14/12	8800	Todd Huisman		177.00
05/17/12	8895	Todd Huisman	Iron	307.70
Total				\$ 9,171.25

* - Image of check not available from bank.

Disposition

Cashed

*

Cashed

Pay to the order of Peoples Bank for
Deposit only Sportsman Lounge

Pay to the order of Peoples Bank for
Deposit only Sportsman Lounge

Cashed

Cashed

Cashed

Cashed

Cashed

Cashed 293XXXXXXX

Cashed 293XXXXXXX

Cashed 293XXXXXXX

Was given cash, GDK wrote check out
to cash for documentation

Cashed

Cashed

Cashed

For Deposit Only Frontier Bank
(073XXXXXX) Corral Lanes

Cashed

Cashed

Report on Special Investigation of the
Lyon County Engineer's Office

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Lara K. Van Wyk, Staff Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Report on Special Investigation of the
Lyon County Engineer's Office

Copy of Invoice for Septic System Inspection in March 2012

JEFF WILLIAMS

2647 170th Street
Rock Rapids, IA 51246

Invoice

BILL TO:
[Redacted]
[Redacted]
Larchwood, IA 51241

Invoice Date: March 27, 2012

Date	Your Order #	Our Order #	Sales Rep.	FOB	Ship Via	Terms	Tax ID
3-27-12							

Quantity	Item	Units	Description	Unit Price	Total
1.5		hours	Travel and probe field (home)	80.00	120.00
		hour	Travel and run hydraulic load test	80.00	80.00
1		hour	Travel and probe field (shed)	80.00	80.00
1.5		hours	Report Preparation	80.00	120.00
60		miles	Mileage	.50	30.00
1		hour	Administration Fee	40.00	40.00
			Balance Due		470.00