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NEWS RELEASE

FOR RELEASE

April 9, 2025

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Auditor of State Rob Sand today released a report on a special investigation of the City of Linden for the period December 7, 2020 through February 28, 2023. The special investigation was requested by City officials as a result of concerns regarding certain financial transactions processed by the former City Clerk, Mandi Hutchins.

Sand reported \$10,679.60 of uncollected and undeposited utility billings, \$3,438.35 of improper disbursements, and \$3,500.51 of unsupported disbursements. However, because City records were not sufficiently maintained, it was not possible to determine if additional utility transactions were improperly recorded or if additional amounts were improperly disbursed.

The uncollected and undeposited utility billings identified includes a net total of \$7,690.60 of adjustments to utility accounts which resulted in lost revenue to the City. The uncollected and undeposited utility billings identified also includes \$2,220.00 of penalties that were not billed to utility accounts when they should have been. In addition, the uncollected and undeposited utility billings includes \$552.00 of uncollected utility billings and \$217.00 of undeposited utility collections for transactions recorded in the utility system as payments which were not deposited to the City's bank account for Ms. Hutchins utility account.

Sand also reported the \$3,438.35 of improper disbursements identified includes:

- \$918.50 of improper payroll costs paid to Ms. Hutchins resulting from Ms. Hutchins paying herself in excess of her approved monthly salary,
- \$145.00 of late fees and purchase interest charges on the City's credit card,
- \$10.00 of improper payments to vendors,
- \$2,101.85 of IRS penalties and interest, and
- \$263.00 of IPERS late fees and interest.

The \$3,500.51 of unsupported disbursements identified includes \$1,670.26 of checks issued from the City's bank account to vendors, \$1,408.03 of purchases made with the City's credit card, and \$422.22 of reimbursements to Ms. Hutchins.

Sand recommended City officials implement procedures to ensure the City's internal controls are strengthened, including segregation of duties, performing utility reconciliations, performing independent review of bank statements, and ensuring all disbursements are properly supported, approved, and paid in a timely manner. In addition, City officials should ensure all actions taken by the Council are properly documented in the minutes of Council meetings such as bank transfers between the City's accounts and utility account adjustments.

Copies of the report have been filed with the Dallas County Sheriff's Office, the Iowa Division of Criminal Investigation, the Dallas County Attorney's Office, and the Iowa Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at [Special Interest Reports](#).

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF LINDEN

FOR THE PERIOD
DECEMBER 7, 2020 THROUGH FEBRUARY 28, 2023**

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Rob Sand
Auditor of State

Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of concerns regarding certain financial transactions processed by the former City Clerk and at your request, we conducted a special investigation of the City of Linden. We have applied certain tests and procedures to selected financial transactions of the City for the period December 7, 2020 through February 28, 2023, unless otherwise specified. Based on a review of relevant information and discussions with City officials and personnel, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in the City's bank accounts to identify any unusual activity.
- (3) Reviewed available City Council meeting minutes to identify significant actions and to determine if certain payments were properly approved.
- (4) Examined bank records for certain deposits to the City's bank accounts to determine the source, purpose, and propriety of each deposit.
- (5) Compared collections recorded in the City's accounting system to detailed records for certain bank deposits to determine if collections were properly deposited.
- (6) Scanned images of redeemed checks issued from the City bank accounts for reasonableness. We examined supporting documentation for selected disbursements to determine if they were properly approved, supported by adequate documentation, and appropriate for the City's operations.
- (7) Reviewed the City's credit card statements to identify any unusual activity. We examined supporting documentation for selected purchases to determine if they were properly approved, supported by adequate documentation, and appropriate for the City's operations.
- (8) Interviewed City officials and personnel to determine the purpose of certain disbursements to vendors and reimbursements to employees.
- (9) Examined payroll disbursements and reimbursements to the former City Clerk, Mandi Hutchins, to determine the propriety of the payments.
- (10) Reviewed payments to IPERS to determine if the proper amount of payroll contributions were remitted in a timely manner.
- (11) Examined remittances to the IRS for payroll withholdings and reviewed related documentation to identify any penalties and/or interest incurred by the City for payments that were not remitted in a timely manner.
- (12) Interviewed Ms. Hutchins to obtain a better understanding of how she carried out her job duties and explanations for certain disbursements and adjustments made to the City's utility system.

These procedures identified \$10,679.60 of uncollected and undeposited utility billings, \$3,438.35 of improper disbursements, and \$3,500.51 of unsupported disbursements. We were unable to determine if additional utility transactions were improperly recorded or if additional amounts were improperly disbursed because adequate documentation was not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **G** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Linden, other matters might have come to our attention that would have been reported to you.

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

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

A handwritten signature in black ink, appearing to read "Rob Sand".

ROB SAND
Auditor of State

March 19, 2025

City of Linden
Investigative Summary

Background Information

The City of Linden is located in Dallas County and has a population of approximately 226. The City employs a City Clerk who is responsible for the business operations of the City. The City also contracts various services to outside parties, who are responsible for making repairs to the sewer system, mowing, trimming, and removing snow.

Mandi Hutchins began employment with the City as the City Clerk on December 7, 2020. As the City Clerk, Ms. Hutchins was responsible for:

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

According to City officials, the City did not have established hours that City Hall was to be open during Ms. Hutchins' employment. Specifically, Ms. Hutchins was hired at a monthly salary of \$700.00. It was noted in the October 18, 2021 City Council meeting minutes that Ms. Hutchins' monthly salary of \$700.00 was for an expectation of 20 hours per week. The October 18, 2021 meeting minutes also stated if Ms. Hutchins worked any hours in excess of 20 in a week, she was to be paid at a rate of \$8.08 per hour in excess of the expected 20 hours. The minutes included that in the only expected hours in excess of the 20 hours per week would be spent in trainings attended by Ms. Hutchins. According to the July 11, 2022 City Council meeting minutes, Ms. Hutchins asked and was approved to switch from a monthly salary to an hourly employee. Specifically, Ms. Hutchins' hourly rate was established at \$12.50 an hour, with a maximum number of hours of 100 per month, and no more than 40 hours in a week.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Dallas County and remitted to the City. The City receives payments from the State and County electronically. Revenue is also received from customers for sewer services. Utility payments and other payments are collected through the mail, in person, or in the collection box at City Hall. Ms. Hutchins did not consistently prepare receipts for collections or record the collections on an initial receipts listing.

According to the City's ordinances, the City charges a flat rate of \$47.00 monthly to each utility customers for sewer services. Each month, Ms. Hutchins was to post billings on the City's accounting system, print the billings, and mail the bills to utility customers. According to City officials, Ms. Hutchins did not prepare utility reconciliations, and the City Council did not request the information.

All City disbursements, including payroll are to be made by check. In addition, supplies may be purchased with a City credit card. All disbursements are required to be supported by invoices or other documentation obtained by or submitted to the City Clerk. Each month, the City Clerk is to prepare a listing of bills to be paid and provide the listing to the City Council for approval. After the City Council approves the bills, the City Clerk is to prepare and sign the checks. There are no countersignatures applied to checks. According to City officials, all bills and the credit card statements should be mailed to City Hall.

The City established two bank accounts, including a primary checking account used for most City operations and a checking account for Sewer deposits. The monthly bank statements for the City's bank account are mailed directly to City Hall and opened by the City Clerk. According to City officials, the monthly statements and related images of redeemed checks were not periodically reviewed by members of the City Council or the Mayor while Ms. Hutchins was the City Clerk. In addition, City officials also stated bank reconciliations were not performed during Ms. Hutchins' tenure as the City Clerk.

During the November 7, 2022 City Council meeting, Ms. Hutchins resigned as the City Clerk. According to the meeting minutes, Ms. Hutchins "will give council time to replace her position, would like to be done by the end of the year." According to City officials, it was their initial understanding Ms. Hutchins would remain as the City Clerk for the months of November, December, and January 2023 until the Council was able to hire a replacement.

However, City officials became aware the City had not billed any utility customers for the months of November and December 2022. In addition, City officials determined other routine duties of the City Clerk position had not been fulfilled and completed. As a result, City officials determined Ms. Hutchins had resigned from her position. Subsequently, the City began conducting interviews for the City Clerk position and began the process of obtaining City equipment held onto by Ms. Hutchins. However, we were unable to locate any documentation in the City Council meeting minutes terminating Ms. Hutchins employment with the City.

After the City hired a new City Clerk, City officials identified bank reconciliations were not prepared, bills were not accurately presented to the City Council, and utility billings and collections were not properly handled. In addition, City officials expressed concerns regarding payroll, payments to vendors and charges on the City's credit card.

As a result of the concerns identified, City officials requested the Office of Auditor of State to review the City's financial records. We performed the procedures detailed in the Auditor of State's Report for the period December 7, 2020 through March 31, 2023.

Detailed Findings

The procedures performed identified \$10,679.60 of uncollected and undeposited utility billings, \$3,438.35 of improper disbursements, and \$3,500.51 of unsupported disbursements. We were unable to determine if additional utility transactions were improperly recorded or if additional amounts were improperly disbursed because adequate documentation was not available.

The uncollected and undeposited utility billings identified includes a net total of \$7,690.60 of adjustments to utility accounts which resulted in lost revenue to the City. The uncollected and undeposited utility billings identified also includes \$2,220.00 of penalties which were not assessed to utility accounts when they should have been. In addition, the uncollected and undeposited utility billings also includes \$552.00 of uncollected utility billings on Ms. Hutchins' personal residence and \$217.00 of undeposited utility billings for transactions recorded in the utility system as payments which were not deposited to the City's bank account. Because sufficient records were not available, it was not possible to determine which, if any, of the transactions were amounts actually collected by the City but not properly deposited.

The \$3,438.35 of improper disbursements identified includes:

- \$918.50 of improper payroll costs paid to Ms. Hutchins,
- \$145.00 of late fees and interest on the City's credit card,
- \$10.00 of improper payments to vendors,
- \$2,101.85 of IRS penalties and interest, and
- \$263.00 of IPERS late fees and interest.

We also identified \$3,500.51 of unsupported disbursements which include \$422.22 of reimbursements to Ms. Hutchins, \$1,408.03 of purchases on the City's credit card, and \$1,670.26 of disbursements from the City's checking account to vendors.

We were unable to determine if additional funds were improperly disbursed because adequate supporting documents were not available. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

At the completion of fieldwork, we interviewed Ms. Hutchins to obtain explanations for certain transactions and processes followed during Ms. Hutchins employment with the City. We also requested explanations for certain disbursements. The information Ms. Hutchins provided are described in the following paragraphs.

UNDEPOSITED COLLECTIONS

As previously stated, Ms. Hutchins was responsible for preparing utility billings, receiving the related payments, depositing collections, and maintaining the City's utility system during her employment. She did not prepare utility reconciliations. Also as previously stated, the City established a primary checking account used for most City operations. The monthly bank statements were sent to the City Clerk and no other City officials reviewed them. According to the Mayor, there were several complaints from residents regarding not receiving their utility bills the last few months of Ms. Hutchins employment with the City.

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

- Adjustments made to individual utility accounts in the City's utility system which reduced the balances owed and adjustments which removed credit balances on certain accounts.
- Entries in the City's utility system stating utility bills were paid by customers, but the payments were not included in deposits made to the City's bank accounts.
- Customers not being assessed penalties on outstanding balances.
- Entries which indicated utility bills were not properly billed each month. However, in those cases, the customer was billed at a later date.

While each of these concerns involve risk that utility payments may have been collected by the City but not properly deposited in a City bank account, this risk is somewhat mitigated. According to the current City Clerk, very few customers pay their utility bill in cash and there are limited other sources of cash collected by the City. For the accounts we tested, we did not identify any undeposited cash collections.

Through our testing, we determined the instances described above overlapped and were interrelated at times. While each of the instances resulted in lost revenue to the City, we are unable to determine which

specific transactions, if any, were utility billing payments received by the City which were not properly deposited in the City's bank account. Our findings are explained in detail in the following paragraphs.

Account Adjustments

As previously stated, City officials provided a Utility Billing History report from the utility system for all utility accounts for the period December 1, 2020 through February 28, 2023. The Utility Billing History report listed each bill date, any previous balance, the current charges, payment date, amount paid, and the new balance amount. The report also specified the dates of any adjustments and/or penalties assessed to accounts. The adjusted balance was shown along with the next billing date.

Using the Utility Billing History report, we reviewed all accounts for any adjustments. As part of our procedures, we identified instances where an account balance due from a customer was reduced, as well as instances where the account balance was increased outside of a normal billing cycle.

During our review, we identified 73 adjustments made to 26 accounts. Of the 73 adjustments, 12 adjustments, made to seven accounts, the net total of the adjustments was \$10.00 or less. Of the remaining 61 adjustment, 60 adjustments, made to 20 accounts, had a specific reason listed on the utility system. Of the 60 adjustments with a specific reason listed, 57 stated the amount was adjusted because it was sent to the County to collect for delinquent utilities. As a result, we provided a listing of the 57 adjustments with notations to the Dallas County Treasurer's office. According to information received from the Dallas County Treasurer's office, only 17 of the 57 adjustments had been sent to the County. The remaining adjustments did not have a comment and/or specific reason for the adjustment identified.

We were unable to find supporting documentation or discussion of adjustments in the Council meeting minutes. In addition, we were unable to locate any evidence of adjustments made in the utility system were approved by the City Council. In addition, according to City officials we spoke with, they did not recall adjustments discussed or presented by Ms. Hutchins.

Exhibit B lists the accounts we identified adjustments for the period December 1, 2020 through February 28, 2023. The **Exhibit** does not include adjustments to accounts for which the net total was \$10.00 or less or the 17 adjustments which had been received by the County. As illustrated by the **Exhibit**, customers are identified as A through R to protect their privacy.

The **Exhibit** includes 44 adjustments made to 18 accounts. The adjustments that reduced a balance are shown as negative numbers and are considered uncollected utility billings. The adjustments that increased a balance outside of a normal billing cycle are shown as positive numbers in the **Exhibit**. Because the balances were increased, the City may have collected more than what should have been paid for the account. As illustrated by the **Exhibit**, the 44 adjustments resulted in \$7,690.60 net amount of uncollected utility adjustments.

According to City officials, the City does not have a policy for utility adjustments outside of sending delinquent billings to the County Treasurer to be assessed on the individual's property taxes. In addition, according to City officials we spoke with stated they could not provide an explanation for the adjustments identified in the **Exhibit**. However, we could not determine if these accounts were adjusted because of their relationship or another reason.

Because the adjustments made in the utility system by Ms. Hutchins resulted in lost revenue to the City, the \$7,690.60 net amount of uncollected utility adjustments listed in **Exhibit B** are included in **Exhibit A** as uncollected and/or undeposited collections.

During our interview with Ms. Hutchins, we asked Ms. Hutchins about the 44 adjustments which reduced balances owed. According to Ms. Hutchins, "the only time they ever got adjusted in G-works was when they knew it was going to the County." In addition, Ms. Hutchins confirmed she was the individual who entered those adjustments and notes into the Utility system. When asked specifically

about the instances where adjustments made to utility accounts had comments that they were sent to the County but had not been per the Dallas County Treasurer, Ms. Hutchins stated, “I sent them every time, so I don’t know.”

Unbilled Utility Penalties

As previously stated, Ms. Hutchins had primary responsibility for preparing utility billings, collecting payments, preparing, and making deposits, and maintaining the City’s utility system. Also, as previously stated, the City bills a flat rate of \$47.00 monthly to each utility customer. According to City officials and staff, each month, Ms. Hutchins was to post billings on the City’s accounting system, print the bills, and mail the bills out to utility customers around the first of the month. Payments are due the 15th of each month. According to the City’s Code of Ordinances, if no payment is received within 15 days of the billing, the individual utility account is to be assessed a \$5.00 penalty.

Using the Utility Billing History report, we reviewed all accounts for any instances where a payment was not received by the due date. If the individual account had a credit balance to cover the amount of that month’s billing, it was not included in our testing. During our review of the Utility Billing History report for all utility accounts for the period December 1, 2020 through February 28, 2023, we identified numerous instances where a penalty should have been billed but was not. The instances are listed in **Exhibit C**. As illustrated by the **Exhibit**, customers are identified as A through CN to protect their privacy.

The **Exhibit** includes 444 instances of penalties that should have been billed but were not on 92 accounts. According to City officials, penalties should have been assessed in these instances. As illustrated by the **Exhibit**, the 444 instances resulted in \$2,220.00 of unbilled utility penalties.

Because Ms. Hutchins was responsible for the utility billings of the City and in accordance with the City’s Code of Ordinances regarding the assessment of penalties, the \$2,220.00 of unbilled utility penalties listed in **Exhibit C** are included in **Exhibit A** as unbilled and/or undeposited collections.

During our interview with Ms. Hutchins, we asked Ms. Hutchins about the 444 instances of penalties that should have been billed but were not. According to Ms. Hutchins, “unless I just quick did the bills and didn’t get that late payment wrong.”

Mandi Hutchins Utility Account

As previously stated, Ms. Hutchins had primary responsibility for preparing utility billings, collecting payments, preparing, and making deposits, and maintaining the City’s utility system. During our review, we were informed Ms. Hutchins lived in town and was a utility customer. Because she had primary responsibility and was a customer we reviewed Ms. Hutchins’ personal utility account.

Using the Utility Billing History report, we reviewed and scheduled out the monthly billing, payments posted and balances for Ms. Hutchins’ account for the period December 1, 2020 through February 28, 2023. As previously stated, the Utility Billing history report listed each bill date, any previous balance, the current charges, payment date, amount paid, and the new balance amount. The report also specified the dates of any adjustments and/or penalties assessed to accounts.

During our review of Ms. Hutchins’ utility account, we identified instances of penalties which should have been assessed but were not, outstanding monthly balances rolling forward with no payment posted, and payments posted as check receipts. Specifically, we identified six instances of penalties which should have been billed but were not, resulting in \$30.00 of unbilled utility penalties.

Also, we identified 18 of 27 months for the time period Ms. Hutchins’ account had a monthly billing with no payment posted to her account. Of the 18 months, eight months had penalties properly assessed to Ms. Hutchins’ utility account. In addition, four were at the end of her employment, when she had not properly billed for the months of November and December 2022 and billed November, December and

January all within three days of each other in January. The 18 months of monthly billings with no payments posted resulted in \$522.00 of uncollected utility billings as of February 28, 2023.

During our review of Ms. Hutchins' utility account, we identified 12 instances of payments posted to her account during the time period reviewed. Using the dates the payments were posted to Ms. Hutchins' utility account and dates of deposits from the City's bank statements, we requested deposit detail for every deposit which was within the same month of the payment posted on Ms. Hutchins' utility account.

Using the deposit details obtained from the City's bank, we attempted to trace each payment posted to Ms. Hutchins' utility account to a deposit in the City's bank account. We were able to trace nine of 12 payments posted to Ms. Hutchins' utility account that were properly deposited into the City's bank account, totaling \$479.00. However, there were three payments posted to Ms. Hutchins' utility account that we were unable to trace to the City's bank account. The details of the three payments are as follows:

- Payment posted on September 30, 2021 for \$47.00 with a notation of 1691 payment.
- Payment posted on January 31, 2022 for \$90.00 with a notation of 019045482 payment.
- Payment posted on June 16, 2022 for \$80.00 with a notation of 1698 payment.

For all three of these payments, there were no checks in the deposit details obtained from the City's bank from Ms. Hutchins, in addition, the amount of cash collections for each deposit reviewed were less than the amount paid by Ms. Hutchins.

The three payments posted to Ms. Hutchins' utility account, totaling \$217.00, could not be traced to deposits in the City's bank account. Because Ms. Hutchins was responsible for utility billings, collections and depositing, the \$217.00 is considered undeposited utility collections.

The \$30.00 of unbilled utility penalties, the \$522.00 of uncollected utility balance and the \$217.00 of undeposited utility collections, totaling \$769.00 are included in **Exhibit A**.

During our interview with Ms. Hutchins, we asked why there were six instances of penalties which should have been billed but were not on her personal utility account. Ms. Hutchins stated, "it should have been, just like everyone else's." In addition, we asked Ms. Hutchins about the instances of non-payment on her utility account, and she stated, "I paid it in that time frame." In follow up, Ms. Hutchins confirmed she was responsible for posting to utility accounts, preparing deposits, making deposits during this time period.

We also asked Ms. Hutchins about the three instances of payments posted to her account that we were unable to trace to the City's bank account. Ms. Hutchins stated, "it all matched up, so I don't know." Ms. Hutchins also stated "it looks like I was paying my bill, but no. And it might have been, like the only thing I can think is if it the check didn't get to the bank, then it was in that stuff that I gave back, because if I wrote a check it was there." However, earlier in our conversation, Ms. Hutchins had said that she routinely made deposits every two to three weeks and the checks listed above would not have been in the records that she turned in. Ms. Hutchins stated, "yeah it shouldn't have been."

IMPROPER AND UNSUPPORTED DISBURSEMENTS

As previously stated, City disbursements are to be made by check or by using the City's credit card. Because Ms. Hutchins had the ability to issue checks from the City bank account and had access to the City's credit card, we reviewed all disbursements and redeemed checks from the City's bank account for the period December 1, 2020 through February 28, 2023. We also reviewed all charges to the City's credit card from March 1, 2022 through February 28, 2023. The City did not have a credit card prior to March 1, 2022.

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

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

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

Checks Issued to or on behalf of Mandi Hutchins

As previously stated, Ms. Hutchins became City Clerk in December 2020 and was to receive a monthly salary of \$700.00 on the last day of each month. According to City officials we spoke with, there were no set hours for the City Clerk's position or for City Hall. However, according to City officials, the City Clerk was a part-time position with the expectation of no more than 20 hours would be worked each week. According to the June 20, 2022 City Council meeting minutes, Ms. Hutchins requested to be paid hourly instead of salary, but no action was taken during the meeting. However, the July 11, 2022 City Council meeting minutes showed Ms. Hutchins was approved to be paid hourly at a rate of \$12.50 an hour not to exceed 100 hours in a month. In addition, Ms. Hutchins was eligible for reimbursement of expenses related to City operations if she submitted supporting documentation.

Because Ms. Hutchins was responsible for preparing her own payroll and all other disbursements for the City, we reviewed payments issued to and/or on behalf of herself to determine propriety. Each type of disbursement issued to and/or on behalf of Ms. Hutchins are discussed in more detail in the following paragraphs.

Unauthorized Payroll and Related Costs – As previously stated, Ms. Hutchins was hired at a monthly salary of \$700.00 and remained a salary employee for the period December 2020 through June 2022. Starting in July 2022 through February 2023, Ms. Hutchins was approved to be paid an hourly rate for hours worked not to exceed 100 hours per month.

According to City officials, Ms. Hutchins was expected to complete a timesheet each month. However, City officials could not locate timesheets for Ms. Hutchins for the period December 7, 2020 through February 28, 2023.

Using available supporting documentation, we compared Ms. Hutchins' authorized gross pay for each month to the gross pay recorded in the City's records. During our review, we identified four out of 28 checks issued to Ms. Hutchins for an amount which did not agree with her authorized pay.

The four checks identified are listed in **Exhibit D** along with the related employer's share of FICA and IPERS costs for each check. **Exhibit D** includes the following transactions.

- We identified three payroll checks which exceeded her authorized salary amount. The excess amounts were \$40.00, \$34.34, and \$10.10. We were unable to locate supporting documentation providing an explanation for the amounts which exceeded Ms. Hutchins authorized salary.
- We identified one payroll check on November 30, 2021 where the entire check was excess payroll. As illustrated by the **Exhibit**, Ms. Hutchins received check number 20264 dated November 30, 2021 in the amount of \$700.00 prior to the end of the month. As illustrated by the **Exhibit**, she received check number 20285 dated December 10, 2021 in the amount of \$700.00 for November's salary, and she received check number 20291 dated January 14, 2022 in the amount of \$700.00 for December's salary. Therefore, check number 20264 dated November 30, 2021 in the amount of \$700.00 is considered excess payroll.

As previously stated, Ms. Hutchins became an hourly employee in July 2022 through the end of her employment. We reviewed the total monthly hours not to be exceeded based on the City Council meeting minutes, timesheets, and information from City officials to determine if the amount Ms. Hutchins paid herself for each of the pay periods for the period July 2022 through February 2023 were reasonable.

As previously stated, the City could not locate any of Ms. Hutchins timesheets for the period of December 2020 through February 2023. As a result, we compared the number of hours recorded in the City's payroll system for Ms. Hutchins to the hours expected per the City Council meeting minutes per month. As illustrated by the **Exhibit**, Ms. Hutchins received eight payroll checks during her employment with the City that were for hours worked. During our review, for the eight pay periods Ms. Hutchins was an hourly employee, the hours recorded in the City's accounting system did not exceed the authorized 100 hours per month. As a result, there were no additional excess wages received for this period.

The \$784.44 of excess gross payroll, the \$134.06 of related FICA and IPERS contributions paid by the City are included in **Exhibit A** as improper disbursements.

During our interview with Ms. Hutchins, she stated the following regarding the three instances where the gross payroll did not agree with her authorized pay, "that would have been when they switched it to, if I worked more than so many hours, I wasn't getting paid minimum wage, and so you had to up, if I worked more than whatever the hours were for 700, then they upped that, and that should have been in the minutes." During our review, there was no mention of Ms. Hutchins exceeded the expected hours in the City Council meeting minutes. In addition, according to Ms. Hutchins timesheets were not required and not turned into the City. According to Ms. Hutchins, she tracked her hours on her personal planner but that she no longer had that information, and it was never turned into the City.

When we asked Ms. Hutchins about the one payroll check on November 30, 2024 being an excess payroll check, she stated, "I don't have any idea, why that." When we stated that she prepared her payroll checks and she signed them, she stated, "right ... I don't know. Did they all get cashed? Or did I, I don't know if one of them got ruined in the printing." When we stated that all three checks cleared the City's bank account Ms. Hutchins did not have a response.

Reimbursements – As previously stated, Ms. Hutchins was entitled to reimbursement for expenses related to City operations. According to City officials, there would be no significant expenses with the exception of travel related costs to training and occasional supply purchases Ms. Hutchins would have incurred on behalf of the City. Ms. Hutchins was entitled to reimbursement for any expenses or mileage she incurred on behalf of the City.

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

We reviewed the available documentation to determine the propriety of the reimbursements for the period December 7, 2020 through February 28, 2023. As a result, we identified the following:

- For five of the 15 reimbursements, the only explanation available was a notation on the check stub. Supporting documentation, such as a receipt, invoice, or an evidence of council approval was not available to determine the propriety of the payment.
- Of the 15 reimbursements, seven were not included on the disbursement listing approved by the City Council and included in the minutes. Two of the seven were properly supported and were reasonable.

The reimbursement checks identified with the concerns above are listed in **Exhibit E**. As illustrated by the **Exhibit**, we identified eight of the reimbursements were unsupported which totaled \$422.22. According to City officials we spoke with, they could not provide an explanation for the reimbursed amounts or why supporting documentation was not properly maintained in the City's records. The \$422.22 reimbursements identified are included in **Exhibit A** as unsupported disbursements.

Credit Card Charges

As previously stated, Ms. Hutchins was issued a credit card to purchase supplies and other necessary items for City operations for the period March 2022 through February 2023. For the period of review, the City did not have a credit card policy. However, subsequent to our review, the City adopted a credit card policy.

As previously stated, all disbursements are required to be supported by invoices or other documentation obtained by or submitted to the City Clerk. As the City Clerk, Ms. Hutchins was responsible for preparing a listing of bills to be paid and provide the listing to the City Council for approval. After the City Council approves the bills, Ms. Hutchins was responsible for preparing and signing the checks.

We obtained and reviewed copies of the credit card statements for the City's credit card from the issuing credit card vendor. We also reviewed the supporting documentation maintained by the City for the charges made with the City's credit card to determine propriety.

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

Based on supporting documentation maintained by the City, we identified purchases classified as unsupported because sufficient information was not available to determine if the purchase was for City operations. The unsupported purchases identified are listed in **Exhibit F**. As illustrated by the **Exhibit**, the unsupported purchases identified totaled \$1,480.03 and include purchases from Staples Direct, IReceivables, Office Depot, the Des Moines Register, and Heartland Coop.

The \$1,480.03 of unsupported purchases listed in **Exhibit F** are included in **Exhibit A**.

In addition to the unsupported purchases, we identified \$145.00 of late fees and interest charges on the City's credit card. The \$145.00 total is included in **Exhibit A** as improper disbursements.

Other Vendor Payments

As previously stated, we scanned all disbursements and redeemed checks from the City's bank account to determine if purchases were reasonable for City operations. Also as previously stated, we determined the propriety of disbursements based on available supporting documentation; the type or the quantity of items purchased; discussions with City officials; and the vendor, frequency, and amount of payments. We also reviewed disbursement listings approved by the City Council included with the minutes of City Council meetings. During our review, we identified payments to various vendors such as Capital City Equipment, Panorama Tire, and Panora Auto Parts which resulted in improper and unsupported disbursements. The improper and unsupported disbursements from the City's bank account are listed in **Exhibit G**.

As illustrated by the **Exhibit**, we identified a check dated January 31, 2023 issued to Capital City Equipment for \$111.23. During our review, detailed receipts could not be located; however, the Capital City charge account statement was located. Based on the statement, of the \$111.23 amount due, there was a \$10.00 finance charge included for a late payment on the City's bill. As the City Clerk, Ms. Hutchins was responsible to ensure the City was paying their bills in a timely manner. Therefore, the finance charge was considered an improper disbursement.

In addition to the improper disbursement, we identified unsupported disbursements from the City's bank account totaled \$1,670.26 which are included in the **Exhibit**. As illustrated by the **Exhibit**, the amounts of the disbursements ranged from \$25.83 to \$576.33 and occurred between August 4, 2021 and February 7, 2023. Because sufficient supporting documentation was not available and City

officials, we spoke with, could not provide an explanation for these disbursements, the ten payments were classified as unsupported disbursements.

The \$10.00 of improper disbursements and \$1,670.26 of unsupported disbursements listed in **Exhibit G** are included in **Exhibit A**.

IRS Penalties and Interest charges

The City received documentation from the IRS which reported the City had not submitted quarterly 941 reports and was behind on their quarterly contributions. As part of our procedures, we reviewed the information received by the City to determine what, if any, obligation the City owed the IRS for penalties and interest regarding the matter.

Based on review of the payments made by the City to the IRS, we determined the City did not make quarterly contributions to the IRS from August 2022 through February 2023. In addition, based on our review of the documentation received by the City from the IRS, the City had outstanding penalties and interest charges totaling \$2,101.85 because required IRS reports were not filed and required contributions were not remitted in a timely manner. The \$2,101.85 of penalties and interest charges identified are included in **Exhibit A** as improper disbursements.

IPERS Late Fees and Interest

Using reports obtained from IPERS for fiscal years 2021 through 2023, we determined the City paid \$263.00 of late fees and interest charges because required IPERS reports were not filed and required contributions were not remitted in a timely manner. The \$263.00 of late fees and interest charges identified are included in **Exhibit A** as improper disbursements.

OTHER ADMINISTRATIVE ISSUES

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

Other Utility Concerns – As previously stated, City officials identified the former City Clerk had not properly billed any of the City’s utility customers for the months of November and December 2022. Specifically, there were no bills sent out to any of the approximately 99 City utility customers.

During our review of the City’s utility system, we identified the billings for the months of November and December were subsequently mailed on January 16, and January 17, respectively. Based on our review, the 99 accounts or 198 instances of billings were not properly billed totaled \$9,504.00 of unbilled utilities. However, because the City did send out three utility bills in the month of January 2023, the \$9,504.00 has not been included on **Exhibit A**. During our interview with Ms. Hutchins, we asked Ms. Hutchins about the two months of utility billings that were not properly billed. According to Ms. Hutchins, “I must have forgotten it or something, I wouldn’t have not that month.” In follow up to this response, we reminded her that she was a resident in town during those months and did not receive a bill. Ms. Hutchins stated that she lost track, specifically “most likely, just cause like I said I was so busy that’s why I went ahead and put in my resignation.”

Transfers – We reviewed all transfers made between City bank accounts from November 2020 through March 2023. Of the five transfers identified, two were made from the City’s checking account to the City’s sewer account, two were from the City’s checking account to the City’s Certificates of Deposit, and one was a payment reversal to a utility customer for a duplicate payment. We determined the five transfers were not properly approved by the City Council prior to the transfers being made. According to City officials, the transfers made from the City’s bank accounts were appropriate.

Oversight – City officials have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of the City’s operations, and maintain the public trust. Oversight is typically defined as the “watchful and responsible care” a governing body exercises

in its fiduciary capacity. Based on our review, we determined the City officials did not provide sufficient oversight of the City's financial transactions and did not:

- Require and maintain original, itemized receipts for all disbursements, including employee reimbursements, and review the supporting documentation to ensure an appropriate purpose of the disbursements.
- Properly review payroll supporting documentation prior to issuance.
- Review the City's bank statements and credit card statements.
- Request and review all bank reconciliations.
- Require and review utility reconciliations.

Oversight procedures ensure sufficient controls are in place over items which are susceptible to loss or improper use, such as credit cards. Oversight procedures also ensure timesheets are reviewed in a manner in which hours reported in excess of the amount authorized by the City Council would be identified prior to approval of the timesheet and preparation of the related payroll check.

Recommended Control Procedures

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

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

In addition, bank reconciliations and initial listing of receipts were not prepared. No one independent of collections compared deposits to information recorded in the City's financial records to ensure amounts were properly deposited, recorded, and classified. Transfers were not included in minutes and approved by the City Council, and the City had not established any policies regarding information technology systems.

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

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

In addition, an initial listing of receipts should be maintained. Transfers should be approved by the City Council and included in minutes of Council meetings. City officials should establish any policies regarding information technology systems to ensure proper procedures are in place.

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

- Disbursements were not consistently supported by invoices or other documentation.
- Not all disbursements were approved by the City Council.
- The City incurred finance charges and late payment fees because the former City Clerk did not pay certain City obligations in a timely manner.

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

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

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

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

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

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquent accounts for each billing period. The City Council, or an independent individual designated by the City Council, should review the reconciliations, and monitor delinquencies. Delinquent accounts should not be written off without City Council approval.

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

E. Payroll – During our review of payroll, we identified numerous instances where the City Clerk was paid more than her authorized salary and expected hours for the City Clerk were not properly documented in the City Council minutes. In addition, we determined employees were required to complete timesheets and submit them for approval; however, there were no timesheets maintained in the City’s records. During our review of payroll disbursements, we identified the following:

- Ms. Hutchins paid herself \$918.00 in excess of her approved salary.
- We determined timesheets were not maintained for Ms. Hutchins.

Recommendation – City officials should implement procedures to ensure appropriate payroll records are maintained. City officials should also periodically review payroll records to ensure payroll is calculated properly.

In addition, a City official who is familiar with the City Clerk's actions should review and approve the City Clerk's timesheet for each pay period. The review and approval should be documented by the signature or initials of the reviewer and the date of approval and information from the timesheets should be periodically compared to the information recorded in the City's payroll system.

- F. Oversight by City Officials – City officials have a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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

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

For example, bank statements should be delivered to an official who does not collect or disburse City funds and credit card statements should be delivered to an official who does not have access to a City credit card. The bank statements and credit card statements should be reviewed in a timely manner for unusual activity. Bank reconciliations should be performed monthly and reviewed by someone independent of other financial responsibilities. The review should be documented by the signature or initials of the reviewer and the date of the review. In addition, reviews of timesheets should be completed in a thoughtful, thorough manner and any discrepancies resolved prior to approval.

Exhibits

Report on Special Investigation of the
City of Linden

Summary of Findings
For the Period December 7, 2020 through February 28, 2023

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Uncollected and undeposited utility billings:				
Net amount of utility account adjustments	Exhibit B	\$ 7,690.60	-	7,690.60
Unbilled utility penalties	Exhibit C	2,220.00	-	2,220.00
Mandi Hutchin's utility account	Page 10	769.00		769.00
Total uncollected and undeposited collections		10,679.60	-	10,679.60
Improper and unsupported disbursements:				
Payments to or for Mandi Hutchins:				
Unauthorized payroll and related costs	Exhibit D	918.50	-	918.50
Reimbursement checks	Exhibit E	-	422.22	422.22
Credit Card Purchases	Exhibit F / Page 13	145.00	1,408.03	1,553.03
Other Disbursements	Exhibit G	10.00	1,670.26	1,680.26
IRS Penalties and interest	Page 14	2,101.85	-	2,101.85
IPERS late fees and interest	Page 14	263.00	-	263.00
Total improper and unsupported disbursements		3,438.35	3,500.51	6,938.86
Total		\$ 14,117.95	3,500.51	17,618.46

Exhibit B

Report on Special Investigation of the
City of Linden

Utility Account Adjustments
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount Adjusted	Net Total by Account	
			Uncollected	Additional Collections
A	07/18/22	\$ (458.00)		
	10/25/22	(203.00)		
		<u>(661.00)</u>	\$ (661.00)	-
B	07/18/22	(203.00)		
	10/25/22	(203.00)		
		<u>(406.00)</u>	(406.00)	-
C	03/15/22	(94.00)		
	07/18/22	(208.00)		
	10/25/22	(198.00)		
		<u>(500.00)</u>	(500.00)	-
D	03/13/21	(297.00)		
	03/26/21	297.00		
	08/16/21	(495.00)		
	11/15/21	(203.00)		
	03/15/22	(99.00)		
	07/18/22	(203.00)		
	10/25/22	(203.00)		
		<u>(1,203.00)</u>	(1,500.00)	297.00
E	10/25/22	(395.00)		
		<u>(395.00)</u>	(395.00)	-
F	03/13/21	(297.00)		
	08/16/21	(292.00)		
	11/15/21	(109.00)		
		<u>(698.00)</u>	(698.00)	-
G	01/15/22	(98.00)		
		<u>(98.00)</u>	(98.00)	-
H	08/25/21	(198.00)		
		<u>(198.00)</u>	(198.00)	-

Report on Special Investigation of the
City of Linden

Utility Account Adjustments
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount Adjusted	Net Total by Account	
			Uncollected	Additional Collections
I	08/25/21	203.00		
		<u>203.00</u>	-	203.00
J	03/15/22	(109.00)		
	07/18/22	(203.00)		
	10/25/22	(203.00)		
		<u>(515.00)</u>	(515.00)	-
K	03/15/22	(146.00)		
	07/18/22	(203.00)		
	10/25/22	(203.00)		
		<u>(552.00)</u>	(552.00)	-
L	10/25/22	(299.00)		
		<u>(299.00)</u>	(299.00)	-
M	03/13/21	(390.00)		
	08/16/21	(240.00)		
	11/15/21	(156.00)		
	03/15/22	(109.00)		
		<u>(895.00)</u>	(895.00)	-
N	11/15/21	(201.00)		
	03/15/22	(109.00)		
	07/18/22	(203.00)		
		<u>(513.00)</u>	(513.00)	-
O	11/15/21	(203.00)		
		<u>(203.00)</u>	(203.00)	-

Exhibit B

Report on Special Investigation of the
City of LindenUtility Account Adjustments
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount Adjusted	Net Total by Account	
			Uncollected	Additional Collections
P	11/15/21	(203.00)		
	03/15/22	(109.00)		
	07/18/22	(203.00)		
		<u>(515.00)</u>	(515.00)	-
Q	04/12/22	475.40		
		<u>475.40</u>	-	475.40
R	11/15/21	(203.00)		
	03/15/22	(109.00)		
	07/18/22	(203.00)		
	10/25/22	(203.00)		
		<u>(718.00)</u>	(718.00)	-
Total		<u>\$ (7,690.60)</u>	<u>(8,666.00)</u>	<u>975.40</u>

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

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
A	12/15/20	\$ 5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	40.00
B	12/15/20	5.00	
	01/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	35.00
C	01/15/22	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	20.00
D	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	08/15/21	5.00	
	12/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	45.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
E	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	11/15/21	5.00	
	03/15/22	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	45.00
F	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	08/15/21	5.00	
	12/15/21	5.00	
	07/15/22	5.00	35.00
G	01/15/21	5.00	
	04/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	05/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	35.00
H	02/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	15.00
I	12/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	09/15/22	5.00	20.00

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
J	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	35.00
K	12/15/20	5.00	
	04/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	11/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
L	10/15/22	5.00	40.00
	01/15/21	5.00	
	06/15/21	5.00	
	11/15/21	5.00	
	02/15/22	5.00	
	03/15/22	5.00	
	07/15/22	5.00	
M	10/15/22	5.00	35.00
	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	04/15/22	5.00	
	08/15/22	5.00	
	09/15/22	5.00	35.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
N	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	35.00
O	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	07/15/21	5.00	25.00
P	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	30.00
Q	12/15/20	5.00	
	01/15/21	5.00	
	03/15/21	5.00	
	08/15/21	5.00	
	03/15/22	5.00	
	04/15/22	5.00	
	07/15/22	5.00	35.00
R	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
S	06/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	35.00
	07/15/21	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	08/15/22	5.00	20.00
	12/15/20	5.00	
	04/15/21	5.00	
T	06/15/21	5.00	
	12/15/21	5.00	
	07/15/22	5.00	25.00
	12/15/20	5.00	
	04/15/21	5.00	
U	06/15/21	5.00	
	12/15/21	5.00	
	07/15/22	5.00	25.00
	12/15/20	5.00	
	04/15/21	5.00	
V	06/15/21	5.00	
	12/15/21	5.00	
	07/15/22	5.00	25.00
W	12/15/21	5.00	
	09/15/22	5.00	10.00
	12/15/20	5.00	
X	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	08/15/21	5.00	25.00
	09/15/21	5.00	
	02/15/22	5.00	
	03/15/22	5.00	
	07/15/22	5.00	20.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
Y	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	20.00
Z	10/15/21	5.00	5.00
AA	12/15/20	5.00	
	09/15/21	5.00	
	12/15/21	5.00	
	03/15/22	5.00	
	07/15/22	5.00	
	09/15/22	5.00	30.00
AB	09/15/21	5.00	
	01/15/22	5.00	
	10/15/22	5.00	15.00
AC	12/15/20	5.00	
	02/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	11/15/21	5.00	
	12/15/21	5.00	
	02/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	50.00
AD	01/15/21	5.00	
	06/15/21	5.00	10.00
AE	02/15/21	5.00	
	08/15/21	5.00	
	12/15/21	5.00	
	01/15/22	5.00	20.00

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
AF	04/15/22	5.00	
	07/15/22	5.00	10.00
AG	02/15/21	5.00	
	05/15/21	5.00	
	08/15/21	5.00	
	11/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	30.00
AH	07/15/22	5.00	5.00
AI	02/15/21	5.00	
	03/15/22	5.00	
	06/15/22	5.00	15.00
AJ	02/15/21	5.00	
	03/15/22	5.00	
	06/15/22	5.00	
	10/15/22	5.00	20.00
AK	08/15/22	5.00	
	09/15/22	5.00	10.00
AL	11/15/21	5.00	
	08/15/22	5.00	
	10/15/22	5.00	15.00
AM	06/15/22	5.00	
	10/15/22	5.00	10.00
AN	08/15/22	5.00	
	09/15/22	5.00	10.00
AO	09/15/21	5.00	
	12/15/21	5.00	
	03/15/22	5.00	
	05/15/22	5.00	20.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
AP	01/15/21	5.00	
	04/15/21	5.00	
	06/15/21	5.00	
	10/15/21	5.00	
	12/15/21	5.00	
	04/15/22	5.00	
	09/15/22	5.00	35.00
AQ	09/15/21	5.00	
	06/15/22	5.00	
	10/15/22	5.00	15.00
AR	04/15/21	5.00	
	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	20.00
AS	12/15/20	5.00	
	06/15/21	5.00	
	08/15/21	5.00	
	11/15/21	5.00	
	01/15/22	5.00	
	07/15/22	5.00	
	09/15/22	5.00	35.00
AT	12/15/20	5.00	
	02/15/21	5.00	
	09/15/21	5.00	
	01/15/22	5.00	
	02/15/22	5.00	
	04/15/22	5.00	
	08/15/22	5.00	35.00

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
AU	03/15/22	5.00	
	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	20.00
AV	01/15/21	5.00	
	12/15/21	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	25.00
AW	12/15/21	5.00	
	02/15/22	5.00	
	08/15/22	5.00	15.00
AX	05/15/22	5.00	5.00
AY	10/15/21	5.00	
	05/15/22	5.00	
	07/15/22	5.00	15.00
AZ	12/15/20	5.00	
	04/15/21	5.00	
	05/15/21	5.00	
	08/15/21	5.00	
	12/15/21	5.00	
	02/15/22	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	45.00
BA	02/15/21	5.00	
	02/15/22	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	30.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
BB	12/15/20	5.00	
	02/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	01/15/22	5.00	
	02/15/22	5.00	
	04/15/22	5.00	
	07/15/22	5.00	40.00
BC	08/15/22	5.00	
	10/15/22	5.00	10.00
BD	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	07/15/22	5.00	
	09/15/22	5.00	30.00
BE	08/15/22	5.00	
	10/15/22	5.00	10.00
BF	12/15/20	5.00	5.00
BG	05/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	11/15/21	5.00	
	12/15/21	5.00	
	02/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	40.00

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
BH	12/15/20	5.00	
	02/15/21	5.00	
	08/15/21	5.00	
	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	30.00
BI	12/15/20	5.00	
	02/15/21	5.00	
	08/15/21	5.00	
	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	30.00
BJ	12/15/20	5.00	
	02/15/21	5.00	
	08/15/21	5.00	
	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	30.00
BK	12/15/20	5.00	
	01/15/21	5.00	
	04/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	10/15/21	5.00	
	11/15/21	5.00	
	02/15/22	5.00	
	04/15/22	5.00	
	08/15/22	5.00	50.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
BL	09/15/21	5.00	
	12/15/21	5.00	
	02/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	
	09/15/22	5.00	30.00
BM	05/15/21	5.00	
	06/15/21	5.00	
	10/15/21	5.00	
	12/15/21	5.00	
	01/15/22	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	40.00
BN	12/15/20	5.00	
	01/15/21	5.00	
	04/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	09/15/21	5.00	
	01/15/22	5.00	
	02/15/22	5.00	
	04/15/22	5.00	
	07/15/22	5.00	50.00
BO	12/15/20	5.00	
	06/15/21	5.00	
	06/15/22	5.00	
	07/15/22	5.00	20.00

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
BP	12/15/20	5.00	
	06/15/21	5.00	
	06/15/22	5.00	
	07/15/22	5.00	20.00
BQ	05/15/22	5.00	
	08/15/22	5.00	
	10/15/22	5.00	15.00
BR	12/15/20	5.00	
	10/15/22	5.00	10.00
BS	02/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	25.00
BT	12/15/21	5.00	
	07/15/22	5.00	
	09/15/22	5.00	15.00
BU	12/15/20	5.00	
	10/15/21	5.00	
	12/15/21	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	
	09/15/22	5.00	35.00
BV	01/15/21	5.00	
	06/15/21	5.00	
	10/15/21	5.00	
	12/15/21	5.00	
	02/15/22	5.00	
	09/15/22	5.00	30.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
BW	05/15/22	5.00	
	08/15/22	5.00	10.00
BX	03/15/22	5.00	
	05/15/22	5.00	10.00
BY	03/15/22	5.00	
	05/15/22	5.00	10.00
BZ	08/15/22	5.00	
	10/15/22	5.00	10.00
CA	08/15/21	5.00	5.00
CB	04/15/21	5.00	
	10/15/21	5.00	
	02/15/22	5.00	
	08/15/22	5.00	20.00
CC	01/15/22	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	09/15/22	5.00	20.00
CD	05/15/22	5.00	
	08/15/22	5.00	
	09/15/22	5.00	15.00
CE	02/15/21	5.00	
	12/15/21	5.00	
	07/15/22	5.00	
	10/15/22	5.00	20.00
CF	01/15/21	5.00	
	04/15/21	5.00	
	07/15/21	5.00	
	02/15/22	5.00	
	04/15/22	5.00	
	10/15/22	5.00	30.00

Exhibit C

Report on Special Investigation of the
City of LindenUnbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
CG	05/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	15.00
CH	01/15/21	5.00	
	04/15/21	5.00	
	05/15/21	5.00	
	11/15/21	5.00	
	12/15/21	5.00	
	02/15/22	5.00	
	03/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	45.00
CI	12/15/20	5.00	
	01/15/21	5.00	
	05/15/21	5.00	
	06/15/21	5.00	
	04/15/22	5.00	
	07/15/22	5.00	
	10/15/22	5.00	35.00
CJ	03/15/22	5.00	
	05/15/22	5.00	
	07/15/22	5.00	15.00
CK	12/15/20	5.00	
	01/15/21	5.00	
	10/15/21	5.00	
	05/15/22	5.00	20.00
CL	02/15/22	5.00	
	08/15/22	5.00	
	09/15/22	5.00	15.00

Report on Special Investigation of the
City of Linden

Unbilled Utility Penalties
For the Period December 7, 2020 through February 28, 2023

Customer	Date	Amount	Subtotal by Account
CM	01/15/21	5.00	
	04/15/21	5.00	
	09/15/21	5.00	
	11/15/21	5.00	
	02/15/22	5.00	
	04/15/22	5.00	
	08/15/22	5.00	
	09/15/22	5.00	40.00
CN	03/15/22	5.00	
	07/15/22	5.00	10.00
Total		<u>\$ 2,220.00</u>	<u>2,220.00</u>

Report on Special Investigation of the
City of Linden

Unauthorized Payroll Checks to Mandi Hutchins
For the Period December 7, 2020 through February 28, 2023

Per Report from City's Payroll System

Date	Check Number	Hours	Hourly Rate[^]	Gross Pay
01/14/21	20079	4.00		740.00
02/08/21	*	20085	-	700.00
03/03/21	20098	1.00		700.00
04/02/21	20110	-		700.00
05/06/21	20131	1.00		700.00
06/01/21	20138	1.00		700.00
07/01/21	20164	1.00		700.00
07/30/21	20179	1.00		700.00
09/01/21	20205	-		700.00
10/01/21	20215	1.00		700.00
11/01/21	20249	1.00		700.00
11/30/21	20264	1.00		700.00
12/10/21	20285	1.00		700.00
01/14/22	20291	1.00		700.00
02/10/22	20306	1.00		700.00
03/08/22	20322	1.00		700.00
04/07/22	20353	79.25		734.34
05/04/22	20362	76.25		710.10
06/08/22	20382	48.00		700.00
07/07/22	20400	68.00		700.00
08/02/22	20418	65.50	12.50	818.75
08/30/22	20426	63.25	12.50	790.63
09/15/22	20430	21.25	12.50	265.63
10/04/22	20451	52.25	12.50	653.13
11/09/22	*	20461	42.25	528.13
12/16/22		20514	43.50	543.75
01/10/23	*	20533	42.25	528.13
02/08/23	*	20601	15.50	193.75
Total				

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

[^] - Ms. Hutchins was a salary employee to be paid once a month from December 2020 through June 2023. Beginning in July 2023, Ms. Hutchins was paid hourly until her resignation.

Calculated Gross Pay				Improper Disbursements			
				Employer's Share			
Salary	Hours^	Hourly Rate^	Gross Wages	Gross Pay	FICA	IPERS	Total
\$ 700.00			\$ 700.00	40.00	3.06	3.78	46.84
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
-			-	700.00	53.55	66.08	819.63
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
700.00			700.00	34.34	2.63	3.24	40.21
700.00			700.00	10.10	0.77	0.95	11.83
700.00			700.00	-	-	-	-
700.00			700.00	-	-	-	-
NA	65.50	12.5	818.75	-	-	-	-
NA	63.25	12.5	790.63	-	-	-	-
NA	21.25	12.5	265.63	-	-	-	-
NA	52.25	12.5	653.13	-	-	-	-
NA	42.25	12.5	528.13	-	-	-	-
NA	43.50	12.5	543.75	-	-	-	-
NA	42.25	12.5	528.13	-	-	-	-
NA	15.50	12.5	193.75	-	-	-	-
				\$ 784.44	60.01	74.05	918.50

Exhibit E

Report on Special Investigation of the
City of Linden

Reimbursement Checks to Mandi Hutchins
For the Period December 7, 2020 through February 28, 2023

Per Check Image					
Check Date	Check Number	Check Amount	Description Per Support	Unsupported	Reasonable*
04/07/21	20115	\$ 43.58	<i>No support available</i>	\$ 43.58	-
05/06/21	20127	216.55	Payment for Standard Pro Annual Zoom Subscription for \$160.39 <i>considered reasonable. No support available for the remaining portion of the payment.</i>	56.16	160.39
11/10/21	20258	50.00	<i>No support available</i>	50.00	-
04/07/22	20347	29.95	<i>No support available</i>	29.95	-
05/04/22	20372	139.37	Payment for IMFAO membership for \$51.50 and Copy paper for \$4.77 <i>considered reasonable. No support available for the remaining portion of the payment.</i>	83.10	56.27
06/08/22	20387	55.68	<i>No support available</i>	55.68	-
07/14/22	20408	65.00	<i>No support available</i>	65.00	-
08/02/22	20424	38.75	<i>No support available</i>	38.75	-
Total		<u>\$ 638.88</u>		<u>\$ 422.22</u>	<u>216.66</u>

Note: Auditor's notations are in italics.

* - Reasonable portions of reimbursements to Ms. Hutchins were for items that were properly supported and purchase of supplies were reasonable for the operations of the City.

Report on Special Investigation of the
City of Linden

Unsupported Credit Card Purchases
For the Period March 1, 2022 through February 28, 2023

Per Credit Card Statement		
Date	Description	Amount
03/11/22	STAPLES DIRECT 800-3333330 MA	\$ 212.92
03/23/22	IRECEIVABLES 180-026-7560 IL	744.83
04/07/22	1150DESMOINEREGCIR 888-426-0491 IN	27.49
05/04/22	OFFICE DEPOT # WDM IA	117.00
05/29/22	1150DESMOINEREGCIR 888-426-0491 IN	(2.57)
10/10/22	STAPLES DIRECT 800-3333330 MA	54.45
01/29/23	HEARTLAND COOP07064249 REDFIELD IA	24.10
01/29/23	HEARTLAND COOP07064249 REDFIELD IA	51.70
02/24/23	OFFICE DEPOT # 1090 800-463-3768 MN	108.90
02/26/23	OFFICE DEPOT # 1090 PLYMOUTH MN	141.21
Total		<u>\$ 1,480.03</u>

Report on Special Investigation of the
City of Linden

Other Vendor Disbursements
For the Period December 7, 2020 through February 28, 2023

Per Check Image			
Check Date	Check Number	Payee	Amount
08/04/21	20181	BOMGAARS	\$ 249.00
08/31/21	20201	PANORA AUTO PARTS	49.47
12/08/21	20277	LINDEN PUBL LIBRARY FOUNDATION	50.00
03/14/22	20328	GANNETTE HOLDING - CENTRAL	48.60
05/04/22	20389	PANORAMA TIRE	576.33
09/15/22	20440	PANORA AUTO PARTS	43.30
12/04/22	20507	PANORA AUTO PARTS	346.79
12/27/22	20526	PANORA AUTO PARTS	25.83
01/31/23	20538	CAPITAL CITY EQUIPMENT	111.23
02/07/23	20466	PANORA AUTO PARTS	179.71
Total			<u>\$ 1,680.26</u>

NOTE: Auditor's notations are in italics.

Description per Support	Improper	Unsupported
<i>No Support Available</i>	\$ -	249.00
<i>No Support Available</i>	-	49.47
<i>No Support Available</i>	-	50.00
<i>No Support Available</i>	-	48.60
<i>No Support Available</i>	-	576.33
<i>No Support Available</i>	-	43.30
<i>No Support Available</i>	-	346.79
<i>No Support Available</i>	-	25.83
\$10.00 Finance Charge <i>is improper</i> , No detailed support for the \$101.23 considered unsupported	10.00	101.23
<i>No Support Available</i>	-	179.71
	<u>\$ 10.00</u>	<u>1,670.26</u>

Report on Special Investigation of the
City of Linden

Staff

This special investigation was performed by:

Ryan T. Jelsma, CFE, Manager
Julius O. Cooper, Staff Auditor
Jessica E. Wares, Staff Auditor

A handwritten signature in black ink that reads "Melissa Finestead". The signature is written in a cursive, flowing style.

Melissa J. Finestead, CFE
Deputy Auditor of State