

**TOWN OF ROFF**  
**ROFF PUBLIC WORKS AUTHORITY**  
**PONTOTOC COUNTY**  
**SPECIAL AUDIT REPORT**  
**JULY 1, 2004 THROUGH JUNE 30, 2005**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

February 7, 2007

Honorable William Peterson  
District Attorney, District No. 22  
P.O. Box 350  
Holdenville, Oklahoma 74848

Transmitted herewith is the Special Audit Report of the Town of Roff and the Roff Public Works Authority, Pontotoc County, Oklahoma. We performed our special audit in accordance with the requirements of **74 O.S.2001, § 212(H)**.

A report of this type is critical in nature; however, we do not intend to imply that our report failed to disclose commendable features in the present accounting and operating procedures of the Town and/or Authority.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to insure a government, which is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN, CFE  
State Auditor and Inspector

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**index of specific concerns**

The following concerns are presented in their entirety in italics as they were communicated to us:

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**CURRENT BOARD OF TRUSTEES**

Mitchell Smith..... Mayor  
From May 2005  
Judy Shulanberger..... Mayor  
Through April 2005  
Watson Jacobs ..... Vice-Mayor  
Steve Burrows..... Trustee  
From May 2005  
Bob Penrod..... Trustee  
From December 2004  
Sharon Goodner ..... Trustee  
Connie Hilburn ..... Clerk/Treasurer  
Connie Hilburn ..... Court Clerk  
Through November 2004  
Penny Fires..... Court Clerk  
From December 2004

**BOARD OF TRUSTEES DURING AUDIT PERIOD**

Mitchell Smith..... Chair  
From May 2005  
Judy Shulanberger..... Chair  
Through April 2005  
Watson Jacobs ..... Vice-Chair  
Steve Burrows..... Trustee  
From May 2005  
Bob Penrod..... Trustee  
From December 2004  
Sharon Goodner ..... Trustee  
Connie Hilburn ..... Billing Clerk



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

Mr. Mitchell Smith, Mayor  
Town of Roff  
Chair, Roff Public Works Authority  
P.O. Box 323  
Roff, Oklahoma 74865

Dear Mayor and Chair:

Pursuant to the District Attorney's request and in accordance with the requirements of 74 O.S. 2001, § 212(H), we performed a special audit with respect to the Town of Roff and the Roff Public Works Authority, Pontotoc County, for the period July 1, 2004 through June 30, 2005.

The objectives of our special audit primarily included but were not limited to, the areas noted in the index of specific concerns and are presented in their entirety in italics as they were communicated to us. Our findings and recommendations related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Town of Roff and the Roff Public Works Authority for the period July 1, 2004 through June 30, 2005. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Town and/or Authority taken as a whole.

This report is intended solely for the information and use of the District Attorney, the Town of Roff and the Roff Public Works Authority Administration and should not be used for any other purpose. This report is also a public document pursuant to the **Oklahoma Open Records Act (51 O.S. 2001, § 24A.1 et seq.)**, and shall be open to any person for inspection and copying.

Sincerely,



JEFF A. McMAHAN, CFE  
State Auditor and Inspector

January 3, 2007

## INTRODUCTION

The Town of Roff, Oklahoma is organized under the statutory town board of trustees form of government, as outlined in **11 O.S. 2001, § 12-101, et seq.**

**11 O.S. 2001, § 12-101**, states:

“The form of government provided by Sections 11-12-101 through 11-114 of this title shall be known as the statutory town board of trustees form of government. Towns governed under the statutory town board of trustees form shall have all the powers, functions, rights, privileges, franchises and immunities granted, or which may be granted, to towns. Such powers shall be exercised as provided by law applicable to towns under the town board of trustees form, or if the manner is not thus prescribed, then in such manner as the board of trustees may prescribe.”

In addition, **11 O.S. 2001, § 12-102**, states in part:

“The town board of trustees shall consist of either three (3) or five (5) trustees who shall be nominated from wards or at large and elected at large.”

The Roff Public Works Authority is a public trust established under **60 O.S. 2001, § 176 et seq.** A private, independent audit firm audits the Town and the Authority annually. In addition, the Town prepares an annual financial statement, presenting the financial condition of the Town at the close of the previous fiscal year, in accordance with the requirements of **68 O.S. 2001, § 3002.**

Pursuant to the District Attorney’s request, the State Auditor and Inspector conducted an audit of the Town of Roff and the Public Works Authority, primarily those records relating to the concerns listed in the “index of specific concerns” noted in the table of contents. The results of the audit are in the following report.

### BOARD OF TRUSTEES FIDUCIARY RESPONSIBILITY

The Board of Trustees for the Town of Roff as well as the Public Works Authority has an obligation to act in the best interest of the Town and/or the Authority as a whole. This fiduciary responsibility requires that all funds belonging to the Town and/or the Authority be handled with scrupulous good faith and candor. Such a relationship requires that no individual shall take personal advantage of the trust place in him or her. When the Board of Trustees accepts responsibility to act in a fiduciary relationship, the law forbids them from acting in any manner adverse or contrary to the interest of the Town and/or authority.

Further, the Town Clerk/Treasurer has a fiduciary responsibility to perform all statutory duties in maintaining accurate, complete, and reliable records for the Town of Roff and/or Authority.

## CONCERNS, FINDINGS AND RECOMMENDATIONS

### I. CONCERN: *Possible irregularities in the sewer improvement fund.*

**FINDING:** At the October 6, 2003 Board meeting of the Roff Public Works Authority (the PWA), the Board voted and unanimously approved the establishment of a sewer improvement fund. The Board minutes state:

“This fund will start out at \$3.00 per month per household. It will go up \$3.00 every six months until it reaches \$9.00.”

A separate fund or bank account was not established until May 5, 2005 at which time \$20,000.00 was transferred from the public works authority bank account to the “Town of Roff Community Resource Group” account and on October 7, 2005, this account was closed and the money transferred to the public works authority bank account. Records were not maintained to document the revenue generated by the sewer improvement fee and the expenditures from this money received.

On October 31, 2003 the Department of Environmental Quality (DEQ) issued a consent order requiring “the Town of Roff to take necessary measures to cease all unpermitted discharges and prevent future discharges from the wastewater treatment lagoons and land application site”, which included a penalty of \$30,000.00. The Town of Roff submitted a plan to conduct a supplemental environmental project. The proposal is to extend sewage service to the Roff City Park at the Roff City Lake. The supplemental environmental project included the following: 1) provide a grinder pump station and force main, 2) provide erosion control, bank stabilization with vegetation, and landscaping around the lake, 3) rehabilitate restrooms and park building, and 4) install fence and gate at main entrance. DEQ approved this project in a letter dated February 11, 2004. The completion of the project would waive the Town’s payment of the monetary penalty.

On July 6, 2004 the PWA signed a promissory note with Community Resource Group, Inc. for the amount of \$54,460.00 at 4.9% interest with a monthly payment of \$574.97 beginning August 7, 2004. The loan agreement states that the purpose of the loan was to perform an environmental enhancement project to constitute PWA’s water/wastewater system. Three (3) draws totaling \$39,460.00 were made from the loan proceeds for the payment of construction cost and engineering fees for the supplemental environmental project completed at the city park. On October 7, 2005 a check in the amount of \$31,378.35 was issued from the PWA’s account to Community Resource Group, Inc. to retire the loan.

Records were not maintained to document the total revenue for the sewer improvement fund; therefore, we used the monthly collection allocation reports, when available, and estimates of what should have been collected based on the number of customers to show collections for the sewer improvement fund from November 2003 through September 2006. Also, there were no records maintained for expenses from the sewer improvement fund, except the loan payments and payoff of the Community Resource Group, Inc. loan for the environmental enhancement project. The following schedule reflects the estimated revenue and the expenditures for the sewer improvement fund.

<b>Revenue:</b>	
miscellaneous fee	\$65,794.51
<b>Expenditures:</b>	
Grinder pump station	7,065.00
Force main	7,035.00
Rehabilitate park building	10,700.00
Rehabilitate bathrooms	5,200.00
Engineering fee	9,460.00
Interest on loan	<u>1,087.50</u>
Total expenditures	<u>\$40,547.50</u>
<b>Balance</b>	<u>\$25,247.01</u>

Based on our information, it appears the public works secretary did not establish a fund or account for the sewer improvement fund as directed by the Board of Trustees on October 6, 2003. Also, we question the payment of \$15,900.00 for rehabilitating the town park building and bathrooms from the public works authority's sewer improvement fees.

**RECOMMENDATION:** We recommend a separate fund be established as ordered by the Board of Trustees to account for all fees collected and disbursed. Further, we recommend the District Attorney review this finding to determine if any other action is necessary.

**II. CONCERN:** *Possible irregularities in the town general fund and public works authority expenditures.*

**FINDING:** We reviewed the Town's and Public Works Authority's purchase orders from July 1, 2004 through June 30, 2005 to determine if inappropriate expenditures were made. In general we noted the following exceptions:

- purchase orders were not complete
  - purchasing officer did not sign
  - the clerk did not sign certifying the appropriations were available
  - the check number was not listed on the purchase order
  - description and quantity of items purchased not listed
  - department head did not approve purchase
- purchase orders were not filed in sequential order
- the public works authority and the town utilize the same purchase order that reflects "City of Roff"

We noted the following exceptions for the **Town of Roff** expenditures:

- purchases were made prior to appropriations being encumbered as required by **62 O.S. Supp. 2004, § 310.1 (A)**
- purchase orders were not always supported by an itemized invoice as required by **62 O.S. Supp. 2004, § 310.1 (B)**
- there was no documentation that the goods or services had been received as required by **62 O.S. 2001, § 310.1a**
- items purchased/ordered by individuals that were not a town officials or employees



- meals were purchased for juveniles performing community service
- one purchase order was marked "void" but vendor was paid
- advances were given to employees for school expenses, no documentation to support expenditures attached
- sales tax was paid on some purchases

Based on the information, it appears the clerk/treasurer did not perform her statutory duties by not complying with **62 O.S. Supp. 2004, § 310.1 (A and B)** which states:

"A. Unless otherwise provided by ordinance, officers, boards, commissions and designated employees of cities and towns, hereinafter referred to as the purchasing officer, having authority to purchase or contract against all budget appropriation accounts as authorized by law shall submit all purchase orders and contracts prior to the time the commitment is made, to the officer charged with keeping the appropriation and expenditure records or clerk, who shall, if there be an unencumbered balance in the appropriation made for that purpose, so certify in the following form:

I hereby certify that the amount of this encumbrance has been entered against the designated appropriation accounts and that this encumbrance is within the authorized available balance of said appropriation.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

Encumbering Officer or Clerk of \_\_\_\_\_.

Provided, in instances where it is impossible to ascertain the exact amount of expenditures to be made at the time of recording the encumbrance, an estimated amount may be used and the encumbrance made in like manner as set forth above. Provided, no purchase order or contract shall be valid unless signed and approved by the purchasing officer and certified as above set forth by the officer or clerk charged with keeping the appropriation and expenditure records. The clerk or encumbering officer shall retain and file one copy of the purchase order.

B. After satisfactory delivery of the merchandise or completion of the contract, the supplier shall deliver an invoice. Such invoice shall state the supplier's name and address and must be sufficiently itemized to clearly describe each item purchased, its unit price, where applicable, the number or volume of each item purchased, its total price, the total of the purchase and the date of the purchase. The appropriate officer shall attach the itemized invoice together with delivery tickets, freight tickets or other supporting information to the original of the purchase order and, after approving and signing said original copy of the purchase order, shall submit the invoices, the purchase order and other supporting data for consideration for payment by the governing board. All invoices submitted shall be examined by the governing board to determine their legality. The governing board shall approve such invoices for payment in the amount the board determines just and correct."

Further, it appears the Board of Trustees violated **62 O.S. 2001, § 310.1a**, when approving payment for purchase orders not supported by a signed invoice or delivery ticket.

**62 O.S. 2001, § 310.1a**, states:

"The officer, deputy or employee receiving satisfactory delivery of merchandise shall acknowledge such fact by signing the invoice or delivery ticket and no purchase order shall be approved for payment by the governing board unless the required signed invoices or delivery tickets are attached thereto."

We noted the following exceptions for **Roff Public Works Authority** expenditures:

- no documentation for purchase approved by authority officer or employee
- purchase orders were not always supported by an itemized invoice
- no documentation goods or services had been received
- invoices signed by individual that was not an authority official or employee
- meals purchased for "jail bird"
- coats purchased for employees
- reimbursement for parts \$20.00 more than the cost of the items
- water clerk was paid for reading water meters on a work day in addition to salary
- sales tax paid on some purchases

We noted the minutes of the Town and Public Works Authority do not document which specific bills are paid when the consent agenda is approved.

**RECOMMENDATION:**

**TOWN OF ROFF**

We recommend the Board of Trustees establish policies and procedures to assure all purchasing requirements are adhered to. This should include encumbering all funds prior to making purchases, all purchase orders are supported by an itemized signed invoice, all information properly documented on the form, proper approval by the purchasing agent/clerk and properly approved. Also, we recommend the Board of Trustees shall not approve any purchase order for payment unless documentation is attached to reflect the goods or services have been received as required by **62 O.S. 2001, § 310.1a**. Also, we recommend the town clerk fulfill her duties as required by statute. Further, we recommend the District Attorney review this finding to determine if further action is necessary.

**ROFF PUBLIC WORKS AUTHORITY**

We recommend the Board of Trustees establish policies and procedures to assure purchases are properly approved, documentation goods or services have been received, purchases are made and received by an employee or officer, and review all invoices to assure the purchase was a legitimate business expense. Further, we recommend the District Attorney review this finding to determine if further action is necessary.

**FINDING NO. 1:** During our examination of the Town's purchase orders, we noted purchase orders, numbers 5620 and 5623, in the amount of \$100.00 issued to two (2) employees for Christmas bonus. After finding the purchase orders for bonuses, we asked the clerk/treasurer if she had received a bonus also. She stated that she thought the bonus she received was paid from the public works authority's account. We reviewed the public works authority's purchase orders and paid checks, but did not find a payment for a Christmas bonus to the clerk/treasurer. Although we did discover check number 3727, issued to Connie Hilburn, clerk/treasurer, in the amount of \$92.35 on December 14, 2004 from the Town's general fund. This check was issued the same day as the employees' bonus payments and for the same amount. The bonus payment received by the clerk/treasurer from the Town's general fund would be considered compensation in addition to her set salary. Therefore, it appears the receipt of this money would be a violation of **21 O.S. Supp. 2003, § 341**.

**RECOMMENDATION:** We recommend the District Attorney review this finding to determine if further action is necessary.

**FINDING NO. 2:** During our examination of the Town's general fund purchase orders and paid checks, we noted the payments to Southwestern Bell Company for damages while digging sewer line - \$970.40, Miller Water Well Service for a control panel at the water well pump station -\$2,418.00, and David Smith for legal services – various amounts. Further, from the invoice submitted by the Town's legal counsel, we were unable to determine if the service was pertaining to Town or Public Works Authority business.

During conversation with the clerk/treasurer, she stated she made the payments from the Town's general fund for the Authority' expenses because there would be more money available in the Town's account. The Town's general fund appropriations are not intended for the purpose of payments for public works authority's expenditures. Therefore, it appears payments were a misappropriation of funds as prescribed in **68 O.S. 2001, § 3019** and **21 O.S. Supp. 2002, § 1451**.

**68 O.S. 2001, § 3019** states:

"The secretary of the excise board shall immediately certify each appropriation as made by the excise board to the clerk or other issuing officer of the municipality for which the same is made. The several items of the estimate as made and approved by the excise board for each fiscal year shall constitute and are hereby declared to be an appropriation of funds for the several and specific purposes named in such estimate, and the appropriations thus made shall not be used for any other fiscal year or purposes whatsoever, except as provided in the preceding section. Each clerk or other issuing officer shall open and keep an account for the amount of each item of appropriation, showing the purpose for which the same is appropriated, and the date, number, and amount of each warrant thereon. No warrant or certificate of indebtedness in any form shall be issued, approved, signed or attested, on or against any appropriation for a purpose other than that for which the said item of appropriation was made, or in excess of the amount thereof."

**21 O.S. Supp. 2002, § 1451** states in part:

"A. Embezzlement is the fraudulent appropriation of property of any person or legal entity, legally obtained, to any use or purpose not intended or authorized by its owner, or the secretion of the property with the fraudulent intent to appropriate it to such use or purpose, under any of the following circumstances:

5. Where any person diverts any money appropriated by law from the purpose and object of the appropriation;

Embezzlement does not require a distinct act of taking, but only a fraudulent appropriation, conversion or use of property."

**RECOMMENDATION:** We recommend the District Attorney review this finding to determine if further action is necessary.

**III. CONCERN:** *Possible irregularities in traffic ticket collections.*

**FINDING NO. 1:** We obtained the court dockets for the period July 2004 through December 2004 to determine the disposition of all citations issued during the time period. The former court clerk stated the July through October dockets were not the original, but she had reprinted them from the computer program. Based on the citation numbers, we determined that approximately one

hundred sixty-one (161) citations should have been issued and recorded on the July through December 2004 dockets. Of the one hundred sixty-one (161) citations, we were unable to determine the disposition of thirty-one (31) citations. Further, we requested June 2004 and January 2005 and February 2005 dockets to determine if any of the thirty-one (31) unconfirmed citations were included on these dockets. Connie Hilburn, former court clerk, stated that she could not find the dockets for these months.

Based on the unavailable information and inadequate record keeping, it appears the former court clerk was negligent in the performance of her duties as required by **11 O.S. 2001, § 27-109**, which states:

“The municipal clerk of any municipality where a municipal court is established, or a designated deputy shall be the clerk of the municipal court unless the governing body establishes or authorizes a position of chief municipal court officer to serve as court clerk.

The court clerk shall have authority to carry out the duties of the position as required by law; provided, that the person who serves as court clerk may separately perform other duties for the municipality. The clerk of the court shall:

1. Assist the judge in recording the proceedings of the court, preparation of writs, processes, or other papers;
2. Administer oaths required in judicial or other proceedings before the court;
3. Be responsible for the entry of all pleadings, processes, and proceedings in the dockets of the court;
4. Perform such other clerical duties in relation to the proceedings of the court as the judge shall direct; and
5. Receive and give receipt for and disburse or deliver to the municipal treasurer all fines, forfeitures, fees, deposits, and sums of money properly payable to the municipal court. Such funds and sums of money while in the custody of the clerk shall be deposited and disbursed upon vouchers as directed by the municipal governing body.”

Further, we were unable to determine if fines were assessed and all money deposited into the court fund account.

**RECOMMENDATION:** We recommend the Board of Trustees establish policies and procedures to assure the court clerk adheres to their statutory duties in maintaining records to account for all citations issued and the disposition of the citations.

**FINDING No. 2:** When tracing citations to the case jackets, we noted eight (8) citations that were assigned case numbers but were not included on the court docket. It appears these individuals had paid their fines prior to the court appearance date.

**RECOMMENDATION:** We recommend the court clerk prepare a disposition docket listing all cases that were disposed of prior to the court appearance date.

**FINDING No. 3:** During our review of the case jackets, we noted that the information pertaining to the disposition of the citation was not always completed. November and December 2004 court dockets, which were said to be originals, had no documentation of the disposition of the cases as ordered by the judge.

**RECOMMENDATION:** We recommend the Board of Trustees establish policies and procedures to assure the court clerk maintains adequate and complete records on the case jackets documenting the disposition of the citation. Further, we recommend the judge sign the court dockets to verify his disposition of the cases.

**FINDING NO. 4:** While tracing the citations to the case jackets we noted the jackets were not filed in case order. The case jackets were maintained in a box with no sequential order.

**RECOMMENDATION:** We recommend the Board of Trustees establish policies and procedures to assure that citations be given a sequential case number and filed in sequence.

**FINDING NO. 5:** While reconciling court fund receipts issued to deposits for the period July 1, 2004 through December 31, 2004, we noted the following exceptions:

- The September 20, 2004 deposit reflects \$3.00 less cash deposited than receipted.
- Receipts were not deposited on a daily basis, including some receipts that were not deposited for three (3) to four (4) weeks.
- The receipts do not always designate the type of payment received (check, cash, money order, etc.)
- The Town's attorney and two (2) officers received payment for citation fees.
- Receipts did not always reflect the case number in which payment was received.
- Deposit tickets do not list the checks individually.

On Monday morning, October 23, 2006, it was observed in the court clerk's office, cash lying unsecured on top of the clerk's desk.

Based on the review of receipts and deposits, it appears the Town treasurer/court clerk did not comply with statutes **11 O.S. 2001, §27-112** and **62 O.S. 2001, §517.3 (B)**, which states as follows:

**11 O.S. 2001, §27-112** states,

"All of the fees, fines and forfeitures which come into the municipal court shall be paid by the clerk of the court to the municipal treasurer. The treasurer shall credit such deposits to the fund designated by the municipal governing body. The court clerk shall make duplicate receipts for the fees, fines and forfeitures collected by him, one copy of which shall be retained by the municipal treasurer together with a detailed statement of all costs, the style of the case in which they were paid, and the name of the party paying the same."

In addition, **62 O.S. 2001, §517.3 (B)** states in part,

"B. The treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of office..."

Further, we find no authority allowing the collection of fines by the Town's attorney or police officers.

**RECOMMENDATION:** We recommend all monies collected be deposited on a daily basis as required by statute. Also, we recommend the deposit ticket list the check individually, fines are

only collected by authorized employees, and receipts issued for payment reflect the type of payment and case number.

**FINDING NO. 6:** Based on the review of available court dockets and bench warrants, it appears the former clerk did not issue the warrants as ordered by the judge. It appears the former court clerk did not perform her duties as prescribed by **11 O.S. 2001, § 27-109**, as previously stated.

**RECOMMENDATION:** We recommend the Board of Trustees establish policies and procedures to assure the court clerk perform her duties as required by statutes.

**IV. CONCERN:** *Possible irregularities in utility billing collections.*

**FINDING NO. 1:** We reviewed utility billing revenue for the months of August, November, and December 2004 to determine if all receipts were properly deposited. The billing clerk receives payments from the individuals that include the payment stubs, and at some point after the money has been received, she writes a handwritten receipt for the collections. The handwritten receipts were used to enter the data into the billing system. We were unable to agree total checks and cash per receipts to the total checks and cash deposited because the receipts did not reflect the type of payment; therefore, we reconciled the total receipts to total deposits. Further, we reconciled the receipts to daily and monthly receipt reports and payment register created by the billing system. We noted the following exceptions:

**August 2004:**

- ❑ Deposits were not made on a daily basis, appears to have been deposited weekly. Also, deposit tickets did not list the checks.
- ❑ The daily receipts allocation reports were not available for all deposits.
- ❑ Total deposits for August 2, August 18, and September 1 were more than the total receipts by \$10.00, 23 cents and 1 cent, respectively.
- ❑ The monthly receipt report and payment register was not available; therefore, we could not verify total deposits to the payments entered into the billing system.

**November 2004:**

- ❑ Deposits were not made on a daily basis, appears to have been deposited weekly. Also, deposit tickets do not list the checks.
- ❑ The daily receipts allocation report was unavailable for the December 3 deposit.
- ❑ The deposit for November 4 is \$6.00 less than the total receipts.
- ❑ Receipt no. 15687 in the amount of \$37.49 issued to Larry Hilburn, account no. 59, daily receipt allocation and payment register report shows payment under account no. 118, Larry Hilburn. Account no. 118 listed on the receipts "this month report" shows customer as Sylvia Achison.
- ❑ Payment register printed on October 3, 2006.

**December 2004:**

- ❑ Deposits were not made on a daily basis, appears to have been deposited weekly. Also, deposit tickets do not list the checks.
- ❑ The daily receipts allocation reports were not available for all deposits.
- ❑ Receipt no. 16000 shows void, but amount was deposited.

Based on the information provided, it appears the billing clerk did not deposit collections on a daily basis, enter payment information into the utility billing system as it was received, did not print daily computer reports, did not maintain reports for review, including the daily receipt allocation reports, payment registers, and receipts "this month reports", receipts were not marked as to the type of payment, and checks were not listed on the deposit tickets.

**RECOMMENDATION:** We recommend the Board of Trustees establish policies and procedures to assure all collections are deposited on a daily basis, record information to the billing system on a daily basis, print and maintain all reports on a current basis, record type of payment received on all receipts, and list checks individually on the deposit tickets.

**FINDING No. 2:** While reviewing the PWA's current "past due list" for delinquent water payments, we noted several customers' accounts in arrears at least three (3) months. The past due list includes the mayor and a public works employee. The PWA's cut-off policy, dated March 7, 2005, states water bills are due by the 10<sup>th</sup> of each month with a \$10.00 late fee added if paid after the 15<sup>th</sup>. The cut-off notices will be sent to the customers on the 25<sup>th</sup> of the month with the past due amount being due by the 5<sup>th</sup> of the following month and then a 48 hour door notice will be sent out on the 6<sup>th</sup> and if payment has not been received within the 48 hours, service will be disconnected.

**RECOMMENDATION:** We recommend the Board of Trustees adhere to their delinquent payment policy, as stated above.

\* \* \* \*

Throughout this report there are numerous references to state statutes and legal authorities which appear to be potentially relevant to issues raised by the District Attorney and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that the Town and/or PWA or any of the individuals named in this report or acting on behalf of the Town and/or PWA have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the Town's and/or PWA's policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.