

**TOWN OF SASAKWA**

**SEMINOLE COUNTY**

**SPECIAL AUDIT REPORT**

**OCTOBER 1, 2003 THROUGH DECEMBER 17, 2003**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. 2001, § 212(H). Pursuant to 74 O.S. 2001, § 3105(B), 35 copies have been prepared and distributed at a cost of \$33.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

April 15, 2004

Honorable William Peterson  
District Attorney - District No. 22  
P.O. Box 146  
Ada, Oklahoma 74821

Transmitted herewith is the Special Audit Report of the Town of Sasakwa, Seminole 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.

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 ensure 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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN, CFE  
State Auditor and Inspector

**table of contents**

	<b>page</b>
BOARD OF TRUSTEES .....	4
STATE AUDITOR AND INSPECTOR'S REPORT.....	5
INTRODUCTION .....	6
CONCERNS, FINDINGS AND RECOMMENDATIONS.....	7

**BOARD OF TRUSTEES**

Mitchell Cargill..... Acting Mayor as of October 14, 2003  
Alice Tusberg ..... Former Mayor through October 14, 2003  
Jackie Reich..... Trustee  
Anita Lyon ..... Trustee  
Bruce Ramsey..... Trustee  
Clarissa Mustain..... Clerk/Treasurer



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

Mr. Mitchell Cargill, Acting Mayor  
Board of Trustees  
Town of Sasakwa  
P.O. Box 45  
Sasakwa, Oklahoma 74867

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. 2001, § 212(H)**, we conducted a special audit with respect to the Town of Sasakwa, Seminole County, Oklahoma, for the period October 1, 2003 through December 17, 2003.

The objectives of our special audit primarily included, but were not limited to, possible embezzlement of monies from the General and Municipal Funds. 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 Sasakwa for the period October 1, 2003 through December 17, 2003. 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 does not extend to any financial statements of the Town taken as a whole.

This report is intended to provide information to the District Attorney, Mayor, Board of Trustees and Administration of the Town. This restriction is not intended to limit the distribution of the report, which is a matter of public record when released.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN, CFE  
State Auditor and Inspector

February 26, 2004

## INTRODUCTION

The Town of Sasakwa, Oklahoma is organized under the statutory town board of trustees form of government, as outlined in **11 O.S. 2001, § 12-101, et seq.**, The members of the Board of Trustees and the Town Clerk/Treasurer serve as the board of Trustees for the Sasakwa Municipal Authority.

**11 O.S. 2001, § 12-101, et seq.** states:

“The form of government provided by Sections 12-101 through 12-114 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.”

The Town is audited by a private, independent audit firm. Audit reports were made available for our review.

The State Auditor and Inspector conducted a special audit of the records of the Town of Sasakwa, primarily those records relating to the District Attorney's concerns. The results of the special audit are in the following report.

CONCERNS, FINDINGS, AND RECOMMENDATIONS

CONCERN: *Possible embezzlement of monies from the General and Municipal Funds.*

FINDING: The Town of Sasakwa did not maintain approved claims with supporting documentation attached for all expenditures. We examined bank statements, paid checks, and receipt printouts obtained from Wal-Mart. We noted payments to Wal-Mart, Dish Network, American Camper, and TH Rogers for items that appear to be for personal use. The Town Trustees obtained a receipt printout from Wal-Mart for all but eleven (11) of the expenditures. They stated that Dish Network or American Camper did not provide services to the Town. Furthermore, we noted that the Clerk/Treasurer purchased a hot water heater at TH Rogers for a Town resident

Based on the information, it appears the Clerk/Treasurer expended Town funds to purchase items and services for personal use totaling \$6,813.89. (See Appendix A) This amount includes Wal-Mart shopping cards totaling \$2,987.99, thirty-nine (39) DVD's, three (3) DVD players, air conditioner, skate board, toys, hot water heater, and other miscellaneous items. The purchase of items for personal use appears to be a violation of **21 O.S. 2001, § 341.**

Further, we obtained written statements from the former mayor documenting that the signatures on nine (9) of the checks written to Wal-Mart were forged.

During an interview with the Clerk/Treasurer she stated she only purchased necessary office supplies at Wal-Mart. Furthermore, she signed an affidavit stating she never purchased any toys or shopping cards with town funds; however, during a review of shopping card printouts obtained from Wal-Mart we noted the Clerk/Treasurer used shopping cards in conjunction with her EBT food stamp card to purchase food and toys. The shopping cards noted were purchased with town funds. **Title 21 O.S. 2001 § 341** states,

"Every public officer of the state or any county, city, town, or member or officer of the Legislature, and every deputy or clerk of any such officer and every other person receiving any money or other thing of value on behalf of or for account of this state or any department of the government of this state or any bureau or fund created by law and in which this state or the people thereof, are directly or indirectly interested, who either:

First: Receives, directly or indirectly, any interest, profit or perquisites, arising from the use or loan of public funds in the officer's or person's hands or money to be raised through an agency for state, city, town, district, or county purposes; or

Second: Knowingly keeps any false account, or makes any false entry or erasure in any account of or relating to any moneys so received by him, on behalf of the state, city, town, district or county, or the people thereof, or in which they are interested; or

Third: Fraudulently alters, falsifies, cancels, destroys or obliterates any such account, shall, upon conviction, thereof, be deemed guilty of a felony and shall be punished by a fine of not to exceed Five Hundred Dollars (\$500.00), and by imprisonment in the State Penitentiary for a term of not less than one (1) year nor more than twenty (20) years and, in addition thereto, the person shall be disqualified to hold office in this state, and the court shall issue an order of such forfeiture, and should appeal be taken from the judgment of the court, the defendant may, in the discretion of the court, stand suspended from such office until such cause is finally determined."

**RECOMMENDATION:** We recommend the proper authorities review this finding to determine what action may be necessary. In addition, we recommend the Board of Trustees establish policies and procedures to assure all expenditures are approved by the Board at an open meeting, supported by itemized receipts, and document that the goods and/or services have been received.

**FINDING:** We noted that the Clerk/Treasurer issued, to herself, thirty-three (33) checks totaling \$6,486.00 in addition to her salary. (See Appendix B) These checks were signed by the Clerk/Treasurer and the former or acting mayor. We obtained documentation from the former mayor stating that signatures on seven (7) of the checks were forged. It appears these payments are a violation of **21 O.S. 2001, § 341**, previously cited.

During an interview with the Clerk/Treasurer she stated she was paid for services rendered such as painting and work performed on the water lines. We were unable to obtain documentation to confirm this statement.

**RECOMMENDATION:** We recommend the proper authorities review this finding to determine what action may be necessary. In addition, we recommend the Board of Trustees establish policies and procedures to provide greater oversight of checks issued and expenditure of funds.

**FINDING:** We noted payments totaling \$4,127.00 were made to the acting mayor for work performed for the Town. (See Appendix C) The acting mayor stated that he was paid to work on the water lines and mow town property. We found no documentation that the Board approved hiring the acting mayor to perform these jobs. Also, there was no contract or supporting documentation for the services provided. The payments to the trustee appears to be a violation of **11 O.S. 2001, § 8-113**

**Title 11 O.S. 2001 § 8-113** states,

“Except as otherwise provided by this section, no municipal officer or employee, or any business in which the officer, employee, or spouse of the officer or employee has a proprietary interest, shall engage in:

1. Selling, buying, or leasing property, real or personal, to or from the municipality;
2. Contracting with the municipality; or
3. Buying or bartering for or otherwise engaging in any manner in the acquisition of any bonds, warrants, or other evidence of indebtedness of the municipality.”

**RECOMMENDATION:** We recommend the proper authorities review this finding to determine what action may be necessary. In addition, we recommend the Town not contract or pay members of the Board of Trustees for services provided other than duties authorized by State statute.



Appendix A

Check Number	Fund	Date Signed	Vendor	Amount of Check	Improper Expenditures	Co Signed By	Forgery Affidavit	Items Purchased
1884	General	12/02/02	Wal-Mart	\$ 47.66	\$ 40.00	Former Mayor		\$40 Shopping Card
1906	General	12/30/02	Wal-Mart	51.63	33.25	Former Mayor		\$30 Shopping Card and Food
1915	General	01/11/02	Wal-Mart	61.05	32.27	Former Mayor		\$30 Shopping Card and Crayons
1951	General	03/08/03	Wal-Mart	117.99	117.99	Former Mayor		\$117.99 Shopping Card
1988	General	04/12/03	Wal-Mart	70.00	70.00	Acting Mayor		No Documentation
2029	General	07/10/03	Wal-Mart	75.00	75.00	Acting Mayor		No Documentation
2053	General	06/22/03	Wal-Mart	50.00	50.00	Acting Mayor		No Documentation
2059	General	06/13/03	Wal-Mart	40.93	40.93	Acting Mayor		No Documentation
2074	General	07/09/03	Wal-Mart	200.00	200.00	Acting Mayor		\$200 Shopping Card
2082	General	07/21/03	Wal-Mart	100.00	100.00	Acting Mayor		\$100 Shopping Card
2089	General	08/02/03	Wal-Mart	100.00	100.00	Former Mayor		\$100 Shopping Card
2090	General	08/30/03	Wal-Mart	200.00	200.00	Former Mayor		\$200 Shopping Card
2107	General	08/22/03	Wal-Mart	100.00	100.00	Acting Mayor		\$100 Shopping Card
2117	General	09/06/03	Wal-Mart	250.00	250.00	Former Mayor		\$250 Shopping Card
2134	General	09/13/03	Wal-Mart	75.00	75.00	Acting Mayor		\$75 Shopping
2136	General	09/15/03	Dish Network	300.00	300.00	Former Mayor		No Documentation
2144	General	10/11/03	Wal-Mart	187.13	187.13	Former Mayor		6 DVDs, 3 Movies, Food, 2 Blankets & Household Items
2146	General	10/08/03	Wal-Mart	132.94	132.94	Former Mayor		No Documentation
2148	General	10/13/03	Wal-Mart	150.00	150.00	Former Mayor		\$150 Shopping Card
2149	General	10/13/03	Wal-Mart	89.87	89.87	Former Mayor		Halloween Decorations, Household Items
2150	General	10/13/03	American Camper	114.37	114.37	Former Mayor		No Documentation
2167	General	10/17/03	Wal-Mart	117.25	117.25	Former Mayor		DVD Tower, 5 DVDs, 3 CDs, and 1 VHS
2171	General	10/19/03	Wal-Mart	94.88	94.88	Former Mayor		DVD/VCR Player
2173	General	10/23/03	Wal-Mart	77.21	77.21	Former Mayor		4 DVDs, 1 VHS, and Food
2178	General	11/10/03	Wal-Mart	128.16	128.16	Former Mayor	Yes	4 DVDs, One Use Camera, Food, 2 Necklaces, and Shelves
2181	General	11/07/03	Wal-Mart	81.69	81.69	Former Mayor	Yes	2 DVDs and Misc. Household Items
2193	General	11/12/03	Wal-Mart	100.00	100.00	Former Mayor	Yes	\$100 Shopping Card
4004	Municipal	02/26/03	Wal-Mart	27.96	20.00	Acting Mayor		\$20 Shopping Card
4042	Municipal	05/12/03	Wal-Mart	53.71	40.00	Acting Mayor		\$40 Shopping Card
4055	Municipal	06/09/03	Wal-Mart	100.00	100.00	Former Mayor		No Documentation
4063	Municipal	06/18/03	Wal-Mart	75.00	75.00	Acting Mayor		\$75 Shopping Card
4069	Municipal	07/02/03	Wal-Mart	100.00	100.00	Acting Mayor		\$100 Shopping Card
4070	Municipal	07/03/03	Wal-Mart	102.88	98.00	Acting Mayor		Air Conditioner
4079	Municipal	07/09/03	Wal-Mart	112.34	53.68	Acting Mayor		Phone and Candle Lighter
4087	Municipal	07/12/03	Wal-Mart	200.00	200.00	Acting Mayor		\$200 Shopping Card
4099	Municipal	8/15/003	Wal-Mart	100.00	100.00	Acting Mayor		No Documentation
4100	Municipal	08/03/03	Wal-Mart	185.00	185.00	Former Mayor		\$185 Shopping Card
4102	Municipal	08/08/03	Wal-Mart	100.00	100.00	Acting Mayor		\$100 Shopping Card
4109	Municipal	08/20/03	Wal-Mart	100.00	100.00	Former Mayor		\$100 Shopping Card
4112	Municipal	08/28/03	Wal-Mart	100.00	100.00	Acting Mayor		\$100 Shopping Card
4123	Municipal	09/10/03	Wal-Mart	100.00	100.00	Acting Mayor		\$100 Shopping Card
4125	Municipal	09/15/03	Wal-Mart	147.68	147.68	Acting Mayor		No Documentation
4129	Municipal	09/17/03	Wal-Mart	75.00	75.00	Acting Mayor		\$75 Shopping Card
4131	Municipal	09/21/03	Wal-Mart	57.44	57.44	Acting Mayor		No Documentation
4132	Municipal	09/21/03	Wal-Mart	50.00	50.00	Acting Mayor		No Documentation
4139	Municipal	09/29/03	Wal-Mart	174.83	174.83	Former Mayor		Video, Clothing, Food, Medicine, Household Items, Lotion
4142	Municipal	10/07/03	Wal-Mart	166.06	166.06	Former Mayor		Anti-virus Software, \$20 Shopping Card, Clothing, Gun Case, Halloween Items, Food, Coffeemaker, Wind Chimes
4154	Municipal	10/15/03	Wal-Mart	100.00	100.00	Former Mayor		\$100 Shopping Card
4155	Municipal	10/15/03	Wal-Mart	344.08	344.08	Former Mayor		Keyboard, 2 Disc Players, Video, 2 Cds, 9 DVDs, DVD VCR Player, Batteries, and Ink Cartridges
4158	Municipal	10/18/03	Wal-Mart	202.30	202.30	Former Mayor		Bakeset, Weaterstrip, Household items, 4 DVDs, CD DVD Player, 4 Boxes Hair Color, Pillows and Flashlight
4159	Municipal	10/21/03	Wal-Mart	109.38	109.38	Former Mayor		3 DVDs, Party Toys, Candy, Cookies, Lotion, and 1 Video
4161	Municipal	10/24/03	Wal-Mart	88.24	88.24	Former Mayor		No Documentation
4172	Municipal	11/18/03	Wal-Mart	100.00	100.00	Former Mayor	Yes	\$100 Shopping Card
4173	Municipal	11/21/03	Wal-Mart	108.16	108.16	Former Mayor	Yes	DVD, 2 Videos, Yugio Cards, CCD Tower, Film, Food
4175	Municipal	11/22/03	Wal-Mart	89.19	89.19	Former Mayor	Yes	Hot Wheels, Food, Video, Candy, Cards, and Shopping Card
4179	Municipal	12/04/03	Wal-Mart	91.45	91.45	Former Mayor	Yes	Skateboard, DVD Wrapping Paper, Hot Wheels, Watch, Toiletries
4185	Municipal	12/10/03	Wal-Mart	140.29	140.29	Former Mayor	Yes	Clothes, 3 DVDs, Lite Brite, Toy Cars, Bucket, Video, and Heet
4186	Municipal	12/11/03	Wal-Mart	150.00	150.00	Former Mayor	Yes	\$150 Shopping Card
2103	General	08/11/03	TH Rodgers	76.95	190.17	Acting Mayor		Hot Water Heater and Supplies for Hookup
2131	General	08/11/03	TH Rodgers	183.95		Acting Mayor		
4097	Municipal	09/10/03	TH Rodgers	113.54		Acting Mayor		
				<b>\$ 7,138.19</b>	<b>\$ 6,813.89</b>			

## Appendix B

Check Number	Fund	Date Signed	Recipient	Amount	Co Signed By	Forgery Affidavit
2024	General	5/28/03	Former Clerk/Treasurer	355.00	Acting Mayor	
2054	General	6/25/03	Former Clerk/Treasurer	150.00	Acting Mayor	
2055	General	6/28/03	Former Clerk/Treasurer	200.00	Acting Mayor	
2084	General	7/22/03	Former Clerk/Treasurer	255.00	Former Mayor	
2085	General	7/25/03	Former Clerk/Treasurer	100.00	Former Mayor	
2088	General	7/30/03	Former Clerk/Treasurer	350.00	Acting Mayor	
2093	General	8/11/03	Former Clerk/Treasurer	205.00	Former Mayor	
2111	General	8/27/03	Former Clerk/Treasurer	300.00	Former Mayor	
2114	General	08/31/03	Former Clerk/Treasurer	153.00	Former Mayor	
2116	General	09/06/03	Former Clerk/Treasurer	200.00	Former Mayor	
2132	General	09/10/03	Former Clerk/Treasurer	205.00	Acting Mayor	
2139	General	09/19/03	Former Clerk/Treasurer	125.00	Former Mayor	
2140	General	09/23/03	Former Clerk/Treasurer	250.00	Former Mayor	
2172	General	10/20/03	Former Clerk/Treasurer	225.00	Former Mayor	
2174	General	10/24/03	Former Clerk/Treasurer	250.00	Former Mayor	
2176	General	10/31/03	Former Clerk/Treasurer	300.00	Former Mayor	
2195	General	11/18/03	Former Clerk/Treasurer	125.00	Former Mayor	Yes
2197	General	11/20/03	Former Clerk/Treasurer	75.00	Former Mayor	Yes
4050	Municipal	05/18/03	Former Clerk/Treasurer	153.00	Former Mayor	
4064	Municipal	06/17/03	Former Clerk/Treasurer	205.00	Acting Mayor	
4088	Municipal	07/18/03	Former Clerk/Treasurer	305.00	Acting Mayor	
4106	Municipal	08/13/03	Former Clerk/Treasurer	150.00	Acting Mayor	
4110	Municipal	08/20/03	Former Clerk/Treasurer	125.00	Former Mayor	
4113	Municipal	09/05/03	Former Clerk/Treasurer	125.00	Former Mayor	
4128	Municipal	09/17/03	Former Clerk/Treasurer	200.00	Acting Mayor	
4133	Municipal	09/27/03	Former Clerk/Treasurer	400.00	Acting Mayor	
4153	Municipal	10/15/03	Former Clerk/Treasurer	200.00	Former Mayor	
4156	Municipal	10/17/03	Former Clerk/Treasurer	200.00	Acting Mayor	
4165	Municipal	11/10/03	Former Clerk/Treasurer	125.00	Former Mayor	Yes
4174	Municipal	11/22/03	Former Clerk/Treasurer	150.00	Former Mayor	Yes
4176	Municipal	11/29/03	Former Clerk/Treasurer	100.00	Former Mayor	Yes
4180	Municipal	12/04/03	Former Clerk/Treasurer	100.00	Former Mayor	Yes
4188	Municipal	12/17/03	Former Clerk/Treasurer	125.00	Former Mayor	Yes
				<b>\$ 6,486.00</b>		

## Appendix C

Check Number	Fund	Date Signed	Recipient	Check Amount	Co Signed By
1825	General	9/10/2002	Acting Mayor	\$ 212.00	Former Mayor
1832	General	9/24/2002	Acting Mayor	138.00	Former Mayor
1844	General	10/8/2002	Acting Mayor	204.00	Former Mayor
1861	General	10/25/2002	Acting Mayor	140.00	Acting Mayor
1924	General	1/14/2003	Acting Mayor	138.00	Former Mayor
1926	General	1/23/2003	Acting Mayor	91.00	Acting Mayor
1953	General	2/19/2003	Acting Mayor	147.00	Former Mayor
1971	General	3/18/2003	Acting Mayor	266.00	Former Mayor
1995	General	4/17/2003	Acting Mayor	280.00	Acting Mayor
1999	General	4/24/2003	Acting Mayor	50.00	Acting Mayor
2010	General	5/13/2003	Acting Mayor	168.00	Acting Mayor
2011	General	5/13/2003	Acting Mayor	50.00	Acting Mayor
2023	General	5/28/2003	Acting Mayor	154.00	Acting Mayor
2047	General	6/10/2003	Acting Mayor	158.00	Acting Mayor
2048	General	6/10/2003	Acting Mayor	50.00	Acting Mayor
2071	General	7/8/2003	Acting Mayor	252.00	Acting Mayor
2072	General	7/8/2003	Acting Mayor	50.00	Acting Mayor
2073	General	7/8/2003	Acting Mayor	42.00	Acting Mayor
2083	General	7/21/2003	Acting Mayor	224.00	Acting Mayor
2104	General	8/11/2003	Acting Mayor	252.00	Acting Mayor
2105	General	8/11/2003	Acting Mayor	50.00	Acting Mayor
2112	General	8/28/2003	Acting Mayor	189.00	Acting Mayor
2113	General	8/28/2003	Acting Mayor	50.00	Acting Mayor
2169	General	10/16/2003	Acting Mayor	546.00	Acting Mayor
2170	General	10/16/2003	Acting Mayor	50.00	Acting Mayor
2191	General	11/11/2003	Acting Mayor	84.00	Acting Mayor
4157	Municipal	10/17/2003	Acting Mayor	92.00	Acting Mayor
				<b>\$4,127.00</b>	