



OKLAHOMA
Office of the State Auditor & Inspector

FORENSIC AUDIT REVEALS GROSS MISMANAGEMENT IN CITY OF LINDSAY

OKLAHOMA CITY, OK (November 13, 2024)

Oklahoma State Auditor & Inspector [SA&I] Cindy Byrd today released her forensic audit report for the City of Lindsay in Garvin County. Auditor Byrd launched the investigation after receiving a request from District Attorney Greg Mashburn.

The SA&I investigated the city's financial records from July 1, 2019 to June 30, 2022. The audit uncovered significant mismanagement and a failure of Lindsay City Council members to provide proper oversight of expenditures.

"The warning signs were there but no one was looking," Auditor Byrd said. "Lindsay's elected leaders have a legal obligation to oversee the City's finances. Instead, the City's financial mismanagement was exacerbated by ineffectual leadership that failed to maintain records and oversee City functions. As a result, Lindsay taxpayers have been shortchanged by hundreds of thousands of dollars."

Among the problematic findings are:

Utilities

- The City under-billed commercial customers by approximately \$1.5 million. The City expects to recover about 45% (\$676,000) of that amount.
- Failures to process utility rate hikes, and collect late fees, resulted in lost revenue of approximately \$152,460.
- Two City employees and two City Council members received utility services despite not making payments for periods ranging from four to eight months.

Sales Tax

- Sales tax earmarked for the Lindsay Public Works Authority (LPWA) in the amount of \$493,990.16 was improperly retained in the General Fund bank account and not utilized for LPWA restricted purposes as required by law.

Expenditures

- Credit card expenditures in excess of \$223,000 per year, many without purchase orders, occurred without any board approval or oversight.
- Eight invoices from the Grand River Dam Authority [GRDA] were paid late, some due to insufficient funds, resulting in late fees totaling \$16,319.04.
- Due to missing records, the appropriateness of \$34,488.83 in tested purchasing card expenditures could not be verified.
- Lindsay City Manager, Rebecca Niernberger, made inappropriate fuel purchases totaling \$531.14 and questionable food purchases totaling \$1,789.85. She also improperly obtained \$727 worth of fuel for her personal vehicle. The City had no records to support \$10,651.87 of Niernberger's purchasing card expenditures.
- The City also had no records to support \$20,156.49 of purchasing card expenditures from Lindsay City Clerk Kathy Hammans.

Audits

- The City's financial audits were not completed in the statutorily required timeframe. Two audits were filed more than a year late.
- The lack of timely audits hindered the Council's assessment of the City's financial status and prevented the City from applying for grant funds.

"While we found countless examples of deficient oversight, mismanagement, and poor decision-making, we classified less than two-thousand dollars of expenditures as fraudulent," said Auditor Byrd. "On a very good note, the City of Lindsay is working to resolve the issues we discovered and appears to have

turned the corner financially. The City has caught up on its audits and is now fully eligible to apply for grant money.”

The full audit is posted [here](#) on the Oklahoma State Auditor & Inspector’s official website.

To schedule an interview with Cindy Byrd, please contact Andrew Speno at 405-315-5924.