



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Plattsburg Special Road District

### Background

The former bookkeeper, who served as the appointed district Secretary/Treasurer, Ava Langner, performed work for the district from April 14, 2011, until her termination by the Board effective October 15, 2018. Ava Langner was considered an independent contractor, but never entered into a formal contract with the district. As Secretary/Treasurer, Ava Langner was solely responsible for the financial accounting functions and records of the district.

In late September 2018, the State Auditor's Office (SAO) Whistleblower Hotline received a complaint questioning the allocation of district funds, and alleging overpayments made to the Secretary/Treasurer and improper charges made on a credit card paid for using district funds. The SAO sent a letter dated October 4, 2018, to the Board of Commissioners notifying them that our office was conducting an initial review of the allegations and requested records be provided to our office. Upon receipt of our letter the Secretary/Treasurer admitted to a Board member that she had stolen monies from the district for her personal use. On October 15, 2018, the Board requested/authorized the SAO to conduct an audit, and the SAO agreed to conduct the audit. The SAO issued subpoenas to Ava Langner and Langner Enterprises, LLC on December 3, 2018, to compel her testimony and require her to produce records and documents. The SAO also issued subpoenas to Chase Bank and Ameren to produce records related to Ava Langner's personal and company transactions paid using district funds.

In October 2018, the Board contacted the Clinton County Prosecuting Attorney regarding these concerns. The Prosecuting Attorney referred this matter to the Missouri State Highway Patrol (MSHP) and the Federal Bureau of Investigation (FBI). Investigations by the MSHP and FBI are ongoing.

### Misappropriated Monies

Between April 14, 2011, and October 15, 2018, monies totaling at least \$286,615 were misappropriated from the district. Improper payments totaling \$156,739 were made to the Secretary/Treasurer's company. The Secretary/Treasurer also used \$125,642 of district monies to pay personal credit card bills. Personal credit card statements showed she may have spent over \$30,000 on business products to operate her 2 personal businesses. Also, she spent \$17,000 at construction and home improvement stores and \$14,000 on travel and entertainment. The Secretary/Treasurer also earned an additional \$1,634 of credit card rewards from credit card purchases using district monies. The Secretary/Treasurer also made improper payments totaling \$2,600 using district monies for personal and company bills. The Secretary/Treasurer may have created/modified 31 meeting minutes after she was terminated on October 15, 2018, with 26 of the 31 meeting minutes created/modified shortly after our office served her and her company subpoenas to obtain records. At least 4 meeting minute files may have been created to reflect increases in monthly fees paid to the Secretary/Treasurer's company in an attempt to conceal or reduce the amount of improper payments.

The Secretary/Treasurer falsified the district's published financial statements to conceal \$131,154 of payments made to her company and \$76,879 of

payments for her personal credit card bills. We identified significant differences in receipts, disbursements, and ending cash balances reported on published financial statements in comparison to the accounting records for 2017, 2016, 2015, and 2014, that helped conceal the district's declining financial condition.

Oversight and Bond Coverage	The Board did not establish adequate segregation of duties or supervisory reviews over the various financial accounting functions performed by the Secretary/Treasurer. The district did not have bond coverage for district employees or officials.
Accounting Controls and Procedures	The Board's review and approval of disbursements and bank activity was insufficient, and provided no assurance that district funds were spent properly. The Board did not have adequate controls over checks, and accounting records maintained by the Secretary/Treasurer were not accurate. The Secretary/Treasurer did not always record or deposit receipts timely. The district did not enter into a written contract with Langner Enterprises, LLC for bookkeeping services detailing services to be rendered or the amount of compensation. The majority of invoices, and all bank records, accounting records, and meeting minutes were maintained by the Secretary/Treasurer at her company or her home, and some records could not be located.
Payroll	The Board approved year-end bonuses to the Secretary/Treasurer and employees contrary to state law and the Secretary/Treasurer did not timely remit federal payroll taxes.
Budgets and Financial Reporting	Neither the Board nor the Secretary/Treasurer prepared budgets for the past 8 years (2011 through 2018), or submitted a financial report to the SAO as required by state law for 5 years (2012 through 2016). The financial report for 2017 was not filed timely.

In the areas audited, the overall performance of this entity was **Poor**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.