



# Thomas A. Schweich

Missouri State Auditor

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## City of Dixon

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February 2015  
Report No. 2015-007



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<http://auditor.mo.gov>



# CITIZENS SUMMARY

## Findings in the audit of the City of Dixon

Undeposited Receipts and Unsupported Transactions	In October 2012, receipts totaling \$1,847 issued/posted to the computerized utility system were not deposited. In addition, a former City Collector entered incorrect usage information, or made unauthorized adjustments, to her parents' utility account. We estimated the amount not billed to be approximately \$1,140. Also, various unsupported reimbursements and disbursements were made.
Accounting Controls and Procedures	The Board of Aldermen has not adequately segregated accounting duties and does not have adequate review and approval procedures. The city does not have adequate procedures for receipting, recording, and depositing monies. The city has not maintained accurate accounting records and significant unexplained differences existed in the records. For example, the Sewer Fund cash balance on August 31, 2013, was \$1,150,000 and the September 1, 2013, balance was \$292,303, a difference of \$857,697. Also, monies received were not maintained in a secure location, and various city employees had access to money on hand and were allowed to collect receipts at city hall. Additionally, the city has not established procedures to routinely follow up on outstanding checks, and voided checks were not properly defaced.
Disbursements	The city does not have a formal bidding policy, did not solicit bids for several significant purchases of goods and services, and did not retain documentation of some bids obtained. The city does not use a competitive selection process to obtain professional services, has not entered into a written agreement for legal services, and did not document its evaluation and selection of engineering services. In addition, the Board of Aldermen's approval process for disbursements is not adequate. The City Clerk did not issue 1099-MISC forms and file them with the IRS. Also, the vendor list had 21 duplicate vendors listed and included 393 vendors not used in 2013.
Payroll Taxes	The former and current City Clerks failed to timely file 941 forms and remit payroll taxes due to the IRS from January 2012 to June 2014, resulting in a at least \$26,980 in interest and penalties.
Restricted Revenues	The City Clerk comingles Police Officer Standards Training fees and Law Enforcement Training fees with general purpose monies. Also, the former City Clerk paid \$16,803 for legal services from the General Fund in fiscal year 2013, even though a portion of these costs could be allocated to other funds. Additionally, there is no documentation to support the allocation of the costs of audit services among city funds.
Utility System Controls and Procedures	The Board of Aldermen has not performed a formal review of water and sewer rates. The maintenance supervisor did not investigate significant differences in the monthly reconciliations of gallons of water billed to gallons of water pumped; and water usage is not tracked for city buildings, a fire district, and one privately owned property. The City Collector posts adjustments to the computerized utility system without obtaining

independent approval or maintaining adequate documentation. Also, the former City Collectors did not prepare a monthly list of utility deposits held and reconcile it to the deposit payable balance in the general ledger.

Budgetary Procedures and Financial Reporting	The Board of Aldermen did not hold a budget hearing to establish and approve a budget for the year ending September 30, 2013, and on October 1, 2012, approved operating under the prior year's budget for the upcoming year. A formal budget document was never prepared for fiscal year 2013. Additionally, the annual budget for the 2012 fiscal year did not contain all elements required by state law. The former City Clerk did not prepare and the Board did not approve budget amendments for the 2013 fiscal year, and the city overspent the General Fund and the Library Fund. Also, Board did not comply with state law regarding publishing financial statements, and the city did not calculate the percent of annual general operating revenue from fines and court costs related to traffic violations or file annual financial reports with the State Auditor's office. In addition, the city does not schedule annual financial statement audits timely.
Meeting Minutes, Qualifications of Aldermen, and Ordinances	Open meeting minutes did not document the specific section of law allowing a closed meeting for any closed meetings held during fiscal year 2013. Some issues discussed in closed meetings were not allowable under the Sunshine Law. Some Aldermen did not meet the qualifications for holding office, and city ordinances need improvement.
Computer Controls	The city has not established adequate password controls to reduce the risk of unauthorized access to computer systems and data. City hall employees share one user identification and password for each of 3 computers, passwords are not required to be changed on a regular basis, and security controls are not in place to shut down or lock a computer after a period of inactivity or a specified number of incorrect logon attempts.
Capital Assets	The City Clerk does not maintain records for the city's capital assets. Additionally, assets are not tagged for specific identification, and the city does not perform an annual physical inventory.

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.

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# City of Dixon

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# THOMAS A. SCHWEICH

## Missouri State Auditor

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
City of Dixon, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Dixon. We have audited certain operations of the city in fulfillment of our duties. The city engaged Evers and Company, Certified Public Accountants (CPAs), L.L.C. to audit the city's financial statements for the year ended September 30, 2012 and 2013. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for the year ended September 30, 2012, audit, since the September 30, 2013, audit had not been completed. The scope of our audit included, but was not necessarily limited to, the year ended September 30, 2013. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Dixon.

An audit of the *Twenty-Fifth Judicial Circuit, City of Dixon Municipal Division*, fulfilling our obligations under Chapter 29, RSMo, is still in progress, and any additional findings and recommendations will be included in the subsequent report.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison Tillery, CPA
In-Charge Auditor:	Denise Huddleston, MBA
Audit Staff:	Sherrye Lesmes

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# City of Dixon

## Management Advisory Report

### State Auditor's Findings

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#### **1. Undeposited Receipts and Unsupported Transactions**

Some receipts issued/posted to the computerized utility system by various city employees were not deposited, former City Collector Plummer entered incorrect usage information or made unauthorized adjustments to her parents' utility account, and the city made reimbursements to officials and payments for meals without adequate supporting documentation.

The city had significant turnover in the positions of City Collector, City Clerk, Court Clerk, and Mayor during 2012 and 2013, that are detailed in the Organization and Statistical Information section.

##### Undeposited receipts

The audit identified \$1,847 of recorded utility receipts in October 2012 (\$1,697 cash and \$150 checks) that were not deposited. This month was selected for review due to the large deposits made and the turnover of city personnel.

Manual receipt slips issued for \$2,995 (\$2,845 cash and \$150 checks) from October 12 to October 30, 2012, could not be agreed to a deposit. In addition, utility cash receipts totaling \$1,203 (unrelated to the manual receipt slips above) posted to customer accounts in the computerized utility system during October 2012 could not be agreed to a deposit. However, a cash deposit containing unidentified city receipts totaling \$2,351 occurred on November 2, 2012. The unidentified cash deposit was applied to the undeposited cash receipts identified during our audit, leaving \$1,847 in undeposited cash. City officials and personnel also could not determine that the unidentified cash deposit related to the undeposited cash receipts. The Supporting Documentation of Undeposited Receipts section provides details regarding the unaccounted for monies.

According to city officials, during October 2012 various former city officials (City Collector, City Clerk, and Mayor) and the former Court Clerk issued manual receipt slips for city monies received and access to monies on hand was not limited. This situation occurred primarily due to the transition in City Collectors and delays in getting monies on hand receipted and entered into the records. The City Collector posted payments to the computerized utility system, and it is unclear who made deposits during this time period. Additionally, city officials failed to maintain adequate documentation of utility monies deposited during October and November 2012, and as a result, there is no assurance all monies collected were properly deposited.

##### Unbilled water usage and adjustments

Former City Collector Plummer's parents were primarily charged only the minimum for water usage from January 2007 to July 2013, although their actual water usage had typically been above the amount charged for minimum usage. In addition, water usage for other months since October 2005 were apparently adjusted by the former City Collector. City procedures and records indicate former City Collector Plummer was fully



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responsible for utility billings from November 2005 to August 2012. A review of utility accounts during this period of time determined the usage for her parents' account was much lower than it had been prior to November 2005. Records and explanations provided by city officials indicate the former City Collector entered incorrect usage information or made unauthorized adjustments to her parents' account in the computerized utility system to reduce the amount of water used each month. In August 2006, January 2007, the period March 2007 through August 2007, the period October 2007 through December 2011, and the period February 2012 through August 2012, the water usage reading was reported as zero for this account resulting in a bill for the minimum amount each month. We estimated the amount not billed to former City Collector Plummer's parents during months where water usage was reported at zero to be approximately \$1,140. The Supporting Documentation of Unbilled Water Usage section provides details regarding the manipulation of city records.

Unsupported reimbursements  
and disbursements

We identified various unsupported reimbursements and disbursements during the 2 years ending September 30, 2013.

The city reimbursed the former City Clerk \$200 on June 20, 2012, based on a purchase order prepared by the former City Clerk indicating the reimbursement was for a damaged monitor/television. The former City Clerk indicated he had loaned the city a television that was subsequently damaged by lightning; however, the city had no documentation supporting this claim or the value of the television. The city also reimbursed the former City Clerk \$175 for a time clock system and smart cards based on a purchase order and invoice he prepared from his personal business, JP Custome Electronics, listing his personal/business address. Upon our inquiry, city officials provided documentation of online purchases indicating the items cost \$152. As a result, the former City Clerk was reimbursed \$23 more than the items actually cost. The city also reimbursed the former City Clerk \$385 for computer parts in June 2012, and the invoice indicated the parts were shipped in his wife's name to his personal address. The Board of Aldermen (Board) did not approve these reimbursements and the former Mayor and the former City Clerk signed these checks.

The city reimbursed the City Marshall \$800 in March 2013, based on a purchase order he prepared indicating the reimbursement was for a light bar for a city police car. The City Marshall did not provide documentation of the original cost or purchase of the light bar.

Additionally, between October 2011 and November 2012, there were 13 purchases of meals from local restaurants totaling \$403 that lacked supporting documentation, including individuals in attendance, the business purpose, or the necessity of the purchase. City records indicate several of





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these meals involved the former Mayor and former City Clerk, and the Board did not approve payments for \$204 of the \$403 spent.

The lack of detailed supporting documentation makes it difficult for the city to ensure the propriety of payments made for employee reimbursements and meals. City funds should be expended only on items that clearly benefit the city. A proper review by the Board can prevent improper use of city funds.

## Conclusion

Significant weaknesses in internal controls and record-keeping procedures as discussed throughout the report, allowed undeposited receipts, manipulation of city records, and unsupported and unnecessary payments to occur and go undetected.

## Recommendation

The Board of Aldermen investigate undeposited receipts. The Board of Aldermen should also work with law enforcement officials regarding criminal prosecution, if the undeposited receipts are determined to be missing, and regarding the erroneous utility system information and unauthorized utility account adjustments. The Board of Aldermen should seek reimbursement of the unsupported reimbursements, consider billing for past legitimate but unbilled utility service, and ensure all disbursements of city monies clearly benefit the city and are supported by invoices.

## Auditee's Response

*The Board of Aldermen provided the following written response:*

*We will select a committee comprised of the City Clerk and Aldermen to investigate undeposited receipts regarding the utility system and account access. We will at this time seek to rectify any lapses in security measures on that system so that accountability of individuals can be made. Furthermore, we will establish policies governing such account access and or modifications to individual accounts. We will also work with law enforcement officials regarding criminal prosecution, if undeposited receipts are determined missing, and regarding the erroneous utility system information and unauthorized utility account adjustments. We will seek reimbursement of the unsupported reimbursements, discuss and consider billing for past legitimate but unbilled utility service with our attorney, and we will ensure all future disbursements clearly benefit the city and are supported by invoices.*

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## 2. Accounting Controls and Procedures

There are numerous weaknesses with accounting controls and procedures.

### 2.1 Segregation of duties

The Board has not adequately segregated accounting duties and does not have adequate review and approval procedures. The City Clerk is



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responsible for preparing invoices for payment, issuing checks, posting receipts and disbursements into the accounting system, processing payroll, and reconciling bank accounts. The City Clerk also sometimes takes payments. The City Collector is responsible for taking payments, recording receipts in the utility account system, and depositing all monies. A comparison of monies received and recorded on manual receipt slips and the computerized utility system to those deposited is not performed. The city does not employ a City Treasurer.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. If segregating duties is not possible, timely supervisory reviews by the Board should be performed and documented.

## 2.2 Receipting, recording, and depositing procedures

The city's procedures for receipting, recording, and depositing are poor. As a result, there is no assurance all monies collected are properly receipted, recorded, or deposited.

- City personnel did not issue receipt slips for some monies received. Receipt slips were not issued for utility check payments unless requested by the payor.
- City personnel did not issue receipt slips in numerical sequence, and used multiple receipt slip books concurrently.
- Amounts recorded on manual receipt slips were not reconciled to the computerized utility system, and amounts recorded in the computerized utility system were not reconciled to deposits. As a result, the city did not detect the undeposited receipts (see MAR finding number 1), duplicate manual receipt slips issued, errors made on manually issued receipt slips (incorrect utility customer listed on receipt slip), and posting errors made to the computerized utility system (payment posted to incorrect accounts, etc.).
- The former City Collectors did not deposit receipts intact or timely. They made separate deposits for each type and composition of receipt (cash receipts were deposited separately from receipts received by check). For example, some utility receipts received from October 2 to October 10, 2012, totaling \$1,438, were held and not deposited until October 16, 2012, and some utility receipts received from October 9 to October 12, 2012, were held and not deposited until October 22, 2012, while other receipts received on October 15, 2012, were deposited on October 16, 2012.



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- The former City Collectors did not always include an itemized listing of cash and checks on the deposit slips, and as a result, some of the recorded receipts could not readily be agreed to a deposit (see MAR finding number 1).
- The former City Collectors did not always record monies received timely in the computerized utility system. For example, 7 manual receipt slips issued from October 2 to October 5, 2012, totaling \$578 were not posted to the computerized utility system until October 9, 2012. We identified numerous other instances where monies received were not recorded timely in the computerized utility system.

Failure to implement adequate receipting, recording, and depositing procedures increase the risk that loss, theft, or misuse of monies received will go undetected and accounting records will contain errors.

## 2.3 Accounting records

The city did not maintain accurate accounting records. Significant unexplained differences existed in the city's records. As a result, reports generated from the accounting system could not be relied upon by city officials when making decisions.

- Differences exist between the September 30, 2013, reconciled bank balance and the book balance recorded in the accounting records of the city's main bank account. The city's computerized bank reconciliation report includes a warning stating "bank totals do not equal the general ledger account totals" and reported a difference of (\$617,332). In addition, an adjustment was made on the September 2013 computerized bank reconciliation report by the former City Clerk to increase the main account balance and decrease the transportation account balance by \$200,000; however, the transfer was not made until October 7, 2013.
- The August 31, 2013, ending cash balances do not agree to the September 1, 2013, beginning balances for various city funds. For example, the Sewer Fund cash balance on August 31 was \$1,150,000 and on September 1 the balance was \$292,303, a difference of \$857,697. The former City Clerk could not provide an explanation for the changes in the balances. In addition, the warning statement mentioned above appeared for three bank accounts on the August cash report with differences reported of \$871,603, (\$624,637), and \$31.
- The city's independent audit report letter of suggestions to management for fiscal year 2012 stated, "At the beginning of fieldwork, we noted the City's general ledger was not in balance. The City had to request the software company fix the out of balance. After the software company balanced the general ledger, we noted individual funds remained out of balance."



## City of Dixon Management Advisory Report - State Auditor's Findings

Accurate and complete financial information is necessary for the Board to make informed decisions and to provide residents with reliable information about city finances. Inaccurately recorded transactions make it more difficult to detect loss, theft, or misuse of funds.

### 2.4 Physical controls

The current City Collector indicated that when she started in March 2013, the former City Collector maintained monies received in an unlocked drawer in the office and in a locked vault at night. The Mayor indicated during the year ended September 30, 2013, the Marshal rekeyed the vault and retained a key without authorization and to further limit access, the maintenance supervisor rekeyed the vault a second time. Various city employees and the former Mayor had access to monies on hand and were allowed to collect receipts at city hall.

To safeguard against possible loss, theft, or misuse of funds and to ensure receipts are properly handled, monies received should be maintained in a secure location until deposit, and the collection of city receipts should be restricted.

### 2.5 Outstanding and voided checks

Procedures have not been established to routinely follow up on outstanding checks. As of February 28, 2014, 8 checks totaling \$5,004, had been outstanding for over a year. In addition, voided checks were not properly defaced. We noted checks in the former City Clerk's desk drawer that were prepared, but not signed. The former City Clerk indicated these checks were void; however, the checks were not defaced in any manner.

Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law. Also, voided checks should be properly defaced.

## Recommendations

The Board of Aldermen:

- 2.1 Implement procedures to adequately segregate duties or ensure independent or supervisory reviews of the City Clerk and City Collectors' work are performed.
- 2.2 Require issuance of prenumbered receipt slips for all monies received, record receipts in the computerized utility system timely, and deposit receipts intact and timely.
- 2.3 Ensure accounting records are accurately maintained.
- 2.4 Maintain monies collected in a secure location and limit collection duties.



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- 2.5 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law. In addition, voided checks should be properly defaced.

## Auditee's Response

*The Board of Aldermen provided the following written responses:*

*As a cumulative response to finding 2, we shall establish specific job performance duties for each position in the city. We will draft these duties in a rating form so that a supervisor will go over the performance expectations of each employee, the employee will in turn acknowledge to their supervisor that they understand and know what is expected of them throughout the current and forthcoming rating periods. Documentation of this meeting and the performance objectives and job specific duties will be maintained in a secure location as determined by operating procedure.*

- 2.1 *We will try to segregate duties of the City Clerk and City Collector or if this is not possible, we will implement periodic supervisory reviews of their work.*
- 2.2 *We will require prenumbered receipt slips be issued for all monies received, receipts to be recorded in the utility system timely, and monies to be deposited timely and intact.*
- 2.3 *We will draft policies and operating procedures that specifically outline how monies are to be collected and recorded and entered into the computerized utility system in a timely manner. Policies will also be drafted that ensure accurate records are maintained and kept on file.*
- 2.4 *We will require monies to be maintained in a secure location and limit collection duties.*
- 2.5 *We will require the City Clerk to routinely investigate outstanding checks over one year old, and request them to be voided and reissued or disbursed in accordance with state law. We will also require all voided checks to be properly defaced.*

## 3. Disbursements

Controls and procedures over city disbursements need improvement.

### 3.1 Procurement procedures

The city does not have a formal bidding policy and bids were not solicited for numerous significant goods and services purchased during the year ended September 30, 2013.



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Item or Service	Cost
Fuel (3 vendors)	\$ 61,800
Water, sewer, and street supplies (4 vendors)	33,546
Utility tank service	33,366
Workers compensation insurance	19,392
Audit services	12,000
Asphalt	7,675
Uniforms-annual	7,441
Trash dumpsters	6,750
Office supplies	5,869
Accounting software support	5,803
Utility system software	3,405

In addition, while Board meeting minutes indicate the city obtained bids for propane, city officials did not retain bid documentation. The city paid \$4,455 for propane during the year ended September 30, 2013.

Formal bidding procedures for major purchases or services provide a framework for economic management of city resources and help ensure the city receives fair value by contracting with the lowest or best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in city business.

### 3.2 Professional and engineering services

Professional services are obtained without benefit of a competitive selection process, the city has not entered into a written agreement for legal services, and the city did not document its evaluation and selection of engineering services.

- The city has used the same law firm for legal services since 2006 without conducting a competitive selection process. The city has not entered into a written agreement with the firm and paid the firm \$16,803 during the year ended September 30, 2013.
- The city did not solicit proposals for auditing services. The city paid \$12,000 for auditing services during 2013.
- The city did not evaluate qualifications from 3 firms for engineering services before paying an engineer \$6,795 during 2013.

Soliciting proposals for professional services is a good business practice, helps provide a range of possible choices, and allows the city to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in



## City of Dixon Management Advisory Report - State Auditor's Findings

writing. In addition, Sections 8.289 and 8.291, RSMo, provide requirements for obtaining, evaluating, and negotiating engineering services.

### 3.3 Approval process

The Board's approval process for disbursements is not adequate. The list of bills approved by the Board each month is not complete, and a comparison of this list to approved invoices and the actual checks written is not performed. The list of bills approved by the Board each month does not include payroll disbursements. In addition, a list of bills approved by the Board did not include 30 of 50 non-payroll disbursements we reviewed.

The Mayor and department heads failed to document their review and approval on most supporting documentation. City policy requires the Mayor to approve all purchases greater than \$500 and department heads to approve all purchases less than \$500. Additionally, many of the invoices paid by the city did not have documentation acknowledging receipt of goods or services.

To ensure disbursement are an appropriate use of city funds, the Board should ensure the list of bills approved is complete, someone compares the list to approved invoices and the checks written, and the Mayor and department heads review and approve applicable purchases in accordance with city policy. Documentation of the receipt of goods or services is necessary to ensure the city actually received the items or services.

### 3.4 1099-MISC forms

In 2012 and 2013, the City Clerk did not issue 1099-MISC forms to applicable individuals or non-incorporated businesses or file these forms with the Internal Revenue Service (IRS) as required. During these years, at least 4 individuals or businesses received payments from the city meeting the criteria requiring preparation of these forms.

Sections 6041 to 6050 of the Internal Revenue Code require non-wage payments of at least \$600 in one year for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on 1099-MISC forms. To ensure compliance with IRS requirements, the city should establish procedures to ensure 1099-MISC forms are issued in all applicable instances.

### 3.5 Duplicate vendors

The city vendor list contained 21 duplicate vendor names, each with a separate vendor number. In addition, the city did not use 393 of 595 vendors on its vendor list during the year ended September 30, 2013. Better controls should be established to ensure vendors are only entered in the payment system once. In addition, deleting duplicate vendor names and vendors the city does not intend to use would give the city better control over vendor information and result in a more efficient operation.



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## Recommendations

The Board of Aldermen:

- 3.1 Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for bids selected.
- 3.2 Solicit proposals for professional services, enter into written agreements for legal services, and comply with state law when procuring engineering services and document the evaluation and selection process for those services.
- 3.3 Ensure complete lists of bills (including payroll information) are prepared, the Board's approval is reflected on the lists, and the lists are retained. The Mayor and department heads should document their review and approval in accordance with city ordinance, and approved lists of bills should be compared to invoices and checks written. The Board should also ensure all invoices are initialed or signed by an employee to indicate acceptance of goods or services.
- 3.4 Implement procedures to ensure 1099-MISC forms are prepared and filed as required by law.
- 3.5 Ensure duplicate vendors and vendors the city does not plan to use are removed from the vendor list.

## Auditee's Response

*The Board of Aldermen provided the following written responses:*

- 3.1 *We shall establish a formal bidding process, policies, and procedures requiring bids or quotes and will keep on file the justification for selecting a bid of one merchant or service over another.*
- 3.2 *In the future, we will solicit proposals for professional services annually and enter into a written agreement for legal services. We will also evaluate qualifications from 3 firms for engineering services in accordance with state law.*
- 3.3 *We will ensure through proper training and defined job expectations that the designated employees accurately and completely provide a list of bills and this list is presented to the Mayor and Board for review and approval. We will ensure the Board's approval of a complete list of bills is documented and the list is retained. We will ensure the Mayor and department heads document their review and approval of city disbursements in accordance with our policy, and we will compare the list of bills to*





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*checks and invoices. We will also ensure the receipt of goods or services is documented on invoices.*

3.4 *This issue will be covered under the performance expectations, and the Board shall ensure the City Clerk's compliance with applicable laws.*

3.5 *This issue will be handled through measurable expectations as outlined in job duties for this assigned position.*

## 4. Payroll Taxes

The former and current City Clerk did not timely file 941 forms and remit applicable payroll taxes to the IRS for the period January 2012 to March 2014, resulting in assessments of penalties and interest totaling \$26,980.

The City Clerk also did not file/remit this form and applicable taxes for the second quarter of 2014 until September 2014; however, the IRS has not yet assessed the applicable penalties and interest. The lack of procedures and an independent review of payroll records and transactions allowed this problem to occur without detection for an extended time period.

The Internal Revenue Code requires employers to file a 941 form by the last day of the month following the end of the quarter, along with payment of Social Security and Medicare taxes withheld from the employee and the employer's share, as well as federal income taxes withheld.

## Recommendation

The Board of Aldermen should establish procedures to ensure payroll taxes are remitted to the appropriate taxing entity timely.

## Auditee's Response

*The Board of Aldermen provided the following written response:*

*We shall ensure that payroll taxes are remitted to the appropriate tax entity on a timely basis. This shall be done by requiring such positions who are responsible to provide appropriate documentation that the task has been completed on time, and an explanation to the Board if such isn't accomplished.*

## 5. Restricted Revenues

The city has not established adequate procedures to ensure restricted monies are expended only for intended purposes and disbursements are properly allocated among funds.

### 5.1 Tracking and recording restricted revenues

The City Clerk is not properly tracking and recording various statutorily restricted monies. Police Officer Standards Training (POST) fees and Law Enforcement Training (LET) fees are comingled with general purpose monies rather than being accounted for separately or in separate funds. The City Clerk deposits these monies into the General Fund and tracks the receipts, but does not identify the associated disbursements or balances



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within the General Fund. As a result, the city cannot determine what portion of the General Fund balance represents restricted monies, or demonstrate disbursements were allowable.

Section 488.5336.2, RSMo, requires POST and LET fees to be used for the training of law enforcement officers. Receipts and disbursements associated with restricted monies should be recorded separately or in a fund established to account for their usage and ensure compliance with state laws.

## 5.2 Allocation of disbursements

The former City Clerk failed to allocate the cost of legal services between various funds and documentation does not exist to support the allocation of the costs of audit services among city funds.

Legal service costs totaling \$16,803 were paid entirely from the General Fund in fiscal year 2013, although a portion of these costs could be allocated to other funds. Additionally, the city allocated \$4,228 to the General Fund and \$1,943 each to the Water, Sewer, Street, and Library Funds for audit service costs during fiscal year 2013, without documentation to support the allocation.

It is essential the city properly allocate disbursements among funds, to accurately determine the results of operations of specific activities, thus enabling the city to establish the level of taxation and/or user fees necessary to meet operational costs.

## Recommendations

The Board of Aldermen:

- 5.1 Determine the amount of restricted monies in the General Fund and establish separate funds or a separate accounting of these monies.
- 5.2 Ensure shared costs are properly allocated to the applicable city funds and allocations are supported by adequate documentation.

## Auditee's Response

*The Board of Aldermen provided the following written responses:*

- 5.1 *We will determine the amount of POST and LET fees that are being held in the General Fund and establish separate funds or accounting for these monies.*
- 5.2 *We will draft policies and operating procedures on how money is separated for accounting purposes and how costs are to be properly allocated to applicable city funds. Furthermore, documentation will be kept for future reference. This process will be outlined in operating procedures.*



## 6. Utility System Controls and Procedures

### 6.1 Utility rates

There are significant weaknesses in city operations related to utility services. The city provides utility services to approximately 736 customers. Per city accounting records, the city collected approximately \$256,000 in water fees and \$239,000 in sewer fees during the year ended September 30, 2013.

The Board has not performed a formal review of water and sewer rates, and as a result there is less assurance utility rates are set at an appropriate level.

The city has not increased or decreased water and sewer rates since 2009. According to the city's independent audit report, the Water Fund and Sewer Fund had operating incomes of \$83,161 and \$13,692, respectively, for the year ended September 30, 2012.

Water and sewer fees are user charges, which should cover the cost of providing the related services. The city should periodically prepare a cost analysis of water and sewer rates, which considers expenses such as debt service costs, the need for the extension of the system, equipment repairs and replacement, depreciation, enlargement of plant, capital improvements, and operating and incidental expenses. The preparation of a comprehensive statement of costs would not only allow the city to determine the rates necessary to support current and future operations, but also provide documentation to customers of the rationale behind the rates.

### 6.2 Water reconciliations and billings

The maintenance supervisor did not investigate significant differences identified in the monthly reconciliation of gallons of water billed to customers to gallons of water pumped. In addition, water usage is not tracked for city buildings, a fire district, and one privately-owned property. The fire district and the privately-owned property owner are billed monthly based on an estimate of water usage. Without this water usage information the city cannot properly perform the reconciliation. A water usage report city officials submitted to the Department of Natural Resources indicated the city could not account for 18 percent of water pumped for calendar year 2013. This significant difference is indicative of water loss issues and/or possible unbilled usage, and indicates a need for follow up.

Tracking city and other water usage, metering all properties as appropriate, and timely investigation of unexpected or significant differences between water billed and water pumped is necessary to help detect significant water loss timely and ensure water usage is properly billed. According to the U.S. Environmental Protection Agency, the water industry goal for unaccounted for water is 10 percent or less.<sup>1</sup>

<sup>1</sup> United States Environmental Protection Agency, "Using Water Efficiently: Ideas for Communities," <<http://www.epa.gov/WaterSense/docs/community508.pdf>>, accessed December 23, 2014.



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### 6.3 Adjustments

The City Collector posts adjustments to the computerized utility system without obtaining independent approval or maintaining adequate documentation to support the reason for the adjustments. Because the City Collector is responsible for all utility functions, the ability to make adjustments without approvals represents a significant control weakness. This lax process allowed former City Collector Plummer to adjust her parents' utility account (see MAR finding number 1).

Requiring someone independent of receipting and recording functions to review and approve adjustments, and requiring proper supporting documentation be maintained for such adjustments would help ensure adjustments are valid

### 6.4 Utility deposits

The former City Collectors did not prepare a monthly list of utility deposits held and reconcile the list to the deposit payable balance in the general ledger. New customers are required by ordinance to pay a refundable deposit before receiving utility service. The City Collector prepared a list of utility deposits on hand as of February 28, 2014. The list of utility deposits totaled \$26,958, and the deposit balance in the city's general ledger totaled \$64,365, resulting in a difference of \$37,407.

Monthly reconciliations of the list of deposits to the deposit payable balance are necessary to ensure deposits are properly recorded and are sufficient to meet liabilities. Any discrepancies should be promptly investigated and resolved.

## Recommendations

The Board of Aldermen:

- 6.1 Document formal reviews of utility rates periodically to ensure revenues are sufficient to cover all costs of providing these services and to support any rate changes.
- 6.2 Investigate significant differences between gallons of water pumped to gallons billed, track all water usage on a monthly basis, and ensure all usage is appropriately billed and collected.
- 6.3 Ensure all adjustments are independently approved and supporting documentation is retained.
- 6.4 Ensure a list of utility deposits on hand is prepared and reconciled monthly to the deposit payable balance in the general ledger. Any discrepancies should be investigated and resolved.



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## Auditee's Response

*The Board of Aldermen provided the following written responses:*

- 6.1 *We will install meters on properties not currently metered to properly track all water usage. We shall on an annual basis review revenues and utility rates to ensure that the rates are covering the cost of services provided. This will support any rate increases that are needed for the future.*
- 6.2 *During the monthly review if significant differences of gallons pumped versus gallons billed are found they will be investigated and the appropriate answer will be documented and kept on file as an explanation for the difference.*
- 6.3 *We will request a report of all adjustments made to the utility system be generated from the system for the Board's review and approval at each Board meeting.*
- 6.4 *We will ensure a list of utility deposits on hand is prepared and reconciled monthly to the deposit payable balance in the general ledger, and any differences will be investigated and resolved.*

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## 7. Budgetary Procedures and Financial Reporting

Budgetary procedures and financial reporting need improvement.

### 7.1 Budgets

The Board did not hold a budget hearing to establish and approve a budget for the year ending September 30, 2013, and on October 1, 2012, the Board approved operating under the prior year's budget for the upcoming year. A formal budget document for fiscal year 2013 was never prepared. Additionally, the annual budget for the year ended September 30, 2012, did not contain all elements required by state law. The budget did not include a budget message, and actual or budgeted amounts for the 2 preceding years. In addition, beginning available resources and estimated ending available resources were not included in these budgets, but are needed to present a complete financial plan for city finances.

Section 67.010, RSMo, provides requirements for the information to be presented in the annual operating budget. A complete and well-planned budget, in addition to meeting statutory guidelines, can serve as a useful management tool by establishing specific expectations for each area of village operations and provides a means to effectively monitor actual financial activity. In addition, obtaining input from city residents when



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adopting budgets through a public hearing can help residents better understand decisions made.

### 7.2 Budget amendments

The former City Clerk did not prepare and the Board did not approve budget amendments for the fiscal year ending September 30, 2013. As previously noted, the city was also using the 2012 budget as its 2013 budget, and according to the city's accounting records, the city overspent the General Fund and Library Fund during fiscal year 2013.

Section 67.040, RSMo, requires political subdivisions to keep disbursements within amounts budgeted and allows for budget increases, after the governing body officially adopts a resolution setting forth the facts and reasons. To ensure compliance with state law, the Board should properly monitor actual disbursements compared to budgeted amounts and formally amend the budgets before the related disbursements are incurred.

### 7.3 Financial statements

The Board did not comply with state law regarding publishing financial statements. Financial statements published for the year ended September 30, 2013, did not include a full and detailed account of the receipts, disbursements, beginning and ending cash balances, and indebtedness of the city. The financial statements only presented the total budgeted and actual receipts and disbursements by fund, and did not include the beginning and ending cash balances of each fund, which are not required but are needed to present a complete financial plan for city finances. Also, the financial statements are not published semiannually.

Section 79.160, RSMo, requires the Board to prepare and publish financial statements for each 6 month period that include a full and detailed account of the receipts, disbursements, and indebtedness of the city.

### 7.4 Monitoring of excess revenues and filing of financial reports

The city did not calculate the percent of annual general operating revenue from fines and court costs related to traffic violations, determine whether excess revenues should be distributed to the state Department of Revenue, and provide an accounting of the percent in its annual financial report as required by state law. In addition, the city has not filed annual financial reports for its years ended September 30, 2012 and 2013, with the State Auditor's office as required by law.

Effective August 28, 2013, Section 302.341.2, RSMo, was amended, reducing the threshold for remitting excess revenues to the state, and requiring cities to provide an accounting of the percent of annual general operating revenue from fines and court costs in its annual financial report submitted to the State Auditor's office as required by Section 105.145, RSMo. This requirement impacts the city's year end September 30, 2013, financial report.



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Section 302.341.2, RSMo, further provides that a city that is noncompliant with the law and fails to make an accurate or timely report ". . . shall suffer immediate loss of jurisdiction of the municipal court of said city . . . on all traffic-related charges until all requirements of this section are satisfied." Thus, it is imperative the city work with the court to obtain the required traffic violation data and file annual financial reports that provide the required accounting.

## 7.5 Audits

City officials do not schedule the city's annual financial statement audits timely. The audit for the year ended September 30, 2012, was not scheduled until June 2013, and was not completed and issued until April 2014. The audit for the year ended September 30, 2013, did not begin until October 2014.

Section 250.150, RSMo, requires the city to obtain annual audits of the combined water and sewer system. Timely annual audits also helps city officials assess the financial condition of the city and ensure the propriety and accuracy of financial transactions.

## Recommendations

The Board of Aldermen:

- 7.1 Prepare complete budget documents in accordance with state law and ensure a public hearing is held to obtain input from city residents.
- 7.2 Prepare and approve budget amendments prior to incurring the related disbursements.
- 7.3 Publish semiannual financial statements as required by state law.
- 7.4 Develop procedures to monitor excess revenues from traffic violations and submit annual financial reports to the State Auditor's office.
- 7.5 Ensure the city's independent financial statement audits are completed timely.

## Auditee's Response

*The Board of Aldermen provided the following written response:*

- 7.1 *We acknowledge the prior administration's failure in adherence to the preparation of budgets. That notwithstanding, the current Board acknowledges and will prepare budget documents in accordance with state law and ensure public hearings are held to obtain input from city residents.*



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- 7.2 *We will prepare approved budget amendments prior to incurring related disbursements.*
- 7.3 *We shall ensure financial statements are published as required by state law.*
- 7.4 *We will develop procedures to monitor excess revenues from traffic violations and submit annual financial reports to the State Auditor's office.*
- 7.5 *We will also ensure that the city's independent financial statement audits are completed in a timely manner.*

## **8. Meeting Minutes, Qualifications of Aldermen, and Ordinances**

The Board of Aldermen did not always follow Sunshine Law requirements relating to closed meetings as required by Chapter 610, RSMo, some Aldermen did not meet the qualifications for holding office, and improvement is needed with city ordinances.

### **8.1 Meeting minutes**

Open meeting minutes did not document the specific section of law that allowed a closed meeting for any of the 12 closed meetings held during the year ended September 30, 2013; and some issues discussed in closed meetings were not allowable under the Sunshine Law. For example, closed meeting minutes indicated the Board discussed raises for all city employees. In addition, closed meeting minutes did not always document what was discussed during the closed meeting.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all closed meetings and requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting, including reference to a specific section of the law, shall be voted on at open session. The law limits discussions in closed meetings to only the specific reason announced to close the meeting and requires governmental bodies to prepare and maintain minutes of closed meetings.

### **8.2 Qualifications of Aldermen**

Two Aldermen did not meet the qualifications for holding city office when elected, and another Alderman did not comply with city ordinance and state law during his term of office.

Alderman Dake and Alderman Kuehl owed delinquent real property taxes at the time of election in April 2012. Section 79.250, RSMo, states "No person shall be elected or appointed to any office, who shall at the time be in arrears for any unpaid city taxes, or forfeiture or defalcation in office."





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Alderman Watson did not reside in city limits through the duration of his term of office, and the Board did not take action to ensure compliance with city ordinance. City ordinance and Section 79.070, RSMo, requires aldermen to be a resident of the city for one year preceding his or her election, at the time of election, and during the time he or she serves.

### 8.3 Ordinances

City ordinances are not complete. City ordinances have not been updated since 2011, and the city has not adopted ordinances to establish the compensation of city officials or employees and the water and sewer rates charged.

Since ordinances represent legislation passed by the Board to govern the city and its residents, it is important they are maintained in a complete and up-to-date manner. Ordinances documenting approved salary amounts and utility rates help ensure equitable treatment and prevent misunderstandings. Section 79.270, RSMo, authorizes the Board to fix the compensation of employees by ordinance.

### Recommendations

The Board of Aldermen:

- 8.1 Ensure the specific statutorily allowed reason for closing a session is documented and only allowable subjects are discussed in closed session. In addition, proper documentation of closed meetings should be maintained.
- 8.2 Ensure candidates for city office and current office holders possess the qualifications for holding office.
- 8.3 Ensure ordinances are complete.

### Auditee's Response

*The Board of Aldermen provided the following written responses:*

*We acknowledge that past administrations were not in compliance. The current administration has already taken measurable steps to ensure compliance.*

- 8.1 *In the future, we will strive to ensure the specific statutorily allowed reason for closing a session is documented and only allowable topics are discussed in closed session. We will also keep minutes of all closed sessions.*
- 8.2 *We will ensure candidates for future city office and current office holders possess qualifications for holding office.*
- 8.3 *We will also ensure a review of ordinances is performed on an annual basis or as determined by operating procedures.*



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## 9. Computer Controls

The city has not established adequate password controls to reduce the risk of unauthorized access to computer systems and data. City hall employees share one user identification and password for each of 3 computers, and passwords are not required to be changed on a periodic basis to help ensure they remain known only to the assigned user and to reduce the risk of a compromised password. In addition, security controls are not in place to shut down a computer after a certain period of inactivity or lock it after a specified number of incorrect logon attempts.

Passwords are required to authenticate access to computers. The security of passwords is dependent upon keeping them confidential. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of systems and data. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Logon attempt controls lock the capability to access a system after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a system by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to systems and the unauthorized use, modification, or destruction of data.

## Recommendation

The Board of Aldermen should require a unique password for each employee that is confidential and periodically changed to prevent unauthorized access to city computer systems and data. The Board of Aldermen should also require each city computer to have security controls in place to shut down the computer after a certain period of inactivity and lock it after a specified number of incorrect logon attempts.

## Auditee's Response

*The Board of Aldermen provided the following written response:*

*We shall draft policies and standard operating procedures about account access for individual city employees and safeguards of passwords. The city will contact its programmer to have security controls in place to shut down a computer after a certain period of inactivity and lock it after a specified number of incorrect logon attempts.*

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## 10. Capital Assets

The City Clerk does not maintain records for the city's capital assets including buildings, utility system infrastructure, equipment, and other property. Additionally, assets are not tagged for specific identification, and an annual physical inventory is not performed. The audited financial statements for the year ended September 30, 2012, valued city property at approximately \$1.34 million.

Adequate capital asset records and procedures are necessary to provide controls over city property; safeguard city assets that are susceptible to loss,



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theft, or misuse; and provide a basis for proper financial reporting and insurance coverage.

## Recommendation

The Board of Aldermen ensure property records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. The Board of Aldermen should also properly tag, number, and otherwise identify all applicable city property and conduct and document an annual inventory.

## Auditee's Response

*The Board of Aldermen provided the following written response:*

*We will look into ways for identification of capital asset inventory controls and record keeping of such.*

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# City of Dixon

## Organization and Statistical Information

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The City of Dixon is located in Pulaski County. The city was incorporated in 1889 and is currently a fourth-class city. The city employed 18 full-time employees and 6 part-time employees on September 30, 2013.

City operations include utility services (water, sewer, and trash), police, maintenance of streets, a library, and the city park.

### Mayor and Board of Aldermen

The city government consists of a mayor and six-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor is paid \$200 per month and Board of Aldermen members are paid \$100 per month. The Mayor and Board of Aldermen at September 30, 2013, are identified below.

Jeffery Clark, Mayor (1)  
Allan Kuehl, Alderman  
Elizabeth McPherson, Alderwoman  
Steven Parker, Alderman  
Travis Rollins, Alderman  
Douglas Dake, Alderman  
Paul Watson, Alderman

(1) Jeffery Clark was appointed Mayor in November 2012. Ben Copeland served as Mayor from April 2011 to October 2012.

### Other Elected Official

The Marshall at September 30, 2013, was Michael Plummer and his annual compensation was \$31,000. The Marshall's compensation is established by the Board of Aldermen.

### Other Principal Officials

The City Collector, City Clerk, and Court Clerk are appointed positions. The city's other principal officials at September 30, 2013, are identified below.

Paula Balzer, City Collector (1)  
James Poucher, City Clerk (2)  
Julie Solan, Court Clerk (3)

(1) Paula Balzer was appointed as City Collector in March 2013. Yvette Bowshier served as City Collector from September 2012 to March 2013. Sheila Plummer served as City Collector from November 2005 to August 2012.

(2) James Poucher served as City Clerk from February 2012 to November 2013. Jessie Fleming is the current City Clerk and was appointed November 2013.

(3) Julie Solan served as Court Clerk from April 2010 to December 2013. Kathy Smith is the current Court Clerk and was appointed in January 2014.

### Financing Arrangements

In July 2003, the city issued \$735,000 in General Obligation Refunding Bonds, Series 2003, for the purpose of refunding the General Obligation Street Bonds, Series 1996. Principal and interest payments are due annually on March 1 of each year. Payments are made from the General Fund. The

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## City of Dixon

### Organization and Statistical Information

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final payment is scheduled for March 2015. The remaining principal outstanding at September 30, 2013, was \$160,000. Interest remaining to be paid over the life of the agreement totals \$6,520.

The city has entered into a lease-purchase agreement for a garbage truck and a police car. Principal and interest payments are made from the General Fund. The final payment for the lease-purchase is scheduled to occur in 2015. The remaining principal outstanding at September 30, 2013, was \$6,506. The remaining interest was \$236.

City of Dixon  
Supporting Documentation of Undeposited Receipts

Summary of Undeposited Receipts

	Amount
Total Undeposited Manual Receipts	\$ 2,995.33
Total Undeposited Receipts Posted to the Utility System	1,202.92
Total Undeposited Receipts	4,198.25
Unidentified Cash Deposit	(2,351.52)
Total Undeposited Receipts	<u>\$ 1,846.73</u>

Undeposited Manual Receipts

Date Received	Receipt Number	Payment Type	Amount
10/12/2012	37093	Check	\$ 75.00
10/17/2012	37291	Cash	72.60
10/17/2012	37292	Cash	65.93
10/17/2012	37293	Cash	86.77
10/17/2012	37295	Cash	79.80
10/18/2012	37297	Cash	61.34
10/18/2012	37298	Cash	65.51
10/18/2012	37302	Cash	73.01
10/18/2012	37304	Cash	79.86
10/19/2012	37305	Cash	101.36
10/19/2012	37306	Cash	82.00
10/19/2012	37308	Cash	65.10
10/19/2012	37309	Cash	73.43
10/19/2012	37311	Cash	41.30
10/19/2012	37313	Cash	58.50
10/19/2012	37315	Cash	66.77
10/19/2012	37317	Cash	103.45
10/19/2012	37318	Cash	61.34
10/19/2012	37319	Cash	53.15
10/19/2012	37320	Cash	43.52
10/19/2012	37323	Cash	125.03
10/19/2012	37324	Cash	70.93
10/19/2012	37325	Cash	86.77
10/19/2012	37327	Cash	45.74
10/22/2012	37332	Cash	46.75
10/22/2012	37333	Cash	77.60
10/22/2012	37334	Cash	150.00
10/22/2012	37339	Cash	100.00
10/22/2012	37343	Cash	80.94
10/22/2012	37345	Cash	73.43
10/23/2012	37347	Cash	79.27

City of Dixon  
Supporting Documentation of Undeposited Receipts

Date Received	Receipt Number	Payment Type	Amount
10/23/2012	37353	Cash	76.77
10/23/2012	37354	Cash	67.15
10/23/2012	37355	Cash	74.68
10/24/2012	37352 (1)	Cash	80.94
10/25/2012	37351 (1)	Cash	197.94
10/25/2012	37358	Cash	76.65
10/26/2012	37101 (2)	Check	75.00
Total			<u>\$ 2,995.33</u>

(1) Receipt slips were not issued in numerical order.

(2) A different receipt slip book was used resulting in a change in the numerical sequence of receipt slip numbers.

Undeposited Receipts Posted to the Utility System

Date Received	Account Number	Payment Type	Amount
10/5/2012	08-2100	Cash	\$ 93.16
10/5/2012	09-9300	Cash	150.00
10/5/2012	09-10200	Cash	66.77
10/5/2012	02-11000	Cash	70.90
10/12/2012	01-9000	Cash	78.31
10/12/2012	08-2600	Cash	64.99
10/15/2012	08-5200	Cash	70.93
10/15/2012	05-7300	Cash	74.27
10/15/2012	04-7900	Cash	68.84
10/16/2012	01-6400	Cash	66.09
10/16/2012	01-0100	Cash	77.60
10/16/2012	99-0054	Cash	89.67
10/16/2012	06-8600	Cash	50.39
10/22/2012	03-6300	Cash	16.69
10/22/2012	04-8400	Cash	82.61
10/24/2012	04-4800	Cash	81.70
Total			<u>\$ 1,202.92</u>

City of Dixon  
Supporting Documentation of Unbilled Water Usage

Unbilled Water Usage

Month and Year	Beginning Meter Reading	Ending Meter Reading	Usage (Hundreds of Gallons)
January 2005 (1)	17447	17495	48
February 2005 (1)	17495	17553	58
March 2005 (1)	17553	17601	48
April 2005 (1)	17601	17649	48
May 2005 (1)	17649	17697	48
June 2005 (1)	17697	17747	50
July 2005 (1)	17747	17795	48
August 2005 (1)	17795	17843	48
September 2005 (1)	17843	17890	47
October 2005 (1)	17890	17900	10
November 2005	17900	17915	15
December 2005	17915	17945	30
January 2006	17945	17961	16
February 2006	17961	17975	14
March 2006	17975	17990	15
April 2006	17990	18010	20
May 2006	18010	18023	13
June 2006	18023	18041	18
July 2006	18041	18059	18
August 2006	18059	18059	0
September 2006	18059	18071	12
October 2006	18071	18085	14
November 2006	18085	18096	11
December 2006	18096	18110	14
January 2007	18110	8123 (2)	0
February 2007	8123	8133	10
March 2007	8133	8133	0
April 2007	8133	8133	0
May 2007	8133	8133	0
June 2007	8133	8133	0
July 2007	8133	8133	0
August 2007	8133	8133	0
September 2007	8133	8153	20
October 2007	8153	0 (3)	0
November 2007	0	0	0
December 2007	0	0	0



City of Dixon  
Supporting Documentation of Unbilled Water Usage

Month and Year	Beginning Meter Reading	Ending Meter Reading	Usage (Hundreds of Gallons)
January 2008	0	0	0
February 2008	0	0	0
March 2008	0	0	0
April 2008	0	0	0
May 2008	0	0	0
June 2008	0	0	0
July 2008	0	0	0
August 2008	0	0	0
September 2008	0	0	0
October 2008	0	0	0
November 2008	0	0	0
December 2008	0	0	0
January 2009	0	0	0
February 2009	0	0	0
March 2009	0	0	0
April 2009	11049	11049	0
May 2009	11049	11049	0
June 2009	11049	11049	0
July 2009	11049	11049	0
August 2009	11049	11049	0
September 2009	11049	11049	0
October 2009	11049	11049	0
November 2009	11049	11049	0
December 2009	11049	11049	0
January 2010	11049	11049	0
February 2010	11049	11049	0
March 2010	11049	11049	0
April 2010	11049	11049	0
May 2010	11049	11049	0
June 2010	11049	11049	0
July 2010	11049	11049	0
August 2010	11049	11049	0
September 2010	11049	11049	0
October 2010	11049	11049	0
November 2010	11049	11049	0
December 2010	11049	11049	0
January 2011	11049	11049	0
February 2011	11049	11049	0
March 2011	11049	11049	0

City of Dixon  
Supporting Documentation of Unbilled Water Usage

Month and Year	Beginning Meter Reading	Ending Meter Reading	Usage (Hundreds of Gallons)
April 2011	11049	11049	0
May 2011	11049	11049	0
June 2011	11049	11049	0
July 2011	11049	11049	0
August 2011	11049	11049	0
September 2011	11408 (2)	11408	0
October 2011	11408	11408	0
November 2011	11408	11408	0
December 2011	11408	11408	0
January 2012	11408	11416	8
February 2012	11416	11408 (4)	0
March 2012	11408	11408	0
April 2012	11408	11408	0
May 2012	11408	11408	0
June 2012	11408	11408	0
July 2012	11408	0 (3)	0
August 2012	0	0	0
September 2012 (1)	0 (5)	0	0
October 2012 (1)	0 (5)	0	0
November 2012 (1)	0 (5)	0	0
December 2012 (1)	0 (5)	0	0
January 2013 (1)	0 (5)	11408	0
February 2013 (1)	11408 (5)	11408	0
March 2013 (1)	11408 (5)	11408	0
April 2013 (1)	11408 (5)	11408	0
May 2013 (1)	11408 (5)	11408	0
June 2013 (1)	11408 (5)	11408	0
July 2013 (1)	99999 (5)	3	3
August 2013 (1)	3	45	42
September 2013 (1)	45	79	34
October 2013 (1)	79	124	45
November 2013 (1)	124	159	35
December 2013 (1)	159	199	40

(1) These months are prior to or after former City Collector Plummer's employment with the city. She was responsible for utility billings for usage during the time period October 2005 to July 2012 because billings are prepared the following month for each month's usage.

(2) City officials were unable to explain the change in sequence of meter readings.

(3) The -0- meter readings could be caused by utility employees failing to read the meter or the former City Collector making adjustments to the utility system.

(4) City officials were unable to explain the decrease in the meter reading and there was no documentation to indicate if an adjustment was made.

(5) City officials were unaware the former City Collector set the meter reading at -0- when she left her position in August 2012, until January 2013. They determined the meter was broken from January 2013 until June 2013 causing a meter reading of 11408 every month. A new meter was installed in July 2013. All new meters begin with a reading of 99999.