

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom. The background of the entire page is a faded image of the Missouri State Capitol building.

**Nicole Galloway, CPA**

---

**Missouri State Auditor**

**City of Homestead Village**

Report No. 2021-119

December 2021

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the City of Homestead Village

Missing Money	The audit identified at least \$4,348 recorded sewer receipts not deposited from January 1, 2018, to December 31, 2020. In addition, the former City Clerk falsified her 2019 customer ledger by indicating payments occurred on her account when they had not.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over various financial accounting functions is performed. Receipt slips are not issued for all money received and a receipt ledger is not maintained. Sewer receipts are not deposited intact or timely. Sewer payments were not accurately recorded in customer ledgers and the method and date of payment was not always indicated. The composition of receipts is not reconciled to the composition of deposits, and checks and money orders received are not restrictively endorsed upon receipt. The former City Clerk did not perform bank reconciliations for the city's 3 bank accounts.
Sewer System Controls and Procedures	Late penalties are not always charged in accordance with city ordinance and water services were not disconnected (shut off) in accordance with city ordinance and provisions of a contract with the Public Water Supply District providing water to the city's residents. The city does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for sewer services, and a summary of delinquent accounts is not prepared and provided to the Board of Aldermen for review. The city does not have an ordinance regarding partial payments by customers and while a formal policy addressing this topic was adopted by the Board, it is not always followed. Partial payments were made by customers without entering into a written pay agreement and without Board approval. The city has not obtained annual audits of its sewer system as required by state law.
Budgets, Published Financial Statements, and Financial Reporting	City officials did not prepare annual budgets for city funds for the years ended December 31, 2020, 2019, and 2018, as required by state law. City officials do not publish semiannual financial statements and do not file timely annual financial reports with the State Auditor's Office as required by state law.
Disbursements	The Board's review and approval of disbursements was not adequately documented. Most disbursements were not specifically approved by the Board and invoices were not signed or initialed by the Board. The city does not have contracts with the company that maintains the sewer system or City Attorney and did not document the reasons for classifying the City Clerk as an independent contractor rather than an employee. The city did not prepare and file 1099 forms with the Internal Revenue Service (IRS) for amounts paid to the City Attorney or former City Clerk in 2019.

---

Sunshine Law	The Board did not always comply with the Sunshine Law regarding closed meetings. Open meeting minutes did not document the specific reasons or section of law allowing the meeting to be closed and meeting notices and agendas either did not include a statement that a closed meeting would be held or did not include the specific section of law allowing the closed meeting. Some topics discussed and voted on in closed meetings were not allowable under the Sunshine Law. The city provided no basis for the estimated fees for a record request and it is not clear if the cost estimate reflected a reasonable cost. The Board has not adopted a written policy regarding public access to city records as required by state law.
--------------	---

---

Ordinances	City ordinances are not organized, complete, or codified.
------------	---

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

**All reports are available on our website: [auditor.mo.gov](http://auditor.mo.gov)**

\*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.

---

# City of Homestead Village

## Table of Contents

---

State Auditor's Report	2
------------------------	---

---

Management Advisory Report - State Auditor's Findings	
1. Missing Money.....	4
2. Accounting Controls and Procedures .....	6
3. Sewer System Controls and Procedures .....	9
4. Budgets, Published Financial Statements, and Financial Reporting .....	12
5. Disbursements .....	14
6. Sunshine Law .....	16
7. Ordinances.....	18

---

Organization and Statistical Information	19
--	----

---

Supporting Documentation of Missing Money	21
---	----

---

Appendixes

A Undeposited Utility Receipts.....	22
B Original Customer Ledger - Former City Clerk .....	26
C Revised Customer Ledger - Former City Clerk .....	27



## **NICOLE GALLOWAY, CPA** **Missouri State Auditor**

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

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Homestead Village. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2019. The objectives of our audit were to:

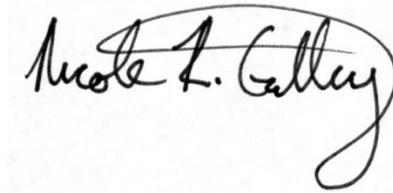
1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.
4. Determine the extent of money missing from the city.

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 control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. 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 applicable contract, grant agreement, 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, (3) the need for improvement in management practices and procedures, and (4) missing money totaling at least \$4,348. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Homestead Village.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the word "Galloway".

Nicole R. Galloway, CPA  
State Auditor

---

# City of Homestead Village

## Management Advisory Report

### State Auditor's Findings

---

#### **1. Missing Money**

The audit identified at least \$4,348<sup>1</sup> in recorded sewer receipts that were not deposited from January 1, 2018, to December 31, 2020. In addition, the former City Clerk falsified her 2019 customer ledger by indicating payments occurred on her account when they had not. Based on the timing and amounts of money missing during 2018, it is likely additional money is missing in periods prior to January 2018.

The State Auditor's Office (SAO) identified discrepancies between recorded sewer receipts and amounts deposited during initial test work. The SAO performed additional work and determined from January through December 2019 money was missing. The SAO notified the Board of Aldermen of the discrepancies and missing money in the fall of 2020. The City Clerk resigned her position as of December 31, 2020, and is referred to throughout the remainder of this report as the former City Clerk. The city had employed Marla Berndt as the City Clerk since 2012 and she was the city's only employee. A new City Clerk was hired in January 2021 but resigned in August 2021. Another City Clerk was hired in August 2021 and continues to serve in that position.

As stated in the State Auditor's Report, the scope of our audit included, but was not necessarily limited to the year ended December 31, 2019. After identification of missing money during 2019, we applied limited procedures to receipts for the period January to December 2018 and January to December 2020 for the purpose of identifying and quantifying additional missing money.

The former City Clerk recorded payments received to ledgers maintained for each sewer customer and issued a receipt slip if requested, but did not ensure payments were consistently and properly recorded in customers' ledgers. A Board member also occasionally accepted payments from sewer customers and issued the customer a receipt slip before transmitting the money to the former City Clerk for recording and deposit. The former City Clerk also prepared deposit summaries for most deposits made from 2018 to 2020. These summaries were typically handwritten on a sheet of paper, which sometimes included a copy of the deposit slip, and documented the payee and amount for receipts making up the deposit. The summaries prepared in 2020 also included the method of payment in most instances. When the method of payment was not documented, we determined it by comparing payment records to the deposit contents provided by the bank.

#### Undeposited cash receipts

Recorded cash receipts totaling at least \$4,228 (see Appendix A) were not deposited from January 1, 2018, to December 31, 2020. City officials could

---

<sup>1</sup> Amounts presented in the report findings are rounded to the nearest dollar. The amounts presented in Appendix A are not rounded.



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

not provide some customer ledgers and deposit summaries. In addition, some receipt slips had been removed from the receipt slip book. Deposits slips did not include detail on the customers' payments included in each deposit but we used available records, including bank records, to determine amounts received and payments deposited.

**Undeposited check payments** Seven sewer receipts paid by check or money order, totaling \$280, were recorded in customer ledgers during 2018 and 2019, but could not be traced to a deposit.

**Former City Clerk** Four of these seven receipts, totaling \$160, were recorded by the former City Clerk as check payments in her customer ledger from June through November 2019, but were not deposited. The former City Clerk provided us customer ledgers on November 12, 2019, which included her own ledger. This ledger (see Appendix B) indicated 6 check payments were made from June 2019 through November 2019. Prior to June 2019, Board members and the former City Clerk were not charged for sewer service.

Initial work indicated the payment recorded for the former City Clerk for September 2019 in her ledger did not trace to a deposit. The former City Clerk could not provide a canceled check or other documentation as proof the check was issued or negotiated. We notified Board members and the Mayor of our concerns in September 2020.

Subsequently, the former City Clerk notified the Board she had not been paying her sewer bill. The sewer deposit made on October 5, 2020, included a check dated October 3, 2020, for \$888 from the former City Clerk, representing payment on her sewer account from June 2019 through December 2020, and included late fees for delinquent months. This payment included the amounts due for the 4 months for which payments were recorded in her ledger but a payment was not actually made, totaling \$160. This \$160 has been used to reduce the check shortage in Appendix A.

In addition, the \$888 payment from the former City Clerk did not take into account 2 payments from the former City Clerk, totaling \$80, that were made and deposited during 2019, as well as the \$16 in late fees (\$8 per month) corresponding to these 2 payments. We identified these 2 check payments in bank deposits on June 12, 2019, and December 16, 2019, for \$40 each. As a result of the City Clerk making these 2 payments in 2019, the \$888 payment included an overpayment of \$96. The \$96 overpayment has been used to reduce the cash shortage in Appendix A.

**Former City Clerk customer ledger** The former City Clerk provided us another copy of her 2019 customer ledger (see Appendix C) on October 22, 2020, after we requested additional information. This ledger was different than the previous version we received and showed no payments had been made on her account. The initial customer



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

ledger indicated the former City Clerk was paying monthly and was used to conceal that payments were not being made.

Other missing check payments

The other 3 receipts that we could not trace to a deposit, totaling \$120, were recorded in customer ledgers in 2018, with no payment method documented. Each of these customers typically paid by either a check or money order. However, no check or money orders could be traced to a deposit and these payments are missing.

All deposits to the Sewer Fund bank account (excluding transfers) from January 2018 to December 2020 are presented in Appendix A. Those with missing money are identified as a negative amount in the total undeposited column.

Overall conclusion

The lack of segregation of duties, inadequate controls and the absence of oversight by the Board as discussed in the remainder of the report, resulted in the missing receipts going undetected.

## Recommendation

The Board of Aldermen work with law enforcement officials regarding prosecution of the missing money and take the necessary actions to seek restitution for amounts missing.

## Auditee's Response

*We will fully cooperate with law enforcement officials regarding any prosecution of the missing funds and will take necessary actions to seek restitution.*

---

## 2. Accounting Controls and Procedures

Accounting controls and procedures need improvement. Bank records indicate the city received approximately \$75,000 in taxes, sewer fees, and other receipts during the year ended December 31, 2019.

### 2.1 Segregation and oversight

The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over various financial accounting functions is performed.

The City Clerk is responsible for most financial duties of the city including receipting money, preparing deposits, posting transactions to the accounting system, preparing invoices for payment, making disbursements, preparing monthly bank reconciliations, transferring money between bank accounts, and preparing financial reports for Board meetings. The City Clerk is also responsible for preparing utility bills and monitoring accounts receivables. Board members indicated they were reviewing some financial records of the city, such as bank statements, but failed to implement significant reviews of depositing functions.



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are needed.

## 2.2 Receipting, recording, and depositing

The city's procedures for receipting, recording, and depositing money need improvement.

- Receipt slips are not issued for all money received and a receipt ledger is not maintained to document all payments received, along with the date paid and method of payment. Besides the former City Clerk issuing receipt slips for payments received, a Board member also occasionally accepted sewer payments, issued receipt slips, and transmitted those payments to the former City Clerk, who was responsible for recording payments received in customer ledgers.
- The former City Clerk did not deposit sewer receipts intact or timely. From 2018 to 2020, deposits were generally made approximately 3 times a month. We identified several instances in which certain sewer receipts were withheld from a deposit and then included in a subsequent deposit. One customer paid \$480 cash on September 29, 2020, and was issued a receipt slip by the former City Clerk. The payment received was not posted to the customer ledger for 2020 and was not deposited until December 28, 2020. In addition, the city copy of this receipt slip had been removed from the receipt slip book and the customer had to be contacted by a Board member to obtain a copy of the receipt slip.
- Sewer payments were not accurately recorded in customer ledgers and the method and date of payment was not always indicated. We identified instances in which the amounts paid and receipted by the former City Clerk were not fully recorded in customer ledgers. For example, a receipt slip was issued for a \$940 cash payment in May 2020, but a cash payment of only \$573 was recorded in the customer's ledger, along with a notation in the top corner of the ledger indicating a \$200 deposit was paid. The remaining \$167 was not recorded in the customer ledger. The deposit summary for the June 5, 2020, deposit listed the payment as \$940 cash, which agreed to the amount of cash deposited. During 2018, we identified numerous payments in deposits that were either not recorded in a customer ledger or a customer ledger could not be located or provided.
- The composition of receipts is not reconciled to the composition of deposits. Deposit summaries were prepared for most deposits made by the former City Clerk from 2018 to 2020, and could serve as a receipt listing of all payments received. However, these summaries did not include all payments made and recorded in customer ledgers and often did not include the date paid or method of payment. The summaries were



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

not reconciled to amounts recorded in customer ledgers or to amounts actually deposited and were not reviewed by an independent person. A deposit on February 18, 2020, totaling \$768, consisted of all but 2 payments recorded from February 7, 2020, to February 15, 2020, and included no cash. Customer ledgers indicated a \$120 cash payment and a \$40 money order payment were recorded on February 15, 2020, that were not part of the \$768 deposit. The \$40 money order was subsequently deposited on February 21, 2020. The \$120 cash payment was not listed on a deposit summary and was not deposited.

- Checks and money orders received are not restrictively endorsed upon receipt and are only endorsed when deposits are prepared. None of the 11 checks on hand during our November 18, 2019, cash count were endorsed.

Board members indicated they relied on the former City Clerk to maintain the accounting system and establish adequate procedures, but failed to provide oversight to ensure duties were properly performed.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of money will occur and increases the likelihood that errors will go undetected.

## 2.3 Bank reconciliations

The former City Clerk did not perform bank reconciliations for the city's 3 bank accounts. Check registers and the computerized accounting system are not accurate or kept up to date for these accounts, and as a result, accurate bank reconciliations cannot be performed.

The preparation and retention of formal monthly bank reconciliations is necessary to ensure accounting records are accurate and in balance and to identify errors timely. Maintaining an accurate book balance for each account would also aid in preparing the monthly bank reconciliations and monitoring the bank balances.

## Recommendations

The Board of Aldermen:

- 2.1 Segregate the accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
- 2.2 Ensure receipt slips are issued for all payments received and are posted to a receipt ledger, the method of payment is indicated for all payments received, deposits are made timely and intact, and payments received are posted to customer ledgers accurately. In addition, ensure the composition of receipts is reconciled to the composition of deposits and checks and money orders are restrictively endorsed immediately upon receipt.



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

## Auditee's Response

- 2.3 Ensure monthly bank reconciliations are prepared for all bank accounts and book balances are maintained and accurate.
- 2.1 *We will develop procedures for Board members to provide oversight of the accounting functions performed by the City Clerk.*
- 2.2 *We agree. Receipt slips are now issued for all money received and posted to a receipts ledger, which allow the City Clerk to account for the numerical sequence. The method of payment is indicated for all payments received and deposits are now made intact twice weekly. We have recently begun utilizing a computerized utility system to perform billings and track individual customer accounts. We will develop a process for Board oversight of financial records, which will include a documented review of the composition of receipt slips compared to the composition of deposits. Checks and money orders are now restrictively endorsed upon receipt.*
- 2.3 *We agree with the recommendation. The City Clerk is in the process of completing bank reconciliations for all city bank accounts from January 2020 to present. Book balances are now accurately maintained.*

## 3. Sewer System Controls and Procedures

Sewer system controls and procedures need improvement. The city provided sewer services to approximately 75 customers in 2019. Sewer fees collected totaled approximately \$37,000 during the year ended December 31, 2019.

A ledger is kept for each customer, by calendar year, that is used to track amounts charged, payments made, and open balances.

### 3.1 Late penalties and shut off procedures

Late penalties are not always charged in accordance with city ordinance and water services were not disconnected (shut off) in accordance with city ordinance and provisions of a contract with the Public Water Supply District (PWSD) providing water to the city's residents. In addition, the date water services are subject to disconnection per the city ordinance is different than the disconnection date printed on the customer sewer bills. We noted numerous instances in which late penalties were not assessed properly and shut offs were not initiated even after significant delinquent balances had accumulated.

In April 2018, the city approved a contract with the local PWSD to terminate customer water service for nonpayment of city sewer bills. The contract indicates when the city determines that sewer charges remain unpaid and are in arrears more than 30 days after a written notice is provided, the city can request water service be terminated. A review of customer ledgers for 2019 and 2020 identified several customers had balances more than 30 days delinquent without shut off procedures being initiated. In 2020, one of these



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

customers had a balance that remained delinquent more than 7 months. In addition, a listing of requests for shut offs was not maintained or provided to the Board. Minutes of Board meetings regularly listed discussion or enforcement of sewer bills as a topic on the agenda for meetings, but details of the discussion was not documented in the minutes. Without adequate documentation, it is unclear if city officials were consistent in their treatment of delinquent customers.

City Ordinance 2012-5 states any payment not received by the 15th day of the month billed will be charged an additional 20 percent penalty for late payment and any customer not paying by the 15th is subject to disconnection of service. Customers billings indicate that accounts not paid by the 25th day of the month will be shut off, although we saw no documentation that date was approved by the Board. Allowing customers to receive service without paying reduces the incentive to make payments, reduces city receipts, and could impact the utility rates for other paying customers. To ensure all customers receive equitable treatment and city revenue is maximized, service shut off criteria need to be reported accurately on billing statements and procedures established to ensure penalty provisions in the ordinance are enforced and any variance from the ordinance properly approved.

### 3.2 Delinquent accounts

The city does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for sewer services. Although delinquent amounts are recorded in customer ledgers, a summary of delinquent accounts is not prepared and provided to the Board for review.

At our request, a delinquent account listing totaling \$12,725, was prepared as of June 15, 2020, and included both active and inactive accounts. Customer ledgers were not available to support some account balances listed. We reviewed the available customer ledgers, some of which included multiple pages dating back several years, and found several were either incomplete or inaccurate. Some customer ledgers contained notes documenting the balance as of a certain year-end, that would then carry forward to the next year, or only indicated entries for payments for certain periods, but did not indicate any billing entries or include a running balance. Some customer ledgers contained mathematical errors resulting in the actual delinquent balance being different than the balance indicated on the delinquent account listing.

In addition, the delinquent account listing was incomplete. In 2017, the city placed liens on 16 properties for delinquent sewer charges totaling approximately \$28,000. Eleven of the 16 accounts were not included on the delinquent account listing. The former City Clerk indicated one account had been paid, but the lien on the property had not been removed. The delinquent balances related to the 10 remaining accounts are still outstanding and should have been included on the listing. Board members indicated this topic was discussed with the former City Clerk regularly and they were unaware of how



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

the ledgers were actually being maintained because the ledgers were not provided to the Board for review.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected timely. To ensure adequate follow-up procedures are performed, city officials need to maintain a listing of all delinquent amounts that is periodically reviewed by the Board.

### 3.3 Partial payments

The city does not have an ordinance regarding partial payments by customers and while a formal policy addressing this topic was adopted by the Board, it is not always followed. In addition, partial payments were made without entering into a written payment agreement and without Board approval. A policy was adopted in May 2018 allowing customers delinquent on sewer bills to avoid shut off by paying 25 percent of their delinquent amount at that time and \$100 per month in addition to the current month's bill until the account is current. We noted several customers who made partial payments from May 2018 to December 2020 that were not made in accordance with the terms of this policy. For example, one customer with a delinquent balance of \$243 made a partial payment of \$125 in June 2020, but then made no payment on the account until October 2020, but did not have service cut off. Pay agreements were not obtained for any customers making partial payments and none of the partial payments were approved by the Board.

An ordinance is necessary to establish and formalize the policies and procedures in place for determining when payment agreements are allowed, how the payment amount is to be established, and the approval process for these arrangements. In addition, a signed written payment agreement is necessary to indicate the intent of the customer to pay the outstanding balance and to aid in accounting for and collection of amounts due.

### 3.4 Annual audits

The city has not obtained annual audits of its sewer system as required by state law. Board members indicated they were unaware of this requirement.

Section 250.150, RSMo, requires the city obtain annual audits of the sewer system and the cost be paid from revenues received from the system.

## Recommendations

The Board of Aldermen:

- 3.1 Ensure late penalties are charged in accordance with city ordinance and update the delinquent date reported on utility statements to agree with city ordinance and ensure it is consistently enforced. In addition, a record of shut offs should be maintained, along with any relevant documentation.



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

- 3.2 Require monthly reconciliations be performed of the amounts billed to amounts collected and delinquent accounts, and review a listing of delinquent accounts periodically. In addition, ensure records of customer account activity and delinquent balances are complete, mathematically accurate, and reviewed by an independent person periodically.
- 3.3 Establish an ordinance formalizing the policy and procedures allowing customers to make partial payments, and include obtaining a written payment agreement.
- 3.4 Obtain annual audits of the sewer system as required by state law.

## Auditee's Response

- 3.1 *We agree with the recommendation. Late penalties are automatically assessed by the utility software system and the delinquent date printed on utility billings has been updated to comply with the ordinance. The City Clerk runs monthly reports from the utility software system to determine if delinquent notices need to be sent to initiate the shut off process. We will begin having the City Clerk prepare a listing each month of delinquent notices sent, but the actual notices are being maintained in our files.*
- 3.2 *We agree and have already implemented this recommendation. This reconciliation is now run monthly by the City Clerk using our utility software and customer utility records are now complete, accurate, and will be included in the oversight procedures adopted by the Board.*
- 3.3 *We agree and will work with our attorney to adopt an ordinance formalizing when partial payments can be accepted, which will include obtaining a written payment agreement with the customer.*
- 3.4 *We will solicit proposals from audit firms to obtain an audit of the sewer system for the year ended December 31, 2021.*

## 4. Budgets, Published Financial Statements, and Financial Reporting

The city did not prepare complete annual budgets, publish financial statements, or submit annual financial reports as required by state law.

### 4.1 Budgets

City officials did not prepare annual budgets for city funds for the years ended December 31, 2020, 2019, and 2018, as required by state law. Neither the



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

Mayor nor the former City Clerk were aware of when the last time a budget was prepared and indicated they were unaware of this requirement.

Section 67.010, RSMo, requires an annual budget be prepared that presents a complete financial plan for the ensuing budget year and sets specific guidelines for the format. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in setting tax levies and informing the public about city operations and current finances. In addition, Section 67.080, RSMo, provides that no expenditures of public money should be made unless it is authorized in the budget.

#### 4.2 Published financial statements

City officials do not publish semiannual financial statements as required by state law. As a result, information regarding the city's financial activity and condition is not available to all citizens. The former City Clerk indicated she was unaware of this requirement.

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

#### 4.3 Filing of financial reports

City officials do not file timely annual financial reports with the SAO as required by state law. The city's financial report for the year ended December 31, 2018, due by June 30, 2019, was not filed until December 10, 2019. The required addendum for 2018 was not submitted to the SAO until February 20, 2020. The city's financial report for the year ended December 31, 2019, due by June 30, 2020, was not submitted until July 15, 2020. The city's financial report for the year ended December 31, 2020, due by June 30, 2021, was not submitted until August 16, 2021. In addition, the financial reports filed for 2018 and 2019 were not accurate. Cash balances reported did not agree to bank records for any of the funds and both reports contained mathematical errors. Also, no financial reports were filed with the SAO for the years ended December 31, 2017, 2016, or 2015. The former City Clerk indicated she had been unaware of this requirement but learned of it around the time the audit started and tried to file timely after that.

Section 105.145, RSMo, requires each political subdivision to file annual reports of its financial transactions with the SAO. Section 105.145.5, RSMo, prohibits members of the governing body from receiving compensation or payment of expenses after the deadline to submit the financial statement and until the financial statement is submitted to the SAO. Section 105.145.9, RSMo, subjects political subdivisions to a fine of \$500 per day for missing filing deadlines. In addition, 15 Code of State Regulations (CSR) 40-3.030, requires each political subdivision to file annual financial reports within 6 months of the end of the subdivision's fiscal year.



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

## Recommendations

The Board of Aldermen:

- 4.1 Prepare annual budgets for all funds that contain all information required by state law.
- 4.2 Publish semiannual financial statements as required by state law.
- 4.3 Submit annual financial reports (including the addendum) to the State Auditor's Office as required by state law.

## Auditee's Response

- 4.1 *We agree and will make every effort to get a budget prepared and adopted for 2022 by the end of 2021.*
- 4.2 *We agree and will ensure the semiannual financial statements are published in the future.*
- 4.3 *We agree and will ensure these required reports are submitted timely in the future.*

---

## 5. Disbursements

Disbursements procedures need improvement.

### 5.1 Disbursement review and approval

The Board's review and approval of disbursements was not adequately documented. Although Board minutes often documented specific approval of a few pending payments, this approval did not include most disbursements. In addition, invoices were not signed or initialed by the Board. The former City Clerk also indicated copies of check registers covering the previous month's activity for each fund were presented to the Board at meetings, but these registers were not signed or initialed by the Board. Board members indicated they were unaware of the importance of documenting their review of disbursement records.

To adequately document the Board's review and approval of all disbursements, a complete and detailed listing of disbursements needs to be prepared, signed or initialed by the Board members to indicate their approval, and retained with the official minutes. In addition, review of supporting documentation by the Board or someone independent of the disbursement process is needed before payment is made. Failure to properly review all invoices and supporting documentation, and to document authorizations, increases the possibility of inappropriate disbursements occurring.

### 5.2 Contract labor and employee classifications

The city does not have contracts with the company that maintains the sewer system or City Attorney and did not document the reasons for classifying the City Clerk as an independent contractor rather than an employee. The city did not prepare and file 1099 forms with the Internal Revenue Service (IRS) for amounts paid to the City Attorney and the former City Clerk in 2019. The city



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

did not withhold payroll and income taxes from payments made to the former City Clerk, totaling \$6,200, during 2019.

The city does not maintain written contracts to define job responsibilities for the sewer company or City Attorney. During the year ended December 31, 2019, the city paid the sewer company \$11,824 and the City Attorney \$3,425. It is unclear why these various issues occurred.

Establishing written contracts helps specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo, requires contracts of political subdivisions be in writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties. Section 105.300, RSMo, defines an elected or appointed officer or employee of a political subdivision as an employee for Social Security and Medicare tax purposes. For employees, the IRS requires employers to report compensation on W-2 forms and withhold and remit income and payroll taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. Sections 6041 to 6050Y of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual be reported to the federal government on a 1099 form.

## Recommendations

The Board of Aldermen:

- 5.1 Review and document approval of all disbursements and supporting documentation.
- 5.2 Obtain and retain written contracts for services that specify the services to be rendered and the manner and amount of compensation to be paid and ensure 1099 forms are issued in accordance with IRS regulations. The Board should also ensure all persons hired by the city are properly classified as employees or contract employees in compliance with state and federal laws and regulations, and all compensation paid is subject to income and payroll taxes and properly reported.

## Auditee's Response

- 5.1 *Currently, a Board member and the Mayor are signing checks and reviewing supporting documentation at that time. The City Clerk will begin preparing a listing of all disbursements to present to the Board for approval at monthly meetings. Supporting documentation will be available for review by any Board member.*
- 5.2 *Contracts have now been obtained with the sewer operator and City Attorney and we will ensure contracts are in place when necessary in the future. 1099 forms were issued when necessary for 2020 and*



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

*will be issued when necessary in the future. We will discuss and get advice from the city attorney on employee classifications.*

## 6. Sunshine Law

The Board did not always ensure compliance with the Sunshine Law.

### 6.1 Closed meetings

The Board did not always comply with the Sunshine Law regarding closed meetings.

#### Reasons for closed meetings

Open meeting minutes did not document the specific reasons or section of law allowing the meeting to be closed for any of the 8 closed meetings held between January 1, 2018, and December 31, 2019. In addition, several meeting notices and agendas did not include a statement that a closed meeting would be held or did not include the specific section of law allowing the closed meeting.

Section 610.022, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed meeting and to enter the vote and reason into the minutes. The section also limits discussion topics and actions in closed meetings to only those specifically announced prior to closure. Section 610.020.1, RSMo, requires public entities to give notice of the time, date, and place of each meeting, and its tentative agenda, to advise the public of matters to be considered.

#### Allowable topics

Some topics discussed and voted on in closed meetings were not allowable under the Sunshine Law. For example, closed meeting minutes indicated the Board approved a policy allowing partial payments for delinquent sewer accounts, discussed and approved a bid for road repairs, and approved a raise for the former City Clerk. There are situations in which some of these topics could be appropriate for closed meetings, if the meetings were closed as provided by law, but the meeting minutes did not contain the specific section permitting closure. Board members indicated they relied on the former City Attorney to advise them on Sunshine Law compliance.

Section 610.021, RSMo, provides that the discussion topics and actions in closed meetings should be limited to only those specifically allowed by law.

### 6.2 Records requests

The city provided no basis for the estimated fees for a record request and it is not clear if the cost estimate reflected a reasonable cost.

A December 30, 2018, Sunshine Law request for copies of every customer sewer ledger from January 2000 to December 2018 resulted in an estimated cost of \$823 (one month's salary at that time of \$500 for the former City Clerk and \$323 for copies). The Board agreed to an estimated cost of \$664 in the January 9, 2019, closed meeting so it is not clear how the estimate increased to \$823. Because of the cost, the requestor did not obtain the information.



---

City of Homestead Village  
Management Advisory Report - State Auditor's Findings

---

Board members indicated they relied on the former City Clerk to estimate the time required to make these copies and did not know why the estimated cost changed.

Section 610.026, RSMo, allows a maximum of 10 cents per page plus an hourly fee for copying public records, not to exceed the average hourly rate of pay of clerical staff, plus the actual costs incurred for any research time for processing the request. To ensure fair and equitable treatment for citizens, charges for record requests need to be in compliance with state law, properly reflected on the record request form, consistently applied to all requestors, and accurately estimated.

### 6.3 Public access policy

The Board has not adopted a written policy regarding public access to city records as required by state law. A written policy regarding public access to city records would establish guidelines for the city to make records available to the public. Such policies typically identify a person to contact, provide an address to mail such requests, and establish fees that may be assessed for providing copies of public records. Board members indicated they were unaware a written policy was required.

Section 610.023, RSMo, lists requirements for making records available to the public. Section 610.026, RSMo, allows the city to charge fees for providing access to and/or copies of public records and provides requirements related to fees. Section 610.028, RSMo, requires a written policy regarding release of information under the Sunshine Law.

## Recommendations

The Board of Aldermen:

- 6.1 Ensure proper notification and agendas for public meetings are posted, specific reasons for closing a meeting are documented in the open minutes, and only topics allowed by state law are discussed in closed meetings.
- 6.2 Ensure charges for record requests are in compliance with the Sunshine law, properly reflected on record request forms, and consistently applied to all requestors.
- 6.3 Develop a written public access policy for city records.

## Auditee's Response

- 6.1 *We agree and our current City Clerk is posting proper notification and agendas for all public meetings. We will ensure reasons for closing a meeting are documented in the open minutes in the future and will make a greater effort to ensure closed meetings include only allowable topics.*



City of Homestead Village  
Management Advisory Report - State Auditor's Findings

- 6.2 *We agree and will work with the City Attorney to ensure record requests are handled appropriately in the future.*
- 6.3 *We will adopt a policy for how the public can access city records by March 2022.*

## 7. Ordinances

City ordinances are not organized, complete, or codified. Some ordinances are out of date, and city officials did not know when the ordinances were last codified. Board members indicated updating ordinances was not a topic that had been discussed in recent years.

- Ordinances are not maintained in an organized manner. At least 2 different binders contained ordinances and a table of contents is not maintained. Also, the city does not maintain an index of all ordinances passed and rescinded.
- The city does not have ordinances establishing the compensation of Board members or the City Clerk. Until June 2019, Board members were compensated by receiving free sewer services instead of paying the \$40 monthly sewer fees. A Board member indicated this policy had been in place since 2004. The former City Clerk was paid \$550 a month that included \$50 for cleaning city hall per the Board minutes. The former City Clerk also received free sewer services until June 2019.
- The city has not adopted an ordinance establishing elected officials terms, procedures for credit card usage, or for entering into pay agreements with sewer customers.

Because ordinances passed by the Board to govern the city and its residents have the force and effect of law, it is important ordinances be complete and organized and in compliance with state laws. In addition, ordinances documenting approved salary amounts help ensure equitable treatment and prevent any misunderstandings. Section 79.270, RSMo, authorizes the Board to fix the compensation of all city officials and employees by ordinance.

## Recommendation

The Board of Aldermen ensure ordinances are maintained in a complete and well-organized manner, and establish an index of all ordinances passed and rescinded. The Board should establish by ordinance, the terms and compensation for all city officials and employees, procedures for credit card usage, and procedures for pay agreements with sewer customers.

## Auditee's Response

*We will work with the City Attorney to ensure ordinances are updated where necessary, including adopting ordinances addressing terms of office and compensation for city officials and employees and partial payment requirements. Credit card usage has been discontinued.*

---

# City of Homestead Village

## Organization and Statistical Information

---

The City of Homestead Village is located in Ray County. The city was incorporated as a village in 1972, but voters approved a classification change in 1986 to a fourth-class city. The city employed one part-time employee on December 31, 2019.

City operations include sewer services and maintenance of streets.

### Mayor and Board of Aldermen

The city government consists of a mayor and 4-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 and Board of Aldermen, at December 31, 2019, are identified below. The Mayor and Board of Aldermen receive no compensation, although they received free sewer services (\$40 per month) until June 2019.

Frank James, Mayor (1)  
Aimee Chapa, Alderwoman (2)  
Denzil Jones, Alderman (1)  
Jim Hutson, Alderman (3)  
Mary Pasalich, Alderwoman (1)

- (1) These individuals were re-elected to their positions in April 2021.
- (2) Aimee Chapa resigned her position in March 2021 and Fred Welch was appointed in April 2021 to fill this position.
- (3) Jim Hutson passed away in June 2020 and Kathy Romang was appointed in August 2020 to fill this position. She resigned in January 2021 and Chuck Hamill was appointed in February 2021 to fill this position.

### Financial Activity

A summary of the city's financial activity, prepared using the city's bank statements, for the year ended December 31, 2019, follows:



City of Homestead Village  
Organization and Statistical Information

City of Homestead Village  
Schedule of Receipts, Disbursements, and Changes in Cash Balances  
Year Ended December 31, 2019

		General Fund	Sewer Fund	Road Fund	Total
(1) RECEIPTS	\$	19,145	37,167	18,960	75,272
(1) DISBURSEMENTS		16,416	24,402	7,916	48,734
RECEIPTS OVER (UNDER) DISBURSEMENTS		2,729	12,765	11,044	26,538
CASH BALANCE, JANUARY 1, 2019		18,280	44,157	2,883	65,320
CASH BALANCE, DECEMBER 31, 2019	\$	21,009	56,922	13,927	91,858

(1) Receipts and disbursements presented include transfers between funds.

---

# City of Homestead Village

## Supporting Documentation of Missing Money

---

The following appendixes provide supporting documentation for the missing money discussed in MAR finding number 1 and are summarized in the following table.

Appendix	Type of Supporting Documentation
A	Undeposited Utility Receipts
B	Original Customer Ledger - Former City Clerk
C	Revised Customer Ledger - Former City Clerk

Appendix A

City of Homestead Village  
Undeposited Utility Receipts

Deposit Date	Recorded				Total Receipts	Cash			Cash Long (Short)	Checks Long (Short)	Total Undeposited
	Cash Received (1)	Checks Received	Unrecorded Checks (2)	Total		Deposited	Checks Deposited	Total Deposited			
1/2/2018	\$ 40.00	880.00	80.00	1,000.00	40.00	960.00	1,000.00	0.00	0.00	0.00	
1/8/2018	0.00	720.00	40.00	760.00	0.00	760.00	760.00	0.00	0.00	0.00	
1/24/2018	240.00	940.00	40.00	1,220.00	0.00	980.00	980.00	(240.00)	0.00	(240.00)	
2/13/2018	0.00	963.00	136.00	1,099.00	0.00	1,099.00	1,099.00	0.00	0.00	0.00	
2/27/2018	40.00	658.00	0.00	698.00	0.00	658.00	658.00	(40.00)	0.00	(40.00)	
3/12/2018	120.00	1,010.00	40.00	1,170.00	120.00	1,050.00	1,170.00	0.00	0.00	0.00	
4/9/2018	40.00	1,693.00	120.00	1,853.00	0.00	1,813.00	1,813.00	(40.00)	0.00	(40.00)	
4/16/2018	40.00	1,160.00	40.00	1,240.00	0.00	1,200.00	1,200.00	(40.00)	0.00	(40.00)	
4/23/2018	0.00	80.00	2,416.00	2,496.00	0.00	2,496.00	2,496.00	0.00	0.00	0.00	
5/8/2018	80.00	1,046.00	84.00	1,210.00	0.00	1,130.00	1,130.00	(80.00)	0.00	(80.00)	
6/11/2018	0.00	360.00	0.00	360.00	0.00	360.00	360.00	0.00	0.00	0.00	
6/12/2018	271.50	1,548.00	461.50	2,281.00	0.00	2,009.50	2,009.50	(271.50)	0.00	(271.50)	
6/18/2018	80.00	480.00	437.91	997.91	40.00	877.91	917.91	(40.00)	(40.00)	(3) (80.00)	
7/2/2018	160.00	1,423.00	180.00	1,763.00	0.00	1,603.00	1,603.00	(160.00)	0.00	(160.00)	
7/9/2018	0.00	880.00	0.00	880.00	0.00	840.00	840.00	0.00	(40.00)	(3) (40.00)	
7/16/2018	1,144.50	792.00	100.00	2,036.50	1,144.50	892.00	2,036.50	0.00	0.00	0.00	
8/8/2018	120.00	1,510.00	0.00	1,630.00	0.00	1,510.00	1,510.00	(120.00)	0.00	(120.00)	
8/14/2018	0.00	400.00	48.00	448.00	0.00	448.00	448.00	0.00	0.00	0.00	
8/27/2018	80.00	528.00	0.00	608.00	0.00	528.00	528.00	(80.00)	0.00	(80.00)	
9/11/2018	100.00	1,210.00	0.00	1,310.00	100.00	1,170.00	1,270.00	0.00	(40.00)	(3) (40.00)	
9/29/2018	1,000.00	5,426.75	0.00	6,426.75	700.00	5,426.75	6,126.75	(300.00)	0.00	(300.00)	
10/9/2018	0.00	1,340.00	0.00	1,340.00	0.00	1,340.00	1,340.00	0.00	0.00	0.00	
10/16/2018	80.00	764.00	0.00	844.00	120.00	764.00	884.00	40.00	0.00	40.00	
10/31/2018	0.00	468.00	82.00	550.00	0.00	550.00	550.00	0.00	0.00	0.00	
11/9/2018	400.00	1,100.00	0.00	1,500.00	400.00	1,100.00	1,500.00	0.00	0.00	0.00	
11/26/2018	360.00	1,028.00	0.00	1,388.00	200.00	1,028.00	1,228.00	(160.00)	0.00	(160.00)	
12/10/2018	0.00	976.00	0.00	976.00	0.00	976.00	976.00	0.00	0.00	0.00	
12/17/2018	40.00	628.00	0.00	668.00	40.00	628.00	668.00	0.00	0.00	0.00	
12/20/2018	205.00	40.00	0.00	245.00	225.00	40.00	265.00	20.00	0.00	20.00	
<b>Total 2018</b>	<b>4,641.00</b>	<b>30,051.75</b>	<b>4,305.41</b>	<b>38,998.16</b>	<b>3,129.50</b>	<b>34,237.16</b>	<b>37,366.66</b>	<b>(1,511.50)</b>	<b>(120.00)</b>	<b>(1,631.50)</b>	

Appendix A

City of Homestead Village  
Undeposited Utility Receipts

Deposit Date	Cash Received (1)	Recorded Checks Received	Unrecorded Checks (2)	Total Receipts	Cash Deposited	Checks Deposited	Total Deposited	Cash Long (Short)	Checks Long (Short)	Total Undeposited	
1/6/2019	160.00	1,624.00	0.00	1,784.00	120.00	1,624.00	1,744.00	(40.00)	0.00	(40.00)	
1/10/2019	0.00	320.00	0.00	320.00	0.00	320.00	320.00	0.00	0.00	0.00	
1/16/2019	1,030.00	520.00	0.00	1,550.00	1,030.00	520.00	1,550.00	0.00	0.00	0.00	
1/22/2019	0.00	260.00	0.00	260.00	0.00	260.00	260.00	0.00	0.00	0.00	
2/6/2019	0.00	1,802.00	168.00	1,970.00	0.00	1,970.00	1,970.00	0.00	0.00	0.00	
2/12/2019	75.00	472.00	0.00	547.00	75.00	472.00	547.00	0.00	0.00	0.00	
2/23/2019	80.00	868.00	0.00	948.00	80.00	868.00	948.00	0.00	0.00	0.00	
3/11/2019	80.00	2,140.00	0.00	2,220.00	80.00	2,140.00	2,220.00	0.00	0.00	0.00	
3/19/2019	440.00	448.00	0.00	888.00	440.00	448.00	888.00	0.00	0.00	0.00	
3/25/2019	0.00	300.00	0.00	300.00	0.00	300.00	300.00	0.00	0.00	0.00	
4/8/2019	40.00	1,304.00	0.00	1,344.00	40.00	1,304.00	1,344.00	0.00	0.00	0.00	
4/23/2019	240.00	740.00	0.00	980.00	0.00	740.00	740.00	(240.00)	0.00	(240.00)	
5/13/2019	48.00	1,438.00	0.00	1,486.00	48.00	1,438.00	1,486.00	0.00	0.00	0.00	
5/22/2019	40.00	488.00	0.00	528.00	40.00	488.00	528.00	0.00	0.00	0.00	
6/10/2019	120.00	1,096.00	0.00	1,216.00	120.00	1,096.00	1,216.00	0.00	0.00	0.00	
6/12/2019	0.00	200.00	0.00	200.00	0.00	200.00	200.00	0.00	0.00	0.00	
6/12/2019	80.00	160.00	0.00	240.00	80.00	160.00	240.00	0.00	0.00	0.00	
6/18/2019	0.00	660.00	0.00	660.00	0.00	660.00	660.00	0.00	0.00	0.00	
7/9/2019	50.00	1,514.00	0.00	1,564.00	50.00	1,474.00	1,524.00	0.00	(40.00)	(4)	(40.00)
7/17/2019	0.00	852.00	0.00	852.00	0.00	852.00	852.00	0.00	0.00	0.00	
8/12/2019	298.00	1,412.00	0.00	1,710.00	250.00	1,412.00	1,662.00	(48.00)	0.00	(48.00)	
8/19/2019	40.00	846.00	0.00	886.00	0.00	806.00	806.00	(40.00)	(40.00)	(4)	(80.00)
8/31/2019	0.00	136.00	40.00	176.00	0.00	176.00	176.00	0.00	0.00	0.00	
9/9/2019	568.00	1,000.00	0.00	1,568.00	0.00	960.00	960.00	(568.00)	(40.00)	(4)	(608.00)
9/17/2019	40.00	1,204.00	0.00	1,244.00	40.00	1,204.00	1,244.00	0.00	0.00	0.00	
10/7/2019	0.00	1,960.00	0.00	1,960.00	0.00	1,920.00	1,920.00	0.00	(40.00)	(4)	(40.00)
10/17/2019	260.00	1,236.00	0.00	1,496.00	0.00	1,236.00	1,236.00	(260.00)	0.00	(260.00)	
10/30/2019	776.00	368.00	0.00	1,144.00	0.00	368.00	368.00	(776.00)	0.00	(776.00)	
11/14/2019	128.00	1,602.70	8.00	1,738.70	128.00	1,610.70	1,738.70	0.00	0.00	0.00	
11/21/2019	0.00	576.00	0.00	576.00	0.00	576.00	576.00	0.00	0.00	0.00	
12/9/2019	140.00	1,116.00	40.00	1,296.00	100.00	1,156.00	1,256.00	(40.00)	0.00	(40.00)	
12/16/2019	80.00	680.00	0.00	760.00	80.00	680.00	760.00	0.00	0.00	0.00	
12/26/2019	0.00	408.00	0.00	408.00	0.00	408.00	408.00	0.00	0.00	0.00	
<b>Total 2019</b>	<b>4,813.00</b>	<b>29,750.70</b>	<b>256.00</b>	<b>34,819.70</b>	<b>2,801.00</b>	<b>29,846.70</b>	<b>32,647.70</b>	<b>(2,012.00)</b>	<b>(160.00)</b>	<b>(2,172.00)</b>	

Appendix A

City of Homestead Village  
Undeposited Utility Receipts

Deposit Date	Cash Received (1)	Recorded Checks Received	Unrecorded Checks (2)	Total Receipts	Cash Deposited	Checks Deposited	Total Deposited	Cash Long (Short)	Checks Long (Short)	Total Undeposited
1/6/2020	0.00	1,592.00	0.00	1,592.00	0.00	1,592.00	1,592.00	0.00	0.00	0.00
1/13/2020	200.00	944.00	0.00	1,144.00	0.00	824.00	824.00	(200.00)	(120.00)	(5) (320.00)
1/21/2020	0.00	1,040.00	0.00	1,040.00	0.00	1,000.00	1,000.00	0.00	(40.00)	(5) (40.00)
2/7/2020	40.00	968.00	0.00	1,008.00	40.00	968.00	1,008.00	0.00	0.00	0.00
2/18/2020	120.00	768.00	0.00	888.00	0.00	768.00	768.00	(120.00)	0.00	(120.00)
2/21/2020	0.00	184.00	0.00	184.00	0.00	184.00	184.00	0.00	0.00	0.00
3/2/2020	200.00	883.00	0.00	1,083.00	100.00	883.00	983.00	(100.00)	0.00	(100.00)
3/12/2020	0.00	1,264.00	0.00	1,264.00	0.00	1,264.00	1,264.00	0.00	0.00	0.00
3/16/2020	45.00	160.00	0.00	205.00	45.00	160.00	205.00	0.00	0.00	0.00
3/30/2020	40.00	584.00	0.00	624.00	0.00	584.00	584.00	(40.00)	0.00	(40.00)
4/6/2020	0.00	680.00	0.00	680.00	0.00	680.00	680.00	0.00	0.00	0.00
4/16/2020	40.00	1,210.00	0.00	1,250.00	40.00	1,210.00	1,250.00	0.00	0.00	0.00
5/1/2020	1,049.25	320.00	0.00	1,369.25	1,049.25	320.00	1,369.25	0.00	0.00	0.00
5/12/2020	0.00	1,496.00	0.00	1,496.00	0.00	1,496.00	1,496.00	0.00	0.00	0.00
5/18/2020	40.00	560.00	0.00	600.00	40.00	560.00	600.00	0.00	0.00	0.00
5/27/2020	120.00	488.00	0.00	608.00	120.00	488.00	608.00	0.00	0.00	0.00
6/5/2020	940.00	808.00	0.00	1,748.00	940.00	808.00	1,748.00	0.00	0.00	0.00
6/16/2020	0.00	1,164.00	0.00	1,164.00	0.00	1,164.00	1,164.00	0.00	0.00	0.00
6/22/2020	0.00	176.00	0.00	176.00	0.00	176.00	176.00	0.00	0.00	0.00
7/10/2020	365.00	1,261.00	16.00	1,642.00	305.00	1,277.00	1,582.00	(60.00)	0.00	(60.00)
7/13/2020	120.00	400.00	0.00	520.00	40.00	400.00	440.00	(80.00)	0.00	(80.00)
7/28/2020	0.00	972.00	0.00	972.00	0.00	972.00	972.00	0.00	0.00	0.00
8/10/2020	40.00	848.00	0.00	888.00	40.00	848.00	888.00	0.00	0.00	0.00
8/20/2020	0.00	1,112.00	25.25	1,137.25	0.00	1,137.25	1,137.25	0.00	0.00	0.00
9/9/2020	40.00	1,272.00	40.00	1,352.00	40.00	1,312.00	1,352.00	0.00	0.00	0.00
9/16/2020	0.00	760.00	0.00	760.00	0.00	760.00	760.00	0.00	0.00	0.00
9/16/2020	0.00	0.00	0.00	0.00	0.00	160.00	160.00	0.00	160.00	(5) 160.00
9/23/2020	0.00	168.00	0.00	168.00	0.00	168.00	168.00	0.00	0.00	0.00
10/5/2020	320.00	1,716.00	0.00	2,036.00	320.00	1,716.00	2,036.00	0.00	0.00	0.00
10/13/2020	300.00	1,050.00	0.00	1,350.00	300.00	1,050.00	1,350.00	0.00	0.00	0.00
10/21/2020	192.00	576.00	0.00	768.00	192.00	576.00	768.00	0.00	0.00	0.00
11/4/2020	640.00	696.00	0.00	1,336.00	640.00	696.00	1,336.00	0.00	0.00	0.00
11/16/2020	240.00	820.00	40.00	1,100.00	40.00	860.00	900.00	(200.00)	0.00	(200.00)
11/18/2020	226.00	500.00	40.00	766.00	226.00	540.00	766.00	0.00	0.00	0.00
12/4/2020	0.00	792.00	0.00	792.00	0.00	792.00	792.00	0.00	0.00	0.00

Appendix A

City of Homestead Village  
Undeposited Utility Receipts

Deposit Date	Cash Received (1)	Recorded	Unrecorded Checks (2)	Total Receipts	Cash Deposited	Checks Deposited	Total Deposited	Cash Long (Short)	Checks Long (Short)	Total Undeposited
		Checks Received								
12/14/2020	0.00	1,020.00	40.00	1,060.00	0.00	1,060.00	1,060.00	0.00	0.00	0.00
12/18/2020	128.00	544.00	0.00	672.00	128.00	544.00	672.00	0.00	0.00	0.00
12/28/2020	480.00	88.00	48.00	616.00	480.00	136.00	616.00	0.00	0.00	0.00
12/31/2020	0.00	640.00	0.00	640.00	0.00	640.00	640.00	0.00	0.00	0.00
<b>Total 2020</b>	<b>5,925.25</b>	<b>30,524.00</b>	<b>249.25</b>	<b>36,698.50</b>	<b>5,125.25</b>	<b>30,773.25</b>	<b>35,898.50</b>	<b>(800.00)</b>	<b>0.00</b>	<b>(800.00)</b>
<b>Total \$</b>	<b>15,379.25</b>	<b>90,326.45</b>	<b>4,810.66</b>	<b>110,516.36</b>	<b>11,055.75</b>	<b>94,857.11</b>	<b>105,912.86</b>	<b>(4,323.50)</b>	<b>(280.00)</b>	<b>(4,603.50)</b>
Overpayment Adjustment								96.00	160.00	(6) 256.00
Total Missing								<b>\$ (4,227.50)</b>	<b>(120.00)</b>	<b>(4,347.50)</b>

- (1) The method of payment was not always recorded on receipt slips and/or the customer ledgers. Therefore, the method of payment was determined to be cash based on a comparison of payment records to the deposit contents.
- (2) Unrecorded check or money order payments were identified when comparing payment records to the deposit contents. Either payments were not posted to a customer ledger or a ledger was not provided.
- (3) Customer ledgers or deposit summaries indicate payments were received on accounts and were either marked as checks or money orders or no method of payment was recorded. For previous and subsequent months these customers paid their bill by check or money order, but no check or money order payment was located in the deposit and is missing.
- (4) The former City Clerk recorded payments by check to her customer ledger during these months, but no check payments were located in the deposit contents and are missing.
- (5) Four receipts recorded in January 2020 were deposited to the General Fund account, resulting in a shortage for 2 deposits to the Sewer Fund account in January 2020. This error was corrected in September 2020 with the deposit of a check from the General Fund account, which offset the prior shortage.
- (6) The former City Clerk made a check payment of \$888 on October 3, 2020, and it was included in the deposit made on October 5, 2020. This payment represented payment of delinquent sewer charges, including the 4 monthly receipts totaling \$160 recorded in 2019 that were not deposited, and payment of sewer charges through the end of 2020. However, the former City Clerk erroneously included payment for 2 monthly billings in this payment, totaling \$80, that were previously deposited, as well as the corresponding monthly late fees, totaling \$16. As a result, \$96 was overpaid and has been used to reduce the amount of cash missing.

Appendix B  
 Original Customer Ledger - Former City Clerk  
 Provided to the SAO on November 12, 2019

MARLA Berndt  
 City Clerk



	Initials	Date
Prepared By		
Approved By		

	1	2	3	4	5	6
	2019	JAN	Feb	MARCH	April	MAY
1	Sewer					
2	late fee					40.00
3	Amt. PAID					-0-
4	✓ #					40.00
5	Date PAID					1607
6	BALANCE					6-11-19
7						-0-
8						
9						
10		July	Aug	Sept	Oct	Nov
11	Sewer	40.00	40.00	40.00	40.00	40.00
12	late fee	-0-	-0-	-0-	-0-	-0-
13	Amt PAID	40.00	40.00	40.00	40.00	40.00
14	✓ #	1623	1633	1639	1641	1647
15	Date PAID	7-4-19	8-15-19	9-8-19	10-3-19	11-5-19
16	BALANCE	-0-	-0-	-0-	-0-	-0-
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

