



Scott Fitzpatrick

Missouri State Auditor

City of Holland

Report No. 2023-026

June 2023

auditor.mo.gov



Findings in the audit of the City of Holland

Background	<p>Jessica Roach served as Acting Mayor from at least December 2017 until April 19, 2021, when a new Mayor was elected and took office. Prior to becoming the Acting Mayor, Ms. Roach served as the City Clerk. However, upon becoming Acting Mayor she did not appoint aldermen to fill vacant Board positions or cause a special election in accordance with city code. This allowed her, and the part-time City Clerks during her tenure, to manage the city without Board oversight.</p>
Missing Money, Misappropriated Money and Services, and Nepotism	<p>From January 1, 2018, through April 19, 2021, at least \$69,029 of money and utility services was not deposited and/or was misappropriated from the city. The Acting Mayor did not deposit city receipts totaling at least \$66,480, and she did not pay for her utility services totaling \$2,036 and city property taxes totaling \$213. She also improperly paid herself \$300. A review of the Acting Mayor's personal bank accounts noted large cash deposits totaling \$66,194 that could indicate missing city cash receipts were deposited into her personal account. The Acting Mayor indicated the cash deposits were a result of vaping device, t-shirt, and fireworks cash sales. However, a comparison of the timing of those transactions and the deposits into her personal account show the cash deposits cannot be fully attributed to these transactions and remain unexplained. In addition, the Acting Mayor hired and paid her daughter \$800 to serve as the City Clerk from February 2021 through April 2021 in violation of the Missouri Constitution. The current Mayor hired his sister on July 22, 2021, to be the City Clerk after the former City Clerk resigned.</p>
Oversight, Annual Audits, Bonding, and City Ordinances	<p>A Board of Aldermen was not established to provide oversight; annual audits of the city's utility system were not obtained as required by state law; city officials with access to city money were not bonded; and city codes and ordinances were incomplete, not indexed, not enforced as written, and not up to date.</p>
Accounting Controls and Procedures	<p>City receipting, recording, transmitting, and depositing procedures were poor. The Acting Mayor and former City Clerks did not prepare bank reconciliations for any of the city's bank accounts, maintain checkbook registers or book balances, account for all checks and issue checks in numerical order, or monitor the city's cash balances. Numerous financial records were not retained, including supporting documentation for more than \$150,000 in disbursements, which were payments for utilities, insurance, postage, etc.</p>
Utility System Controls and Procedures	<p>The Acting Mayor and former City Clerks made adjustments to customer utility statements without obtaining independent approval or maintaining adequate documentation to support the reasons for the adjustments. City personnel did not prepare reconciliations related to utility services. Neither the Acting Mayor nor the former City Clerks prepared a list of customer utility deposits to periodically reconcile to balances in the city's meter bank account. The city did not file or remit sales tax collected related to the utility services for several periods, and as a result, still owes sales taxes to the Department of Revenue.</p>

Contracted Workers	The Acting Mayor did not document the basis for classifying former City Clerks, maintenance workers, and the water/sewer operator as independent contractors rather than employees, and these employees were misclassified as independent contractors. Former City Clerks, maintenance workers, and the water/sewer operator did not prepare timesheets or other documentation of work performed, and text messages documenting hours worked by a former City Clerk were not retained.
Budgets and Financial Reporting	City officials did not prepare a budget for the years ended December 31, 2021, 2020, 2019, and 2018. City officials did not file timely annual financial reports with the State Auditor's Office as required by state law. The city did not publish financial statements for the years ended December 31, 2020, 2019, and 2018. As a result, information regarding the city's financial activity and condition was not available to citizens.
Electronic Communication Policy	The city has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Service Division guidance.

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.

All reports are available on our Web site: auditor.mo.gov

City of Holland

Table of Contents

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

Introduction	
Background	4

Management Advisory Report - State Auditor's Findings	
1. Missing Money, Misappropriated Money and Services, and Nepotism.....	6
2. Oversight, Annual Audits, Bonding, and City Ordinances	14
3. Accounting Controls and Procedures	16
4. Utility System Controls and Procedures.....	19
5. Contracted Workers.....	21
6. Budgets and Financial Reporting	23
7. Electronic Communication Policy.....	25

Organization and Statistical Information	26
---	----

Supporting Documentation of Missing and Misappropriated Money and Unpaid Utility Services	28
<u>Appendixes</u>	
A State Auditor Subpoena - Jessica Roach	29
B Undeposited Utility Receipts.....	31
C Estimated Undeposited Utility Receipts.....	39
D Undeposited 2020 Property Tax Receipts	41
E Acting Mayor's Utility Services Not Paid	42



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

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

We have audited certain operations of the City of Holland as they relate to the city finances in fulfillment of our duties under Chapter 29, RSMo. Due to concerns regarding missing or misappropriated money, the State Auditor initiated the audit with the approval of the City of Holland Board of Aldermen. The scope of our audit included, but was not necessarily limited to, the period of January 1, 2018, through April 19, 2021. 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 and/or misappropriated from the city, if any.

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; verifying utility payments with customers; and performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. 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 and misappropriated money and services totaling at least \$69,029. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Holland.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive style with a large initial "S" and "F".

Scott Fitzpatrick
State Auditor

City of Holland

Introduction

Background

Jessica Roach served as Acting Mayor¹ from at least December 2017² until April 19, 2021, when a new Mayor was elected and took office. Prior to becoming the Acting Mayor, Ms. Roach served as the City Clerk. However, upon becoming Acting Mayor she did not appoint aldermen to fill vacant Board positions or cause a special election in accordance with city code, Section 21.170. This allowed her, and the part-time City Clerks during her tenure as Mayor, to manage the city without Board oversight.

Jonathan Williams served as the part-time City Clerk from December 2017 to February 2021.³ Ashley Roach, daughter of Jessica Roach, served as the City Clerk from February 2021 to April 2021.⁴ The Acting Mayor and former City Clerks were responsible for the following financial accounting functions and records of the city from December 2017 to April 2021.

- Receipting - The City Clerks collected and recorded money collected.
- Transmitting and depositing - The Acting Mayor gathered city receipts from City Hall, and prepared and made bank deposits.
- Disbursements - The Acting Mayor received invoices for payment; prepared, signed (sole signer), and distributed checks; maintained supporting documentation; and transferred money between bank accounts.
- Payroll - The City Clerks reported hours worked to the Acting Mayor. The Acting Mayor prepared, signed (sole signer), and distributed payroll checks. The City Clerks were generally paid once a week.
- Utilities (water and sewer) - Former City Clerk Williams or a contracted maintenance worker read meters at the main pump and at each utility customer location. The City Clerk prepared and mailed utility bills to customers. The Acting Mayor authorized adjustments to utility bills and shutoffs for delinquent accounts.
- Property Taxes - The Pemiscot County Collector's office prepared annual city property tax statements and provided the statements to the city in

¹ Former Acting Mayor Jessica Roach is referred to as the Acting Mayor throughout this report.

² It is unclear when and how Jessica Roach began serving as the Acting Mayor because there was no record (Board meeting minutes) or testimony of a formal appointment, and no evidence that a Board existed to make the appointment. However, the Acting Mayor was the only signer of city checks as of December 2017.

³ The city could not provide the dates of employment for City Clerk Jonathan Williams; however, he was paid by city check from at least December 2017 to February 2021.

⁴ The city could not provide the dates of employment for City Clerk Ashley Roach; however, she was paid by city check from February 2021 to April 2021.



City of Holland Introduction

October of each year. Former City Clerk Williams subsequently mailed the statements in November of each year and the 2 former City Clerks collected payments.

In April 2021, the State Auditor's Office (SAO) Whistleblower Hotline received a complaint from the newly elected Mayor about operations and finances of the City of Holland. The SAO subsequently conducted an initial review of these matters in July 2021, under Section 29.221, RSMo. After review of the documentation and communications provided, the SAO determined further investigation was warranted under Section 29.221, RSMo.

On August 30, 2021, the City of Holland's new Board of Aldermen passed an ordinance formally requesting and authorizing an audit by the SAO, and the SAO subsequently agreed to conduct the audit under Chapter 29, RSMo. The SAO began the audit in November 2021.

SAO auditors recorded interviews with the Acting Mayor on March 15, 2022, and again on October 12, 2022. The SAO issued a subpoena to the Acting Mayor (see Appendix A) to compel her to produce records and documents related to her testimony. Appendix A includes redactions of information of a personal, privileged, or sensitive nature, and/or information that is not directly related to the information requested in the subpoena. SAO auditors also recorded interviews with the former Mayor, former City Clerk Williams, and a former contracted maintenance worker, and requested copies of any city records they possessed that supported their statements.

The Pemiscot County Prosecuting Attorney and the Missouri State Highway Patrol (MSHP) investigated and obtained personal bank records⁵ and credit card statements⁶ of the Acting Mayor, and provided those records to the SAO for review.

The city's fiscal year is January 1 through December 31. The scope of our audit included, but was not necessarily limited to the period January 1, 2018, through April 19, 2021, the approximate time period of the Acting Mayor's known service. We applied procedures to city receipt, payroll, disbursement, and utility transactions to identify the amount of missing and/or misappropriated money and methods used to perpetrate and conceal the theft.

⁵ Personal bank records were obtained for the period of January 1, 2018, to December 31, 2021.

⁶ Personal credit card statements were obtained for the period of October 1, 2020, to December 31, 2021.

City of Holland

Management Advisory Report

State Auditor's Findings

1. Missing Money, Misappropriated Money and Services, and Nepotism

From January 1, 2018, through April 19, 2021, at least \$69,029⁷ of money and utility services was not deposited and/or was misappropriated from the city. In addition, the Acting Mayor hired and paid her daughter to serve as the City Clerk in violation of the Missouri Constitution.

1.1 Missing and Misappropriated Money and Utility Services

The Acting Mayor did not deposit city receipts totaling at least \$66,480. Also the Acting Mayor did not pay for her utility services totaling \$2,036 and city property taxes totaling \$213. She also improperly paid herself \$300.

The following table provides a summary of the amounts missing and/or misappropriated and identifies the appendixes where specific details are reported.

	Year Ended December 31,			January 1 through April 19,	Unknown	Total
	2018	2019	2020	2021	(1)	
Undeposited utility receipts (Appendix B)	\$ 571	2,065	8,770	140	2,798	14,344
Estimated undeposited utility receipts (Appendix C)	19,780	16,921	8,347	3,701	0	48,749
Undeposited property tax receipts (Appendix D)	0	0	247	207	74	528
Estimated undeposited property tax receipts	1,131	1,728	0	0	0	2,859
Total undeposited and estimated undeposited receipts	21,482	20,714	17,364	4,048	2,872	66,480
Acting Mayor's:						
Utility services not paid (Appendix E)	0	0	588	220	0	808
Estimated utility services not paid	614	614	0	0	0	1,228
Property taxes not paid	58	80	75	0	0	213
Improper payment	0	0	0	300	0	300
Total	\$ 22,154	21,408	18,027	4,568	2,872	69,029

(1) Documentation for these receipts did not indicate a payment date and the payment date is unknown. Decreases in utility balances were written on manual monthly utility statements indicating utility payments were made between billing cycles. The property tax receipts were likely received between November 1, 2020, and April 30, 2021, based on the property tax year. These payments were likely made in cash because no check or money order for these payments was located in the deposit support and the method of payment (cash, check, or money order) was not indicated in city records.

⁷ Amounts presented in the report findings are rounded to the nearest dollar, whereas amounts presented in appendixes are not rounded.



City of Holland
Management Advisory Report - State Auditor's Findings

Undeposited and estimated
undeposited utility receipts

The Acting Mayor did not deposit all utility receipts collected during the period January 1, 2018, through April 19, 2021, and the money is missing. For the periods in which utility records were not available, we estimated the amount of undeposited utility receipts that are likely missing.

Undeposited utility receipts

The Acting Mayor did not deposit \$14,514 of recorded utility receipts into the city's bank account. Of that, \$170 in cash was used to pay 7 city invoices. As a result, \$14,344 was not deposited and is missing (see Appendix B).

The former City Clerk typically recorded utility payments on manual utility statements; however, most of these records were not retained for the periods reviewed. We compared recorded payments to deposits to determine the amount of undeposited utility receipts. The former City Clerks typically recorded the method of payment (cash, check, or money order) on the manual utility statements retained; however, the method of payment was not always recorded accurately. The method of payment noted in Appendix B was determined by comparing available payment records to the contents of the deposits.

The majority of the undeposited receipts were recorded as cash payments (\$9,151).⁸ The remaining undeposited receipts (\$5,193) were recorded as check and money order receipts, or were receipts with unknown methods of payment. However, it is likely these were cash receipts because no checks or money orders for these payments were located in the contents of the deposits. One utility customer, who responded to our inquiry, indicated he made cash payments, in person, at city hall and provided us copies of receipt slips and utility statements, totaling \$2,502, that were marked paid. The Acting Mayor and former City Clerks did not retain most of this customer's receipt slips and utility statements, and these recorded receipts were not deposited into the city's bank accounts. Other customers signed affidavits⁹ indicating they made payments for utility services, including cash payments; however, these payments were not deposited into the city's bank accounts.

In a recorded interview, the Acting Mayor indicated she occasionally used city cash receipts to make city purchases. In response to a subpoena, she provided vendor statements showing city purchases made with cash. We confirmed with these vendors that the identified invoices, totaling \$170, were paid with city cash receipts.

⁸ The \$9,151 is recorded cash receipts totaling \$9,471, less \$150 cash deposited and \$170 cash receipts used to pay city invoices. See Appendix B for details.

⁹ City utility customers signed affidavits and provided them to the City of Holland indicating they made utility payments, including cash payments; however, receipt slips indicating the date and amount of each payment were not provided by these customers. Current city officials provided these affidavits to our office.



City of Holland
 Management Advisory Report - State Auditor's Findings

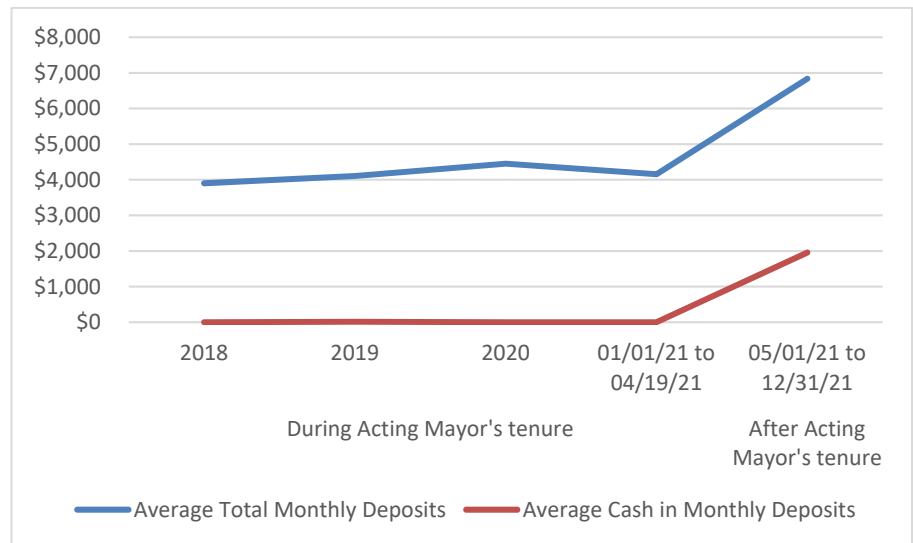
Estimated undeposited utility receipts

The Acting Mayor did not deposit an estimated additional \$48,749 of utility receipts during 35 months from February 2018 through April 2021. Manual utility statements with recorded receipts were not retained for the periods of February 2018 through December 2019; March, April, June, and July 2020; and September 2020 through April 2021. We estimated utility billings and receipts for these months based on the average monthly 2020 billings for the months of January, February, May, and August and the actual collection percentage (90 percent) for the 2020 months with receipt records (February, March, June, and September).¹⁰ We compared this to actual deposits and determined an estimated \$48,749 was not deposited (see Appendix C).

Amount of utility receipts deposited increased after Acting Mayor's termination

As shown in Figure 1.1, total deposits and the cash included in those deposits increased significantly after the Acting Mayor's termination. We compared the average monthly total deposit and cash included in those deposits during the approximately 40 months of the Acting Mayor's tenure (December 2017 to April 2021) to the average total monthly deposits and amount of cash included in those deposits after the Acting Mayor's termination (May 2021 to December 2021). According to city utility statement records there was a 5 percent rate increase in January 2020, but no significant change in the number of utility customers that would explain the increase in amounts deposited after the Acting Mayor's termination. The increase is a further indication that cash utility receipts were not deposited and are missing.

Figure 1.1: Average total monthly deposits and cash deposited during and after Acting Mayor's tenure



Undeposited and estimated undeposited property tax receipts

The Acting Mayor did not deposit some property tax receipts collected for tax years 2018 to 2020, and the money is missing. In addition, during periods in

¹⁰ Amounts billed each month are collected/receipted in the following month.



City of Holland
 Management Advisory Report - State Auditor's Findings

which property tax records were not available, we estimated the amount of undeposited property tax receipts that are likely missing.

Undeposited property tax receipts

The Acting Mayor did not deposit \$528 of recorded property tax payments collected for the 2020 property tax year (see Appendix D). At least \$454 of these property tax payments were made in cash.

The former City Clerks recorded property tax payments on the 2020 property tax statements. We compared payments recorded on the statements retained to bank deposits to determine the amount undeposited. The methods of payment were typically noted on the property tax statements; however, for report purposes, the methods of payment noted in Appendix D were based on the form of payment included in the deposit.

Estimated undeposited property tax receipts

The Acting Mayor did not deposit an estimated additional \$2,859 in property tax receipts for tax years 2018 and 2019. A review of property tax deposits showed no cash deposited from January 1, 2018, through December 31, 2019. In comparison, the city received cash payments for property taxes in 2020, indicating at least some of this estimated missing money is cash.

Paid property tax statements were not retained for the 2018 and 2019 tax years. We obtained city property tax billings from the Pemiscot County Clerk for each year to determine the total amount due. We then estimated the amount collected and compared that to amounts deposited to determine any estimated undeposited property tax receipts. According to paid property tax statements retained for tax year 2020, property tax billings totaled \$6,922 and property tax collections totaled \$5,837, an 84 percent collection rate. We estimated property taxes collected by applying this same percentage (84 percent) to the 2018 and 2019 property tax billings and compared this to property tax receipts deposited to determine the following estimated undeposited property taxes during these 2 years:

	Tax Year	
	2018	2019
Property Tax Billings	\$ 6,510	6,655
Property Tax Collection Percentage	84%	84%
Estimated Property Tax Receipts	5,468	5,590
Less Property Taxes Deposited	(4,337)	(3,862)
Estimated Undeposited Property Taxes	\$ 1,131	1,728

Personal bank account and credit card

A review of the Acting Mayor's personal bank accounts noted large cash deposits totaling \$66,194 that could indicate missing city cash receipts were deposited into her personal account.

We compared the cash deposited into the Acting Mayor's personal bank accounts and cash used to purchase money orders to pay her personal credit



City of Holland
Management Advisory Report - State Auditor's Findings

card from January 1, 2018, to April 22, 2021, to the total known and estimated undeposited city receipts from January 1, 2018, to April 19, 2021, below:

Time Period	Total Cash Deposited or Used for Personal Purposes	Total Known and Estimated Undeposited City Receipts
2018	\$ 10,680	21,482
2019	15,205	20,714
2020	33,584	17,364
January 1 to April 19, 2021	15,940 (1)	4,048
Unknown	N/A	2,872
Total	\$ 75,409	66,480

(1) Cash totaling \$900 deposited into the Acting Mayor's personal bank account on April 22, 2021, (after her termination) is possible city cash receipts and is included here.

The Acting Mayor indicated in a recorded interview that the cash deposits were a result of vaping device, t-shirt, and fireworks cash sales. However, a comparison of the timing of those transactions and the deposits into her personal account show the cash deposits cannot be fully attributed to these transactions and remain unexplained.

In response to a subpoena, the Acting Mayor provided information showing vaping devices were shipped from October 2020 to March 2021 and provided nothing to support cash sales. We confirmed the Acting Mayor made vaping device purchases using her personal credit card costing \$9,391 during this same time period. The Acting Mayor deposited \$24,225 of cash and \$628 in Cash App Square Inc. credit card receipts into her personal bank account during this time. If every vaping device shipped was sold and the cash proceeds deposited into the Acting Mayor's personal bank account, the vaping devices would have been sold at a 265 percent markup. Further, \$41,968 of the cash deposited into the Acting Mayor's personal bank account was deposited prior to the known purchases of any vaping devices and cannot be explained by vaping device sales.

The Acting Mayor also provided documentation showing she purchased \$1,093 in products from a t-shirt vendor during the 3 years ended December 31, 2020, and her personal bank account showed she deposited \$1,122 in checks for t-shirt sales during this same time period.

Further, in her October 2022 recorded interview, the Acting Mayor indicated she also had cash sales for fireworks and likely profited a "couple thousand dollars." Based on our review of the Acting Mayor's personal accounts she purchased \$3,953 in fireworks from June 9 to 17, 2020, and made Cash App Square Inc. credit card deposits totaling \$4,547 from June 23 to July 6, 2020. The Acting Mayor made cash deposits on June 23 and 24, 2020, totaling



City of Holland
Management Advisory Report - State Auditor's Findings

\$2,115, but made no other cash deposits into her personal bank account until the end of August 2020.

The Acting Mayor provided no other documentation of specific cash sales and subsequent cash deposits into her personal bank account to support her contention that the deposits were related to the sale of vaping devices, t-shirts, and fireworks.

In addition, a review of the Acting Mayor's personal credit card activity from October 2020 to April 2021, showed the Acting Mayor used \$9,215 in money orders to make payments on her personal credit card balance. The Acting Mayor's personal bank account activity showed no evidence the money orders were purchased with funds from the bank account (cash withdrawals, debit purchases, or checks). Missing city cash receipts may have been used to purchase these money orders.

Finally, we reviewed the amount of cash deposited into the Acting Mayor's personal account before and after her termination in 2021 and noted the amount decreased significantly after her termination. The Acting Mayor deposited \$14,200 of cash into her personal bank accounts for the first 4 months of 2021, but only deposited \$7,250 total in cash during the next 8 months of 2021 after her termination. This further indicates that the cash activity in the Acting Mayor's personal bank accounts may not be solely attributable to her personal business activities.

Utility services and property taxes not paid

The Acting Mayor did not pay for her utility services totaling \$808 from January 1, 2020, to April 30, 2021, and an estimated \$1,228 for her utility services from January 1, 2018, to December 31, 2019. The Acting Mayor also did not pay her city property taxes totaling \$213 for the 2020, 2019, and 2018 tax years. The city could not locate the Acting Mayor's utility statements and records of payments made for the period January 1, 2018, to April 2021, and our review of all city bank deposits showed the Acting Mayor made no payments for utility service until after her termination. The payments made after her termination related only to current utility charges. The Acting Mayor paid her 2021 (current year) property taxes in October 2021 after her termination.

The Acting Mayor's utility billings from January 2020 through April 30, 2021, were calculated using her actual meter readings (see Appendix E). City officials and personnel did not retain meter readings for 2018 and 2019, so we calculated the estimated unpaid utility billings during this period based on



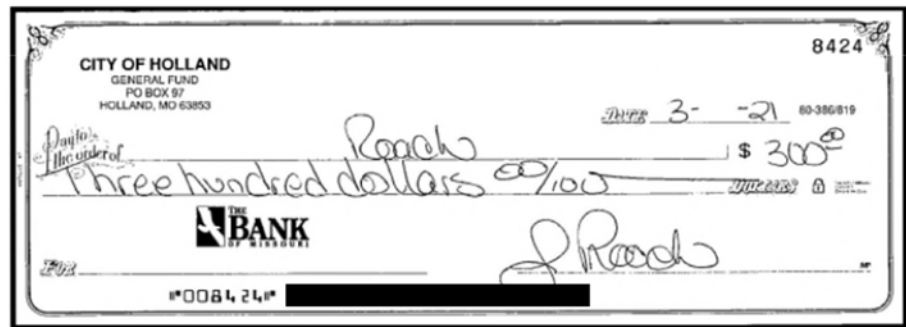
City of Holland
Management Advisory Report - State Auditor's Findings

the Acting Mayor's average monthly billings during eleven months of 2020 and the first four months of 2021, or \$614¹¹ annually for 2018 and 2019.

In a recorded interview the Acting Mayor indicated she paid her utility bill in cash; however, as noted above very little cash was deposited into the city's bank accounts during this timeframe.

Improper payment

In March 2021 (just prior to the new Mayor's election), the Acting Mayor deposited the following \$300 improper payment¹² into her personal bank account on March 19, 2021.



This check was prepared and signed in the scripted handwriting of the Acting Mayor. In a recorded interview, the Acting Mayor indicated she probably paid herself because the former City Clerk had resigned, and she was performing additional duties. However, she retained no documentation (e.g., timesheet or invoice) to support this payment and this was not approved or signed by any other city official. In addition, during this time, the Acting Mayor's daughter was paid to serve as City Clerk.

Overall Conclusion

The lack of segregation of duties and inadequate controls, and the absence of proper oversight, as discussed in the remainder of this report, resulted in undeposited receipts, utility services and property taxes not paid, and an improper payment going undetected for a significant period of time.

1.2 Nepotism

The Acting Mayor hired and paid her daughter \$800 to serve as the City Clerk from February 2021 through April 2021 in violation of the Missouri Constitution. The Acting Mayor prepared and signed 4 checks in her scripted handwriting that were issued to her daughter for serving as City Clerk (a \$150 check dated February 25, a \$200 check dated March 21, a \$250 check dated

¹¹ Auditors calculated an average monthly billing of \$53.85 from the eleven months in 2020 that a bill was due and the first 4 months of 2021. We reduced the average by 5 percent for 2018 and 2019 because the base charge for water usage increased 5 percent in 2020.

¹² Redactions (notated in black) are of information of a personal, privileged, or sensitive nature. The day of the month the check was issued and the first name on the check were blank in the imaged copy we received from the bank.



City of Holland
Management Advisory Report - State Auditor's Findings

April 1, and a \$200 check dated April 8). As noted in MAR finding number 5.2, timesheets or other records of work performed were not prepared or retained to support these payments.

While the checks were written to the Acting Mayor's daughter, the Acting Mayor deposited the April 1, \$250 check into the city's bank account with other city receipts on April 9, 2021. It is unclear why the Acting Mayor would deposit a check issued to, and endorsed by, her daughter into the city bank account. Because this was deposited into the city account and could have been cashed with city cash receipts or deposited to cover missing cash receipts noted above, it is considered a credit against the amount of missing cash receipts in Appendix B.

Current City Clerk

The Mayor hired his sister on July 22, 2021, to be the City Clerk after the former City Clerk resigned. Two Board members subsequently approved her hiring on July 30, 2021, as documented in a memo; however, no vote was taken regarding her appointment. The current Mayor also signs his sister's checks.

Conclusion

Article VII, Section 6, Missouri Constitution, provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his or her office. Discussions and decisions concerning situations in which potential nepotism exist should be completely documented so the public has assurance that no city official has benefited improperly. Current Board members indicated they were not aware of the importance of documenting such appointments.

Recommendations

The Board of Aldermen:

- 1.1 Work with law enforcement officials regarding criminal prosecution of the undeposited receipts, utility services and property taxes not paid, and the improper payment; and take the necessary actions to obtain restitution.
- 1.2 Ensure compliance with the Missouri Constitution related to the hiring or appointment of relatives and approve and document hiring decisions.

Auditee's Response

- 1.1 *We will work with law enforcement regarding criminal prosecution and take necessary actions to obtain restitution.*
- 1.2 *We will work to ensure compliance with the Missouri Constitution related to hiring or appointment of relatives.*



2. Oversight, Annual Audits, Bonding, and City Ordinances

A Board of Aldermen was not established to provide oversight; annual audits of the city's utility system were not obtained as required by state law; city officials with access to city money were not bonded; and city codes and ordinances were incomplete, not indexed, not enforced as written, and not up to date.

2.1 Oversight and segregation of duties

From January 1, 2018, to April 19, 2021, the city did not have a Board of Aldermen to govern the city, supervise the Acting Mayor, and establish internal controls, including segregation of duties over the various financial accounting functions. Weaknesses identified throughout this report are significant and demonstrate a lack of internal controls and oversight that allowed money to go missing and funds to be misappropriated. In addition, while a Board is now in place, the current Board does not provide sufficient oversight because it does not review bank statements and continues to allow related parties to work at the city without proper controls as noted in MAR finding number 1.2.

Good management practices require extensive and detailed oversight by a Board and sufficient controls in place to ensure city money is adequately safeguarded. Proper segregation of duties would help ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties is not possible, timely supervisory or independent reviews of bank records and work performed, and investigation into unusual items and variances is necessary. The current Board indicated it was unaware of the importance of segregating duties and performing independent supervisory reviews.

2.2 Annual audits

The city did not obtain an annual audit of its utility system for at least the years ended December 31, 2022, 2021, 2020, 2019, and 2018, as required by state law. Section 250.150, RSMo, requires the city to obtain annual audits of the combined waterworks and sewerage system, and the cost of the audit is to be paid from revenues received from the system. The current Board and Acting Mayor indicated they were not aware of this requirement.

2.3 Bonding

The Acting Mayor, who signed checks and had access to money held in bank accounts, was not covered by a bond. Failure to properly bond individuals with access to city funds exposes the city to risk of loss. Had the city obtained bond coverage, some or all of the missing money and improper payments may have been covered and reimbursed by a bonding company. The Acting Mayor indicated she not aware of the importance of bonding all individuals with access to city money. In addition, there was no Board to provide oversight of city operations.



City of Holland
Management Advisory Report - State Auditor's Findings

2.4 City codes and ordinances

City codes and ordinances are not complete and have not been updated as follows:

- The city does not have ordinances establishing the compensation of city officials and employees as required by Section 21.150 of city code.
- City codes and ordinances are poorly maintained, and an index of all city codes and ordinances passed and rescinded by the city is not maintained, making it difficult to determine which city codes and ordinances remain in effect.
- Many city codes and ordinances are old and out-of-date. City codes and ordinances authorizing utility rates charged to customers, the amount of utility deposits required for service, and connection and reconnection fees have not been updated and do not reflect the current amounts charged for utility services. In addition, city code indicated the reconnection fee was \$10 while the city ordinance indicated it was \$30.

Because ordinances passed by the Board to govern the city and its residents have the force and effect of law, it is important ordinances are current and complete. In addition, city codes and/or ordinances documenting approved compensation and utility rates help ensure equitable treatment and prevent misunderstandings. Section 79.270, RSMo, authorizes the Board to fix the compensation of city officials and employees by ordinance. Because there was no Board, city codes and ordinances were not updated. Current Board members indicated they are in the process of updating city codes and ordinances.

Recommendations

The Board of Aldermen:

- 2.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
- 2.2 Obtain annual audits of the utility system as required by state law.
- 2.3 Obtain and maintain bond coverage for all city personnel with access to city money and other assets.
- 2.4 Establish the compensation of all city officials and employees by ordinance, ensure city codes and ordinances are maintained in a complete and well-organized manner, establish an index of all city codes and ordinances passed and rescinded, and update city codes and ordinances for amounts charged related to utility services.

Auditee's Response

- 2.1 *We will implement appropriate reviews and monitoring procedures.*



City of Holland
Management Advisory Report - State Auditor's Findings

- 2.2 *We will obtain annual audits of the utility system as required by state law.*
- 2.3 *We will obtain and maintain bond coverage for all city personnel with access to city money and other assets.*
- 2.4 *We will work on establishing, updating and maintaining all city codes and ordinances in a complete and well-organized manner, and establishing an index of all city codes and ordinances passed and rescinded.*

3. Accounting Controls and Procedures

3.1 Receipting, recording, transmitting, and depositing

Accounting controls and procedures need improvement. City receipts totaled approximately \$271,000 and disbursements totaled approximately \$268,000 for the general and water operating bank accounts from January 1, 2018, to April 30, 2021.

City receipting, recording, transmitting, and depositing procedures were poor.

- Official prenumbered receipt slips were not issued for all money received, and paid utility and property tax statements were not always retained. Unrecorded receipts totaling approximately \$162,000 were deposited from January 1, 2018, to April 30, 2021.
- The method of payment (cash, check, or money order) was not always recorded on utility or property tax statements. We also noted instances in which the method of payment was inaccurately recorded on utility and property tax statements. For example, some payments recorded as cash were included in the deposits as a check payment, and some recorded check payments were not included in the related deposits and were likely cash payments.

In addition, the former City Clerks indicated the Acting Mayor picked up city receipts for deposit, but the transmittal of those receipts between the former City Clerks and Acting Mayor was not documented. The Acting Mayor also did not reconcile the composition of receipts to the composition of deposits, and current city officials also do not perform this reconciliation.

- The Acting Mayor did not always deposit receipts intact and timely. For example, 9 checks dated between June 2 and 24, 2020, totaling \$508 were not deposited until July 16, 2020. In addition, the Acting Mayor indicated in recorded interviews, she sometimes used cash receipts to pay city invoices as discussed in MAR finding number 1.1 and typically left some of the smaller dollar currency (ones, fives, and tens) from cash receipts with the former City Clerks to be used for change. This change fund was not maintained at a constant amount.



City of Holland
Management Advisory Report - State Auditor's Findings

Failure to implement adequate receipting, recording, transmitting, and depositing procedures increases the risk that loss, theft, or misuse of money will occur and go undetected. The city's failure to properly receipt, record, transmit, and deposit money helped conceal the missing money and misappropriations discussed in MAR finding number 1.1. In recorded interviews, the Acting Mayor indicated she generally did not have time to ensure all accounting duties were adequately performed.

3.2 Bank reconciliations and accounting records

The Acting Mayor and former City Clerks did not prepare bank reconciliations for any of the city's 8 bank accounts, maintain checkbook registers or book balances, account for all checks and issue checks in numerical order, or monitor the city's cash balances.

Based on checks that cleared the bank accounts from January 1, 2018, to April 30, 2021, there were 13 instances in which 1 or more check numbers were skipped, resulting in 17 skipped checks whose disposition (unused, voided, issued but outstanding, etc.) could not be determined. In addition, during this same time period 54 checks were written out of order, including 34 checks issued to the city's contracted workers.

The Acting Mayor also failed to monitor the city's cash balances, and as a result, the city incurred \$247 in overdraft charges in the general and water bank accounts during 2020. In recorded interviews the Acting Mayor indicated she generally did not have time to perform all accounting duties required and sometimes issued checks in advance, if she was going to be out of town.

Performing monthly bank reconciliations helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected timely. Maintaining a checkbook register, book balance, and a list of disbursements for each account would aid in preparing the monthly bank reconciliations and monitoring the bank balances. In addition, issuing checks in numerical sequence and accounting for the numerical sequence of checks issued would help to properly account for all disbursements and reduce the risk of unauthorized transactions.

3.3 Supporting documentation and record retention

Numerous financial records were not retained. Manual receipt slips, utility and property tax statements, and supporting documentation for disbursements could not be located by the city. City officials could not provide supporting documentation (e.g., invoices) for over \$150,000 in disbursements, including payments for utilities, insurance, postage, etc.

To ensure obligations were incurred and amounts paid are proper, all disbursements should be supported by itemized vendor invoices or other detailed documentation with payment information clearly indicated. Retention of records is necessary to ensure the validity of transactions and



City of Holland
Management Advisory Report - State Auditor's Findings

provide an audit trail. Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. Record retention schedules can be found on the Secretary of State's website.¹³

The Acting Mayor and former City Clerks indicated they were not aware of the importance of maintaining invoices and other supporting documentation. The Acting Mayor may have disposed of these records to help conceal the misappropriations discussed in MAR finding number 1.1.

Recommendations

The Board of Aldermen:

- 3.1 Ensure prenumbered receipt slips are issued for all payments received; the method of payment is indicated on all receipt slips; the transmittal of receipts is documented and reviewed; the composition of receipts is reconciled to the composition of deposits; all payments received are deposited intact and timely; and the change fund is maintained at a constant amount. The Board should also discontinue paying city expenses from city cash receipts.
- 3.2 Ensure monthly bank reconciliations are prepared for all bank accounts; checkbook registers, book balances, and lists of disbursements are maintained; and checks are issued in numerical sequence with the sequence properly accounted for.
- 3.3 Ensure adequate supporting documentation is maintained for all disbursements, and all records are retained in accordance with state law.

Auditee's Response

- 3.1 *We will work on ensuring prenumbered receipt slips are issued for all payments received; the method of payment is indicated on all receipt slips; any transmittal of receipts is documented and reviewed; the composition of receipts is reconciled to the composition of deposits; all payments received are deposited intact and timely; and the change fund is maintained at a constant amount. The Board has also discontinued paying city expenses from city cash receipts.*
- 3.2 *We are now preparing monthly bank reconciliations for all accounts; checkbook registers, book balances, and lists of disbursements are maintained; and checks are issued in numerical sequence with the sequence properly accounted for.*

¹³ <<https://www.sos.mo.gov/archives/localrecs/schedules>>, accessed October 11, 2022.



3.3 *We are now maintaining supporting documentation for all disbursements, and all records are retained in accordance with state law.*

4. Utility System Controls and Procedures

Utility system controls and procedures need improvement. The city provided utility services to an average of 115 customers per month during the period January 1, 2020, through April 30, 2021 (the months in which meter readings were retained). According to the city's bank and utility statements, the city received payments for utility services totaling approximately \$178,000 during the period January 1, 2018, through April 30, 2021.

4.1 Adjustments

The Acting Mayor and former City Clerks made adjustments to customer utility statements, including writing off charges caused by water leaks or incorrect meter readings, without obtaining independent approval or maintaining adequate documentation to support the reasons for the adjustments. In addition, a list of adjustments was not prepared and approved, so no comparison of adjustments to actual changes could be conducted. As a result, there is an increased risk of theft and misuse occurring without being detected. In a recorded interview, the Acting Mayor indicated she approved adjustments by verbally telling the City Clerk when an adjustment was necessary.

Review and approval of adjustments by an independent person is necessary to ensure adjustments made are valid and proper. The Acting Mayor indicated she was unaware of the importance of an independent review of adjustments made to the utility system.

4.2 Utility reconciliations

City personnel did not prepare reconciliations related to utility services.

- The former City Clerks did not perform monthly reconciliations of amounts billed, payments received, and amounts unpaid for utility services. Monthly reconciliations are necessary to ensure accounting records balance, transactions are properly recorded, and errors or discrepancies are detected timely.
- City personnel did not perform monthly reconciliations of total gallons of water billed to gallons of water pumped. Monthly reconciliations of gallons of water billed to gallons of water pumped are necessary to help detect significant water loss or other problems and ensure all water usage is properly billed.

While the information necessary to perform these calculations is available, no one reviewed or reconciled it. Had these reconciliations been performed and reviewed, the utility services not billed to the Acting Mayor may have been detected. In a recorded interview, a former City Clerk indicated the reconciliations were not part of his job description and he was not told he needed to perform these reconciliations.



City of Holland
Management Advisory Report - State Auditor's Findings

4.3 Customer utility deposits Neither the Acting Mayor nor the former City Clerks prepared a list of customer utility deposits to periodically reconcile to balances in the city's meter bank account, where utility deposits were typically deposited and disbursed (refunded and applied).

Five utility customers provided affidavits¹⁴ or responded to requests for utility payment information and indicated utility deposits were paid. Three of the 5 utility customers reported an \$80 utility deposit was paid, while the other 2 reported utility deposits of \$60 and \$50 each. One of the 3 utility customers that paid \$80 provided a receipt slip that indicated the \$80 paid represented a \$50 deposit and \$30 connection fee. Based on city meter reading records there were 112 utility customers in April 2021 so the city should have had an estimated \$5,600 (112 at \$50 each) in utility deposits on hand in April 2021. However, as of April 30, 2021, the meter bank account had a balance of only \$1,481, resulting in an estimated shortage of \$4,119.

Refundable utility deposits are restricted funds held for customers. Periodic reconciliation of customer utility deposit balances to city accounting records is necessary to ensure sufficient funds are available for deposit refunds. Such reconciliations would allow for prompt detection of discrepancies. The Acting Mayor indicated she was unaware of the importance of reconciling utility deposit balances to city records.

4.4 Sales taxes The city did not file or remit sales taxes collected related to the utility services for the periods of January to March 2018, July to September 2019, and July 2020 to June 2021, and still owed \$16 for the period of April 2020 to June 2020, as of April 2023.

Section 144.080, RSMo, requires sales tax collections be reported and remitted to the Department of Revenue on a monthly or quarterly basis, depending on the amounts collected. Additionally, penalties may be assessed under Section 144.250, RSMo, because of the city's failure to remit these sales taxes. Pursuant to 12 CSR 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax. The Acting Mayor indicated she was not aware of these requirements.

Recommendations

The Board of Aldermen:

- 4.1 Prepare a list of adjustments and ensure all adjustments to utility accounts are properly approved and compared to actual changes, and documentation of all adjustments is retained.

¹⁴ City utility customers signed affidavits and provided them to the City of Holland indicating they made utility deposit payments. Current city officials provided these affidavits to our office.



City of Holland
Management Advisory Report - State Auditor's Findings

- 4.2 Ensure monthly reconciliations are performed of amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and investigate significant differences.
- 4.3 Periodically reconcile a list of customer utility deposits to the meter bank account balance, and promptly investigate any differences.
- 4.4 Ensure sales taxes collected are reported and remitted.

Auditee's Response

- 4.1 *We will work to prepare a list of adjustments and ensure all adjustments to utility accounts are properly approved and compared to actual changes, and documentation of all adjustments is retained.*
- 4.2 *Procedures have been put in place to perform monthly reconciliations of amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped. We will continue to investigate significant differences.*
- 4.3 *We will work on reconciling a list of customer utility deposits to the meter bank account balance, and promptly investigate any differences.*
- 4.4 *We are working to ensure sales taxes collected are reported and remitted.*

5. Contracted Workers

City controls and procedures related to contract workers need significant improvement.

The city classified former City Clerks, maintenance workers, and the water/sewer operator as independent contractors. Payments to former City Clerks totaled \$8,850 in 2018, \$9,660 in 2019, \$10,205 in 2020, and \$2,190 from January 1 to April 30, 2021. Payments to former maintenance workers totaled \$3,120 in 2018, \$3,100 in 2019, and \$1,600 in 2020. Payments to the former water/sewer operator totaled \$750 in 2018 and \$600 in 2019.

5.1 Employment classifications

The Acting Mayor did not document the basis for classifying former City Clerks, maintenance workers, and the water/sewer operator as independent contractors rather than employees, and these employees were misclassified as independent contractors. The current City Clerk is also classified as an independent contractor, and the city does not have documentation to support this decision.

Proper classification of employees is necessary to ensure compliance with various state and federal laws and regulations. Internal Revenue Service (IRS) Publication 15-A provides guidance on what to examine when determining whether an individual is an employee or independent contractor including, but not limited to, whether individual sets his or her own schedule, provides



City of Holland
Management Advisory Report - State Auditor's Findings

his or her own tools, and receives employee benefits; and whether the work is in the normal course of business for the city. 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. The failure to withhold and properly report payroll and income taxes for city employees makes the city potentially subject to tax liabilities along with penalties and interest. 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. The Acting Mayor and current Board indicated they were not aware of these requirements.

5.2 Timesheets

Former City Clerks did not prepare timesheets, and text messages documenting hours worked by a former City Clerk were not retained (see MAR finding number 7). In addition, the former maintenance workers and water/sewer operator did not prepare timesheets or other documentation of work performed to support payments made.

In a recorded interview, a former City Clerk indicated he texted the Acting Mayor his time each week to support his payments, but these text messages were not retained. In addition, a former maintenance worker indicated in a recorded interview, he verbally communicated how many hours he worked to a City Clerk to support his payments.

Without adequate timesheets or other documentation of work performed, the city cannot ensure hours worked are accurate and properly documented. In addition, Fair Labor Standards Act (FLSA) regulation 29 CFR Section 516.2(a) requires employers to maintain accurate records of actual time worked by employees. The Acting Mayor indicated she was unaware of the importance of requiring documentation of work performed.

5.3 Independent contractors

As previously noted, the city misclassified former City Clerks, maintenance workers, and the water/sewer operator as independent contractors rather than employees from January 2018 to April 30, 2021. However, even if this classification been appropriate, the Acting Mayor did not enter into a written contract with the former City Clerks, maintenance workers, and the water/sewer operator and did not prepare and file 1099 forms for payments made during 2020, 2019, and 2018.

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. Sections 6041 through 6050W 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, except for medical and legal services), be reported to the federal government



City of Holland
Management Advisory Report - State Auditor's Findings

on 1099 forms. The Acting Mayor indicated she was not aware of these requirements.

Recommendations

The Board of Aldermen:

- 5.1 Determine the proper classification for the City Clerk, maintenance workers, and water/sewer operator to ensure compliance with state and federal laws and regulations.
- 5.2 Ensure timesheets or other records of work performed are prepared, retained, signed, and approved.
- 5.3 Execute and retain written contracts for services that specify the services to be rendered and the manner and amount of payments to be paid. The Board and the current City Clerk should prepare the applicable tax forms for the former City Clerks, maintenance workers, and water/sewer operator for compensation provided as appropriate.

Auditee's Response

- 5.1 *We will work with our Certified Public Accountant (CPA) to determine the proper classification for the City Clerk, maintenance workers, and water/sewer operator to ensure compliance with state and federal laws and regulations.*
- 5.2 *We now ensure timesheets or other records of work performed are prepared, retained, signed, and approved.*
- 5.3 *We will work with our CPA and attorney to execute and retain written contracts for services that specify the services to be rendered and the manner and amount of payments to be paid as applicable. We will also work with our CPA to prepare the applicable tax forms for the former City Clerks, maintenance workers, and water/sewer operator for compensation provided as appropriate.*

6. Budgets and Financial Reporting

Budgeting and financial reporting procedures need improvement.

6.1 Budgets

City officials did not prepare a budget for the years ended December 31, 2021, 2020, 2019, and 2018.

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 utility rates and tax levies and informing the public about city operations and current finances. Section 67.010, RSMo, requires the budget to present a



City of Holland
Management Advisory Report - State Auditor's Findings

complete financial plan for the ensuing budget year and sets specific guidelines for the information to be included in the budget. In addition, Section 67.080, RSMo, provides that no expenditures of public money should be made unless it is authorized in the budget. The Acting Mayor indicated she did not have time to prepare budgets.

6.2 Financial reporting

City officials did not file timely annual financial reports with the State Auditor's Office (SAO) as required by state law. The city did not file an annual financial report for the 3 years ended December 31, 2019, until April 2021. In addition, the city filed the 2020 report on August 2, 2021, 4 weeks after the deadline and the 2021 report on July 18, 2022, 2 weeks after the deadline.

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 elected officials from continuing to receive compensation or processing disbursements after the deadline to submit the financial statement and until the financial statement is submitted to the SAO. Section 105.145.9, RSMo, allows political subdivisions to be fined \$500 per day for missing filing deadlines. In addition, 15 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. The Acting Mayor indicated she did not have time to prepare financial reports.

6.3 Published financial statements

The city did not publish financial statements for the years ended December 31, 2020, 2019, and 2018. As a result, information regarding the city's financial activity and condition was not available to citizens.

Section 79.160, RSMo, requires the Board to prepare and publish semiannual financial statements that include a full and detailed account of the receipts, disbursements, and indebtedness of the city. The Acting Mayor indicated she did not have time to publish financial reports.

Recommendations

The Board of Aldermen:

- 6.1 Prepare annual budgets that contain all information required by state law and ensure the budgets are adequately monitored.
- 6.2 Submit annual financial reports timely to the State Auditor's Office as required by state law.
- 6.3 Ensure publication of the city's semiannual financial statements as required by state law.

Auditee's Response

- 6.1 *We now prepare annual budgets that contain all information required by state law and ensure the budgets are adequately monitored.*



City of Holland
Management Advisory Report - State Auditor's Findings

6.2 *We will ensure annual financial reports are timely submitted to the State Auditor's Office as required by state law.*

6.3 *We now post the city's semiannual financial statements.*

7. Electronic Communication Policy

The city has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

In recorded interviews both the Acting Mayor and former City Clerk indicated text messages were sent by the former City Clerk to the Acting Mayor to support his hours worked and the amount he was paid, but these text messages were not retained.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.¹⁵

Development of a written policy to address the use of electronic communications is necessary to ensure all documentation of official business of the city is retained as required by state law. The Acting Mayor indicated she was unaware of the record retention requirements and the electronic communications guidelines.

Recommendation

The Board of Aldermen develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

Auditee's Response

We have had preliminary discussions and will continue to work to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

¹⁵ Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed September 30, 2022.

City of Holland

Organization and Statistical Information

The City of Holland is located in Pemiscot County. The city was incorporated in 1903 and is currently a fourth-class city. The city had 3 contracted workers on December 31, 2020. The city's population was 194 in 2020, according to the U.S. Census Bureau.

City operations include utility services (water and sewer) and street maintenance.

Mayor and Board of Aldermen

From January 1, 2018, through April 20, 2021, the city was governed solely by Jessica Roach, Acting Mayor. There was no Board of Aldermen nor were any Board meetings held during this time period.

In April 2021, Leslie Myrick was elected as the city's Mayor and began his duties on April 20, 2021. He subsequently appointed Francis Hicks and Jessica Hosey as Aldermen. City code provides for 2 Aldermen from each of its two wards, so 2 vacancies on the Board remain as of April 2023.

Financial Activity

A summary of the city's financial activity obtained from bank statements for the years ended December 31, 2018, 2019, and 2020, follows.



City of Holland
Organization and Statistical Information

City of Holland
Schedule of Receipts, Disbursements, and Changes in Cash
3 Years Ended December 31, 2020

		Year Ended December 31, 2018								
		General Account	Water Operating Account	Water & Sewer Replacement Account	Water & Sewer Bond Reserve Account	Meter Account	Meter Savings Account	DED CDBG Account	Criminal Investigation Account	Total (all funds)
RECEIPTS	\$									
Receipts		32,347	48,216	12	19	2	3	-	-	80,599
Transfers In		1,000	-	-	-	-	-	-	-	1,000
Total Receipts		33,347	48,216	12	19	2	3	-	-	81,599
DISBURSEMENTS										
Disbursements		32,262	49,825	-	-	199	-	-	-	82,286
Transfers Out		-	-	-	-	1,000	-	-	-	1,000
Total Disbursements		32,262	49,825	-	-	1,199	-	-	-	83,286
RECEIPTS OVER(UNDER) DISBURSEMENTS		1,085	(1,609)	12	19	(1,197)	3	-	-	(1,687)
CASH BALANCE, JANUARY 1, 2018		4,520	4,403	14,546	20,210	2,688	2,631	83	65	49,146
CASH BALANCE, DECEMBER 31, 2018	\$	5,605	2,794	14,558	20,229	1,491	2,634	83	65	47,459
		Year Ended December 31, 2019								
		General Account	Water Operating Account	Water & Sewer Replacement Account	Water & Sewer Bond Reserve Account	Meter Account	Meter Savings Account	DED CDBG Account	Criminal Investigation Account	Total (all funds)
RECEIPTS	\$									
Receipts		26,035	51,650	13	18	1	3	-	-	77,720
Transfers In		500	-	-	-	-	-	-	-	500
Total Receipts		26,535	51,650	13	18	1	3	-	-	78,220
DISBURSEMENTS										
Disbursements		26,509	52,761	-	-	14	-	-	-	79,284
Transfers Out		-	500	-	-	-	-	-	-	500
Total Disbursements		26,509	53,261	-	-	14	-	-	-	79,784
RECEIPTS OVER(UNDER) DISBURSEMENTS		26	(1,611)	13	18	(13)	3	-	-	(1,564)
CASH BALANCE, JANUARY 1, 2019		5,605	2,794	14,558	20,229	1,491	2,634	83	65	47,459
CASH BALANCE, DECEMBER 31, 2019	\$	5,631	1,183	14,571	20,247	1,478	2,637	83	65	45,895
		Year Ended December 31, 2020								
		General Account	Water Operating Account	Water & Sewer Replacement Account	Water & Sewer Bond Reserve Account	Meter Account	Meter Savings Account	DED CDBG Account	Criminal Investigation Account	Total (all funds)
RECEIPTS	\$									
Receipts		27,227	56,384	13	18	1	2	-	-	83,645
Transfers In		2,500	2,350	-	-	-	-	-	-	4,850
Total Receipts		29,727	58,734	13	18	1	2	-	-	88,495
DISBURSEMENTS										
Disbursements		25,826	53,389	-	-	-	-	-	-	79,215
Transfers Out		2,350	2,500	-	-	-	-	-	-	4,850
Total Disbursements		28,176	55,889	-	-	-	-	-	-	84,065
RECEIPTS OVER(UNDER) DISBURSEMENTS		1,551	2,845	13	18	1	2	-	-	4,430
CASH BALANCE, JANUARY 1, 2020		5,631	1,183	14,571	20,247	1,478	2,637	83	65	45,895
CASH BALANCE, DECEMBER 31, 2020	\$	7,182	4,028	14,584	20,265	1,479	2,639	83	65	50,325

City of Holland

Supporting Documentation of Missing and Misappropriated Money and Unpaid Utility Services

The following appendixes provide supporting documentation for the missing and misappropriated money and unpaid utility services discussed in MAR finding number 1.1 and are summarized in the following table.

Appendix	Type of Supporting Documentation
A	State Auditor Subpoena - Jessica Roach
B	Undeposited Utility Receipts
C	Estimated Undeposited Utility Receipts
D	Undeposited 2020 Property Tax Receipts
E	Acting Mayor's Utility Services Not Paid



Appendix A
 City of Holland
 State Auditor Subpoena - Jessica Roach

Information of a personal, privileged, or sensitive nature, and/or information that is not directly related to the information requested in the subpoena has been redacted.



OFFICE OF MISSOURI STATE AUDITOR

SUBPOENA

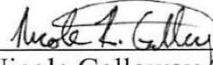
To: **Jessica Roach**



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Mary Johnson, Chief of Investigations, and Meghan Luecke, Deputy General Counsel, at the Truman State Office Building, 301 West High Street, Room 880, Jefferson City, Missouri 65101, at 10:00 a.m. on August 18, 2022 for purposes of providing testimony and producing for examination, copying, and interrogation the records and documents described in Exhibit A attached to this Subpoena.

In lieu of appearance, you may ship the records responsive to this subpoena to the Missouri State Auditor to the attention of Mary Johnson or Meghan Luecke at 301 W. High St., Room 880, Jefferson City, MO 65101.

ISSUED this 29th day of July, 2022, pursuant to Section 29.235.4(1) of the Revised Statutes of Missouri.



 Nicole Galloway
 Missouri State Auditor

I served the foregoing subpoena by HANA DELGADO on this 15th day of AUGUST, 2022.





OFFICE OF MISSOURI STATE AUDITOR

EXHIBIT A

You are to preserve for production and inspection, and then appear as instructed on the attached subpoena and produce for inspection and examination, the following items in your possession or under your control:

All documents or other records, in whatever form, whether hard copy or electronic, pertaining or belonging to the City of Holland for the time period of January, 2018 to April, 2021.

This request includes, but is not limited to, the following:

1. All invoices or receipts for purchases at Woods, Buchanan, Car Mac, United States Post Office, Ron's Small Engine, RTB Disposal and Midwest Meters for the City of Holland from January 2018 through April 2021.
2. All text messages or documents sent to you as evidence of time worked from Johnathan Williams and Ashley Roach for payment for time rendered.
3. Invoices or requests of payment from Brian and Eddie Poplin, Danny and Martha Wesson, and Robert Drumright for services rendered.
4. Documentation of invoices or receipts for all cash payments made for items purchased for the City of Holland.
5. Documentation for the purchase of vapes which are sold at Bruce McCaig's convenience/liquor store.
6. Documentation to support cash payments received from the selling of vapes purchased and sold at Bruce McCaig's convenience/liquor store.

This request for records includes all materials that exist in paper ("hard copy") or electronic form (including but not limited to records and data maintained on computers, tablets, smart phones, external electronic storage drives, thumbnail drives, remote servers or back up tapes). All information requested in the items above are subject to inspection, review and copying by the state auditor. Section 29.235.4(1), RSMo.

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1) Recorded Cash Receipts	(1) Recorded Check and Money Order Receipts	(1) Recorded Receipts with no Method of Payment Indicated		(2) Unrecorded Checks and Money Orders	Total Receipts	Cash Deposited	Checks and Money Orders		Total Deposited	Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)
			Cash Deposited	Orders Deposited				Total Deposited					
01/04/18	\$ 0.00	0.00	0.00	442.47	442.47	(3)	0.00	442.47	442.47	(3)	0.00	0.00	0.00
01/16/18	0.00	0.00	0.00	1,229.65	1,229.65		0.00	1,229.65	1,229.65		0.00	0.00	0.00
01/23/18	0.00	0.00	0.00	1,509.64	1,509.64	(3)	0.00	1,509.64	1,509.64	(3)	0.00	0.00	0.00
January 2018	0.00	0.00	0.00	3,181.76	3,181.76		0.00	3,181.76	3,181.76		0.00	0.00	0.00
02/14/18	0.00	0.00	0.00	1,372.38	1,372.38		0.00	1,372.38	1,372.38		0.00	17.57	17.57
02/21/18	0.00	0.00	0.00	1,894.58	1,894.58		0.00	1,894.58	1,894.58		0.00	0.00	0.00
02/27/18	0.00	0.00	81.53	765.55	847.08		0.00	765.55	765.55		(81.53)	48.88	(32.65)
February 2018	0.00	0.00	81.53	4,032.51	4,114.04		0.00	4,032.51	4,032.51		(81.53)	66.45	(15.08)
03/13/18	0.00	0.00	0.00	1,627.92	1,627.92		0.00	1,627.92	1,627.92		0.00	0.00	0.00
03/19/18	0.00	0.00	0.00	1,000.11	1,000.11	(3)	0.00	1,000.11	1,000.11	(3)	0.00	0.00	0.00
03/22/18	0.00	0.00	0.00	357.38	357.38	(3)	0.00	357.38	357.38	(3)	0.00	0.00	0.00
03/26/18	0.00	0.00	61.89	980.11	1,042.00	(3)	0.00	980.11	980.11	(3)	(61.89)	0.00	(61.89)
March 2018	0.00	0.00	61.89	3,965.52	4,027.41		0.00	3,965.52	3,965.52		(61.89)	0.00	(61.89)
04/06/18	0.00	0.00	0.00	1,104.87	1,104.87		0.00	1,104.87	1,104.87		0.00	0.00	0.00
04/19/18	0.00	0.00	58.55	1,732.54	1,791.09		0.00	1,732.54	1,732.54		(58.55)	0.00	(58.55)
April 2018	0.00	0.00	58.55	2,837.41	2,895.96		0.00	2,837.41	2,837.41		(58.55)	0.00	(58.55)
05/02/18	0.00	0.00	0.00	1,158.76	1,158.76		0.00	1,158.76	1,158.76		0.00	14.49	14.49
05/09/18	0.00	0.00	0.00	1,827.57	1,827.57		0.00	1,827.57	1,827.57		0.00	0.00	0.00
05/17/18	0.00	0.00	0.00	805.35	805.35		0.00	805.35	805.35		0.00	0.00	0.00
05/18/18	0.00	0.00	60.22	462.35	522.57		0.00	462.35	462.35		(60.22)	0.00	(60.22)
05/24/18	0.00	0.00	0.00	364.48	364.48		0.00	364.48	364.48		0.00	0.00	0.00
May 2018	0.00	0.00	60.22	4,618.51	4,678.73		0.00	4,618.51	4,618.51		(60.22)	14.49	(45.73)
06/07/18	0.00	0.00	0.00	1,423.47	1,423.47		0.00	1,423.47	1,423.47		0.00	0.00	0.00
06/19/18	0.00	0.00	0.00	988.48	988.48		0.00	988.48	988.48		0.00	0.00	0.00
06/19/18	0.00	0.00	0.00	820.26	820.26		0.00	820.26	820.26		0.00	0.00	0.00
June 2018	0.00	0.00	0.00	3,232.21	3,232.21		0.00	3,232.21	3,232.21		0.00	0.00	0.00
07/06/18	0.00	0.00	0.00	569.71	569.71		0.00	569.71	569.71		0.00	0.00	0.00
07/10/18	0.00	0.00	0.00	1,149.61	1,149.61		0.00	1,149.61	1,149.61		0.00	0.00	0.00

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1)	(1)	(1)	(2)	Total Receipts	Cash Deposited	Checks and Money		Total Undeposited Over/(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)
	Recorded Cash Receipts	Recorded Check and Money Order Receipts	Recorded Receipts with no Method of Payment Indicated	Unrecorded Checks and Money Orders			Orders	Total Deposited			
07/18/18	0.00	0.00	0.00	1,923.60	1,923.60	0.00	1,923.60	1,923.60	0.00	0.00	0.00
07/24/18	0.00	0.00	169.40	1,220.97	1,390.37	0.00	1,220.97	1,220.97	(169.40)	25.49	(143.91)
July 2018	0.00	0.00	169.40	4,863.89	5,033.29	0.00	4,863.89	4,863.89	(169.40)	25.49	(143.91)
08/06/18	0.00	0.00	0.00	1,239.83	1,239.83	0.00	1,239.83	1,239.83	0.00	0.00	0.00
08/10/18	0.00	0.00	0.00	1,189.94	1,189.94	0.00	1,189.94	1,189.94	0.00	0.00	0.00
08/20/18	0.00	0.00	63.01	1,499.32	1,562.33	0.00	1,499.32	1,499.32	(63.01)	0.00	(63.01)
08/31/18	0.00	0.00	0.00	658.03	658.03	0.00	658.03	658.03	0.00	0.00	0.00
August 2018	0.00	0.00	63.01	4,587.12	4,650.13	0.00	4,587.12	4,587.12	(63.01)	0.00	(63.01)
09/05/18	0.00	0.00	0.00	644.61	644.61	0.00	644.61	644.61	0.00	0.00	0.00
09/11/18	0.00	0.00	62.45	391.50	453.95	0.00	391.50	391.50	(62.45)	0.00	(62.45)
09/14/18	0.00	0.00	0.00	1,283.76	1,283.76	0.00	1,283.76	1,283.76	0.00	0.00	0.00
09/19/18	0.00	0.00	0.00	827.05	827.05	0.00	827.05	827.05	0.00	0.00	0.00
09/26/18	0.00	0.00	0.00	669.58	669.58	0.00	669.58	669.58	0.00	0.00	0.00
09/28/18	0.00	0.00	0.00	529.78	529.78	0.00	529.78	529.78	0.00	0.00	0.00
September 2018	0.00	0.00	62.45	4,346.28	4,408.73	0.00	4,346.28	4,346.28	(62.45)	0.00	(62.45)
10/10/18	0.00	0.00	0.00	1,058.47	1,058.47	0.00	1,058.47	1,058.47	0.00	0.00	0.00
10/11/18	0.00	0.00	0.00	856.43	856.43	0.00	856.43	856.43	0.00	0.00	0.00
10/16/18	0.00	0.00	0.00	471.55	471.55	0.00	471.55	471.55	0.00	0.00	0.00
10/23/18	0.00	0.00	58.55	1,011.84	1,070.39	0.00	1,011.84	1,011.84	(58.55)	0.00	(58.55)
October 2018	0.00	0.00	58.55	3,398.29	3,456.84	0.00	3,398.29	3,398.29	(58.55)	0.00	(58.55)
11/08/18	0.00	0.00	0.00	447.27	447.27	0.00	447.27	447.27	0.00	0.00	0.00
11/19/18	61.35	0.00	0.00	1,131.69	1,193.04	0.00	1,131.69	1,131.69	(61.35)	0.00	(61.35)
11/20/18	0.00	0.00	0.00	1,915.56	1,915.56	0.00	1,915.56	1,915.56	0.00	0.00	0.00
November 2018	61.35	0.00	0.00	3,494.52	3,555.87	0.00	3,494.52	3,494.52	(61.35)	0.00	(61.35)
12/03/18	0.00	0.00	0.00	390.81	390.81	0.00	390.81	390.81	0.00	0.00	0.00
12/05/18	0.00	0.00	0.00	804.35	804.35	0.00	804.35	804.35	0.00	0.00	0.00
12/24/18	0.00	0.00	0.00	2,331.10	2,331.10	0.00	2,331.10	2,331.10	0.00	0.00	0.00

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1)	(1)	(1)	(2)	Total Receipts	Cash Deposited	Checks and Money		Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)
	Recorded Cash Receipts	Recorded Check and Money Order Receipts	Recorded Receipts with no Method of Payment Indicated	Unrecorded Checks and Money Orders			Deposited	Deposited			
12/31/18	0.00	0.00	0.00	736.81	736.81	0.00	736.81	736.81	0.00	0.00	0.00
December 2018	0.00	0.00	0.00	4,263.07	4,263.07	0.00	4,263.07	4,263.07	0.00	0.00	0.00
Total 2018	61.35	0.00	615.60	46,821.09	47,498.04	0.00	46,821.09	46,821.09	(676.95)	106.43	(570.52)
01/09/19	0.00	0.00	0.00	1,660.40	1,660.40	0.00	1,660.40	1,660.40	0.00	0.00	0.00
01/18/19	0.00	0.00	120.89	1,612.15	1,733.04	0.00	1,612.15	1,612.15	(120.89)	0.00	(120.89)
01/29/19	0.00	0.00	0.00	765.27	765.27	0.00	765.27	765.27	0.00	0.00	0.00
January 2019	0.00	0.00	120.89	4,037.82	4,158.71	0.00	4,037.82	4,037.82	(120.89)	0.00	(120.89)
02/11/19	0.00	0.00	0.00	819.62	819.62	0.00	819.62	819.62	0.00	0.00	0.00
02/11/19	0.00	0.00	0.00	602.75	602.75	0.00	602.75	602.75	0.00	0.00	0.00
02/14/19	0.00	0.00	61.90	1,184.43	1,246.33	0.00	1,184.43	1,184.43	(61.90)	0.00	(61.90)
02/22/19	0.00	0.00	0.00	1,131.05	1,131.05	0.00	1,131.05	1,131.05	0.00	0.00	0.00
February 2019	0.00	0.00	61.90	3,737.85	3,799.75	0.00	3,737.85	3,737.85	(61.90)	0.00	(61.90)
03/13/19	0.00	0.00	0.00	1,493.62	1,493.62	0.00	1,493.62	1,493.62	0.00	0.00	0.00
03/20/19	0.00	0.00	57.99	1,406.81	1,464.80	0.00	1,406.81	1,406.81	(57.99)	0.00	(57.99)
03/22/19	0.00	0.00	0.00	1,084.90	1,084.90	0.00	1,084.90	1,084.90	0.00	0.00	0.00
March 2019	0.00	0.00	57.99	3,985.33	4,043.32	0.00	3,985.33	3,985.33	(57.99)	0.00	(57.99)
04/03/19	0.00	0.00	0.00	708.85	708.85	0.00	708.85	708.85	0.00	12.00	12.00
04/09/19	0.00	0.00	59.66	1,293.78	1,353.44	0.00	1,293.78	1,293.78	(59.66)	0.00	(59.66)
04/15/19	0.00	0.00	0.00	712.37	712.37	0.00	712.37	712.37	0.00	0.00	0.00
April 2019	0.00	0.00	59.66	2,715.00	2,774.66	0.00	2,715.00	2,715.00	(59.66)	12.00	(47.66)
05/01/19	0.00	0.00	0.00	1,363.28	1,363.28	0.00	1,363.28	1,363.28	0.00	0.00	0.00
05/03/19	0.00	0.00	60.78	203.49	264.27	0.00	203.49	203.49	(60.78)	0.00	(60.78)
05/08/19	0.00	0.00	0.00	1,086.09	1,086.09	0.00	1,086.09	1,086.09	0.00	0.00	0.00
05/10/19	0.00	0.00	0.00	135.17	135.17	0.00	135.17	135.17	0.00	0.00	0.00
05/21/19	0.00	0.00	0.00	1,404.22	1,404.22	0.00	1,404.22	1,404.22	0.00	0.00	0.00
May 2019	0.00	0.00	60.78	4,192.25	4,253.03	0.00	4,192.25	4,192.25	(60.78)	0.00	(60.78)
06/04/19	0.00	0.00	108.21	1,393.80	1,502.01	0.00	1,393.80	1,393.80	(108.21)	0.00	(108.21)
06/11/19	0.00	0.00	0.00	1,226.37	1,226.37	0.00	1,226.37	1,226.37	0.00	0.00	0.00

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1)	(1)	(1)	(2)	Total Receipts	Cash Deposited	Checks and Money		Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)		
	Recorded Cash Receipts	Recorded Check and Order Receipts	Recorded Receipts with no Method of Payment Indicated	Unrecorded Checks and Money Orders			Orders	Deposited				Total Deposited	
06/18/19	0.00	0.00	0.00	811.48	811.48	0.00	811.48	811.48	0.00	0.00	0.00		
06/25/19	0.00	0.00	0.00	969.06	969.06	0.00	969.06	969.06	0.00	0.00	0.00		
June 2019	0.00	0.00	108.21	4,400.71	4,508.92	0.00	4,400.71	4,400.71	(108.21)	0.00	(108.21)		
07/10/19	0.00	0.00	76.96	1,901.91	1,978.87	0.00	1,901.91	1,901.91	(4)	(76.96)	0.00	(76.96)	
07/16/19	0.00	0.00	0.00	1,170.17	1,170.17	0.00	1,170.17	1,170.17	0.00	0.00	0.00		
07/22/19	0.00	0.00	125.46	1,471.60	1,597.06	0.00	1,471.60	1,471.60	(125.46)	0.00	(125.46)		
July 2019	0.00	0.00	202.42	4,543.68	4,746.10	0.00	4,543.68	4,543.68	(202.42)	0.00	(202.42)		
08/07/19	0.00	0.00	0.00	1,316.22	1,316.22	(3)	0.00	1,316.22	1,316.22	(3)	0.00	0.00	
08/15/19	0.00	0.00	64.68	916.46	981.14	(3)	0.00	916.46	916.46	(3)	(64.68)	0.00	(64.68)
08/19/19	0.00	0.00	0.00	1,090.67	1,090.67	0.00	1,090.67	1,090.67	0.00	0.00	0.00		
08/20/19	0.00	0.00	0.00	187.58	187.58	0.00	187.58	187.58	0.00	0.00	0.00		
08/22/19	0.00	0.00	0.00	524.05	524.05	0.00	524.05	524.05	0.00	0.00	0.00		
08/27/19	0.00	0.00	0.00	740.62	740.62	0.00	740.62	740.62	0.00	0.00	0.00		
08/30/19	0.00	0.00	0.00	369.91	369.91	0.00	369.91	369.91	0.00	0.00	0.00		
August 2019	0.00	0.00	64.68	5,145.51	5,210.19	0.00	5,145.51	5,145.51	(64.68)	0.00	(64.68)		
09/11/19	0.00	0.00	100.84	620.87	721.71	0.00	620.87	620.87	(100.84)	0.00	(100.84)		
09/13/19	0.00	0.00	65.13	1,708.61	1,773.74	0.00	1,708.61	1,708.61	(65.13)	0.00	(65.13)		
09/20/19	0.00	0.00	66.00	926.83	992.83	0.00	992.83	992.83	0.00	0.00	0.00		
09/25/19	0.00	0.00	0.00	223.11	223.11	0.00	223.11	223.11	0.00	0.00	0.00		
September 2019	0.00	0.00	231.97	3,479.42	3,711.39	0.00	3,545.42	3,545.42	(165.97)	0.00	(165.97)		
10/01/19	0.00	0.00	0.00	176.88	176.88	0.00	176.88	176.88	0.00	0.00	0.00		
10/08/19	316.40	395.95	0.00	892.94	1,605.29	(3)	0.00	1,288.88	1,288.88	(3)	(316.41)	0.00	(316.41)
10/17/19	199.17	1,477.40	(5)	57.43	1,432.76	(3)	0.00	2,909.48	2,909.48	(3)	(257.28)	0.00	(257.28)
10/23/19	199.72	182.33	0.00	420.26	802.31	0.00	539.59	539.59	(262.72)	0.00	(262.72)		
Unknown	(6)	0.00	0.00	25.04	25.04	0.00	0.00	0.00	(25.04)	0.00	(25.04)		
October 2019	715.29	2,055.68	82.47	2,922.84	5,776.28	0.00	4,914.83	4,914.83	(861.45)	0.00	(861.45)		
11/06/19	222.29	78.77	0.00	998.69	1,299.75	0.00	1,077.46	1,077.46	(222.29)	0.00	(222.29)		
11/18/19	0.00	0.00	59.10	2,153.07	2,212.17	0.00	2,153.07	2,153.07	(59.10)	0.00	(59.10)		

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1) Recorded Cash Receipts	(1) Recorded Check and Money Order Receipts	(1) Recorded Receipts with no Method of Payment Indicated	(2) Unrecorded Checks and Money Orders	Total Receipts	Cash Deposited	Checks and Money Orders		Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)
							Deposited	Total Deposited			
11/21/19	0.00	0.00	0.00	384.09	384.09	0.00	384.09	384.09	0.00	0.00	0.00
11/29/19	0.00	0.00	0.00	529.11	529.11	(3) 150.00	379.11	529.11	(3) 0.00	0.00	0.00
November 2019	222.29	78.77	59.10	4,064.96	4,425.12	150.00	3,993.73	4,143.73	(281.39)	0.00	(281.39)
12/09/19	0.00	0.00	56.87	1,585.01	1,641.88	0.00	1,585.01	1,585.01	(56.87)	0.00	(56.87)
12/16/19	0.00	0.00	0.00	775.48	775.48	0.00	775.48	775.48	0.00	0.00	0.00
12/20/19	0.00	0.00	0.00	1,515.06	1,515.06	0.00	1,515.06	1,515.06	0.00	0.00	0.00
Unknown (6)	0.00	0.00	100.00	0.00	100.00	0.00	0.00	0.00	(100.00)	0.00	(100.00)
December 2019	0.00	0.00	156.87	3,875.55	4,032.42	0.00	3,875.55	3,875.55	(156.87)	0.00	(156.87)
Total 2019	937.58	2,134.45	1,266.94	47,100.92	51,439.89	150.00	49,087.68	49,237.68	(2,202.21)	12.00	(2,190.21)
1/15/2020	0.00	0.00	84.21	2,619.71	2,703.92	0.00	2,648.21	2,648.21	(55.71)	0.00	(55.71)
1/24/2020	0.00	0.00	0.00	365.22	365.22	0.00	365.22	365.22	0.00	0.00	0.00
1/31/2020	0.00	0.00	0.00	826.52	826.52	(3) 0.00	826.52	826.52	(3) 0.00	0.00	0.00
Unknown (6)	0.00	0.00	62.00	0.00	62.00	0.00	0.00	0.00	(62.00)	0.00	(62.00)
January 2020	0.00	0.00	146.21	3,811.45	3,957.66	0.00	3,839.95	3,839.95	(117.71)	0.00	(117.71)
02/10/20	440.98	1,398.97	(5) 111.71	748.09	2,699.75	(3) 0.00	2,188.58	2,188.58	(3) (511.17)	0.00	(511.17)
02/14/20	332.22	318.41	200.00	28.76	879.39	0.00	547.17	547.17	(332.22)	0.00	(332.22)
02/24/20	258.30	1,889.97	60.48	158.82	2,367.57	0.00	2,109.57	2,109.57	(258.00)	0.00	(258.00)
02/27/20	115.82	152.50	75.00	50.00	393.32	0.00	277.50	277.50	(115.82)	0.00	(115.82)
Unknown (6)	0.00	0.00	160.00	0.00	160.00	0.00	0.00	0.00	(160.00)	0.00	(160.00)
February 2020	1,147.32	3,759.85	607.19	985.67	6,500.03	0.00	5,122.82	5,122.82	(1,377.21)	0.00	(1,377.21)
03/10/20	509.73	1,251.26	0.00	147.62	1,908.61	0.00	1,398.54	1,398.54	(510.07)	0.00	(510.07)
03/16/20	518.00	553.03	0.00	314.13	1,385.16	0.00	867.11	867.11	(518.05)	0.00	(518.05)
03/19/20	82.24	481.33	70.00	1,076.31	1,709.88	0.00	1,643.28	1,643.28	(66.60)	0.00	(66.60)
03/30/20	205.77	325.56	(5) 0.00	273.52	804.85	0.00	599.48	599.48	(205.37)	0.00	(205.37)
March 2020	1,315.74	2,611.18	70.00	1,811.58	5,808.50	0.00	4,508.41	4,508.41	(1,300.09)	0.00	(1,300.09)
04/13/20	0.00	2,052.24	111.46	0.00	2,163.70	0.00	2,104.84	2,104.84	(4) (58.86)	0.00	(58.86)
04/21/20	56.01	1,800.50	(5) 51.01	350.00	2,257.52	0.00	2,216.29	2,216.29	(41.23)	0.00	(41.23)
Unknown (6)	0.00	0.00	150.00	0.00	150.00	0.00	0.00	0.00	(150.00)	0.00	(150.00)
April 2020	56.01	3,852.74	312.47	350.00	4,571.22	0.00	4,321.13	4,321.13	(250.09)	0.00	(250.09)

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1) Recorded Cash Receipts	(1) Recorded Check and Money Order Receipts	(1) Recorded Receipts with no Method of Payment Indicated	(2) Unrecorded Checks and Money Orders	Total Receipts	Cash Deposited	Checks and Money Orders		Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)
							Deposited	Total Deposited			
05/11/20	54.34	55.45	129.31	1,564.74	1,803.84	0.00	1,669.50	1,669.50	(134.34)	0.00	(134.34)
05/21/20	307.08	91.47	0.00	1,798.61	2,197.16	0.00	1,890.08	1,890.08	(307.08)	0.00	(307.08)
Unknown	(6) 0.00	0.00	100.00	0.00	100.00	0.00	0.00	0.00	(100.00)	0.00	(100.00)
May 2020	361.42	146.92	229.31	3,363.35	4,101.00	0.00	3,559.58	3,559.58	(541.42)	0.00	(541.42)
06/08/20	(8) 943.42	109.23	0.00	1,171.86	2,224.51	0.00	1,281.09	1,281.09	(943.42)	0.00	(943.42)
06/12/20	334.73	2,180.45	(5) 0.00	110.00	2,625.18	0.00	2,243.69	2,243.69	(381.49)	0.00	(381.49)
06/18/20	370.42	476.96	0.00	0.00	847.38	0.00	476.96	476.96	(370.42)	0.00	(370.42)
Unknown	(6) 0.00	0.00	186.05	0.00	186.05	0.00	0.00	0.00	(186.05)	0.00	(186.05)
June 2020	1,648.57	2,766.64	186.05	1,281.86	5,883.12	0.00	4,001.74	4,001.74	(1,881.38)	0.00	(1,881.38)
07/08/20	602.13	1,377.65	(5) 332.06	499.93	2,811.77	0.00	2,209.49	2,209.49	(602.28)	0.00	(602.28)
07/16/20	686.08	1,353.99	(5) 0.00	247.31	2,287.38	0.00	1,601.30	1,601.30	(686.08)	0.00	(686.08)
07/29/20	550.98	938.01	0.00	100.00	1,588.99	0.00	1,037.17	1,037.17	(551.82)	0.00	(551.82)
Unknown	(6) 0.00	0.00	242.71	0.00	242.71	0.00	0.00	0.00	(242.71)	0.00	(242.71)
July 2020	1,839.19	3,669.65	574.77	847.24	6,930.85	0.00	4,847.96	4,847.96	(2,082.89)	0.00	(2,082.89)
08/05/20	0.00	262.31	(7) 0.00	1,069.93	1,332.24	0.00	1,332.24	1,332.24	0.00	0.00	0.00
08/20/20	0.00	0.00	326.49	3,553.81	3,880.30	0.00	3,812.57	3,812.57	(67.73)	0.00	(67.73)
Unknown	(6) 0.00	0.00	552.84	0.00	552.84	0.00	0.00	0.00	(552.84)	0.00	(552.84)
August 2020	0.00	262.31	879.33	4,623.74	5,765.38	0.00	5,144.81	5,144.81	(620.57)	0.00	(620.57)
09/17/20	1,436.57	3,639.20	225.54	677.25	5,978.56	0.00	4,443.80	4,443.80	(1,534.76)	0.00	(1,534.76)
Unknown	(8) (6.96)	0.00	0.00	0.00	(6.96)	0.00	0.00	0.00	6.96	0.00	6.96
September 2020	1,429.61	3,639.20	225.54	677.25	5,971.60	0.00	4,443.80	4,443.80	(1,527.80)	0.00	(1,527.80)
10/01/20	334.23	797.23	0.00	115.00	1,246.46	(3) 0.00	912.23	912.23	(3) (334.23)	0.00	(334.23)
10/05/20	66.61	192.13	84.04	62.71	405.49	0.00	374.84	374.84	(30.65)	0.00	(30.65)
10/15/20	0.00	0.00	0.00	1,661.29	1,661.29	0.00	1,661.29	1,661.29	0.00	0.00	0.00
10/26/20	0.00	0.00	50.00	1,443.65	1,493.65	0.00	1,493.65	1,493.65	0.00	0.00	0.00
Unknown	(6) 110.00	0.00	0.00	0.00	110.00	0.00	0.00	0.00	(110.00)	0.00	(110.00)
October 2020	510.84	989.36	134.04	3,282.65	4,916.89	0.00	4,442.01	4,442.01	(474.88)	0.00	(474.88)

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1) Recorded Cash Receipts	(1) Recorded Check and Money Order Receipts	(1) Recorded Receipts with no Method of Payment Indicated	(2) Unrecorded Checks and Money Orders	Total Receipts	Cash Deposited	Checks and Money Orders		Total Deposited	Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)	
							Deposited	Deposited					
11/02/20	0.00	0.00	0.00	1,102.30	1,102.30	0.00	1,102.30	1,102.30	0.00	9.99	9.99		
11/06/20	0.00	0.00	64.94	796.81	861.75	0.00	796.81	796.81	(64.94)	0.00	(64.94)		
11/09/20	0.00	0.00	50.00	363.74	413.74	0.00	413.74	413.74	0.00	0.00	0.00		
11/16/20	0.00	0.00	201.77	1,537.36	1,739.13	0.00	1,661.36	1,661.36	(77.77)	41.26	(36.51)		
11/19/20	0.00	0.00	40.00	557.70	597.70	0.00	597.70	597.70	0.00	0.00	0.00		
November 2020	0.00	0.00	356.71	4,357.91	4,714.62	0.00	4,571.91	4,571.91	(142.71)	51.25	(91.46)		
12/01/20	0.00	0.00	40.00	482.71	522.71	0.00	522.71	522.71	0.00	0.00	0.00		
12/04/20	0.00	0.00	0.00	117.60	117.60	0.00	117.60	117.60	0.00	0.00	0.00		
12/18/20	0.00	0.00	125.44	2,675.91	2,801.35	(3)	0.00	2,739.76	2,739.76	(3)	(61.59)	0.00	(61.59)
12/30/20	0.00	0.00	25.00	1,232.77	1,257.77	0.00	1,257.77	1,257.77	0.00	0.00	0.00		
Unknown (6)	0.00	0.00	100.00	0.00	100.00	0.00	0.00	0.00	(100.00)	0.00	(100.00)		
December 2020	0.00	0.00	290.44	4,508.99	4,799.43	0.00	4,637.84	4,637.84	(161.59)	0.00	(161.59)		
Total 2020	8,308.70	21,697.85	4,012.06	29,901.69	63,920.30	0.00	53,441.96	53,441.96	(10,478.34)	51.25	(10,427.09)		
01/19/21	0.00	0.00	67.73	2,708.47	2,776.20	(3)	0.00	2,708.47	2,708.47	(3)	(67.73)	0.00	(67.73)
01/25/21	0.00	0.00	0.00	601.50	601.50	0.00	601.50	601.50	0.00	0.00	0.00		
Unknown (6)	0.00	0.00	160.00	0.00	160.00	0.00	0.00	0.00	(160.00)	0.00	(160.00)		
January 2021	0.00	0.00	227.73	3,309.97	3,537.70	0.00	3,309.97	3,309.97	(227.73)	0.00	(227.73)		
02/04/21	62.71	0.00	125.00	657.17	844.88	0.00	782.17	782.17	(62.71)	0.00	(62.71)		
02/09/21	0.00	0.00	25.00	1,159.67	1,184.67	0.00	1,184.67	1,184.67	0.00	0.00	0.00		
02/19/21	0.00	0.00	73.76	635.37	709.13	0.00	709.13	709.13	0.00	0.00	0.00		
Unknown (6)	0.00	0.00	143.00	0.00	143.00	0.00	0.00	0.00	(143.00)	0.00	(143.00)		
February 2021	62.71	0.00	366.76	2,452.21	2,881.68	0.00	2,675.97	2,675.97	(205.71)	0.00	(205.71)		
03/05/21	0.00	0.00	25.00	1,423.03	1,448.03	(3)	0.00	1,448.03	1,448.03	(3)	0.00	0.00	
03/11/21	0.00	0.00	61.11	1,925.73	1,986.84	(3)	0.00	1,986.84	1,986.84	(3)	0.00	0.00	
03/19/21	0.00	0.00	65.59	824.05	889.64	0.00	889.64	889.64	0.00	0.00	0.00		
03/25/21	51.61	0.00	65.00	371.52	488.13	0.00	436.52	436.52	(51.61)	0.00	(51.61)		
03/25/21	0.00	0.00	48.35	190.85	239.20	0.00	239.20	239.20	0.00	0.00	0.00		
Unknown (6)	0.00	0.00	291.69	0.00	291.69	0.00	0.00	0.00	(291.69)	0.00	(291.69)		
March 2021	51.61	0.00	556.74	4,735.18	5,343.53	0.00	5,000.23	5,000.23	(343.30)	0.00	(343.30)		

Appendix B
City of Holland
Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Deposit Date	(1) Recorded Cash Receipts	(1) Recorded Check and Money Order Receipts	(1) Recorded Receipts with no Method of Payment Indicated	(2) Unrecorded Checks and Money Orders	Total Receipts	Cash Deposited	Checks and Money Orders Deposited	Total Deposited	Total Undeposited Over(Under)	Adjustment for City Invoices Likely Paid with City Receipts	Net Total Undeposited Over/(Under)	
04/09/21	0.00	0.00	142.90	1,191.74	1,334.64	0.00	1,584.64	1,584.64	(9)	250.00	0.00	250.00
04/15/21	0.00	0.00	158.81	1,727.02	1,885.83	0.00	1,885.83	1,885.83	0.00	0.00	0.00	0.00
04/23/21	(10) 48.81	0.00	299.26	757.79	1,105.86	0.00	897.79	897.79	(208.07)	0.00	0.00	(208.07)
04/28/21	(10) 0.00	0.00	-	100.00	100.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00
04/30/21	(10) 0.00	0.00	50.13	-	50.13	0.00	50.13	50.13	0.00	0.00	0.00	0.00
Unknown	(6) 0.00	0.00	421.80	0.00	421.80	0.00	0.00	0.00	(421.80)	0.00	0.00	(421.80)
April 2021	48.81	0.00	1,072.90	3,776.55	4,898.26	0.00	4,518.39	4,518.39	(379.87)	0.00	0.00	(379.87)
Total 2021	163.13	0.00	2,224.13	14,273.91	16,661.17	0.00	15,504.56	15,504.56	(1,156.61)	0.00	0.00	(1,156.61)
Total	\$ 9,470.76	23,832.30	8,118.73	138,097.61	179,519.41	150.00	164,855.29	165,005.29	(14,514.11)	169.68	0.00	(14,344.43)

- (1) Represents receipts marked paid on utility statements retained by the city or provided by utility customers.
- (2) Represents deposited checks and money orders for which a paid utility statement or other receipt slip was not maintained by the city.
- (3) We adjusted receipt and deposit amounts for General Fund receipts incorrectly deposited into the Water Operating Fund bank account.
- (4) We adjusted receipt and deposit amounts for Water Operating Fund receipts incorrectly deposited into the General Fund bank account that were later transferred to the Water Operating Fund bank account the same day. Details of the deposit were taken from the General Fund bank account deposit.
- (5) Some payments were inaccurately recorded as cash payments or the payment amounts were inaccurately recorded on the utility statements or receipt records; however, the contents of the deposit showed these receipts were checks or money orders or the amount recorded was slightly different than the actual amount. Therefore, we adjusted the method of payment and amount of these receipts.
- (6) Amounts decreasing the utility balance due were written in the scripted hand writing of the former City Clerk on utility statements indicating a payment had been made. However, these entries did not indicate a payment date, or method of payment (cash, check, or money order). We could not determine the date of the receipt and it is likely these payments were made in cash because we could not locate customer utility payments made by check or money order in the contents of city deposits around the time of the utility statements. The dates of these deposits are shown as unknown during the billing cycle in which the balances decreased. The unknown amount included for April 2021 did not include any amounts received by the City Clerk hired on April 20, 2021.
- (7) The \$262.31 deposited on 08/05/20 consisted of utility payments for June 2020 billings paid in July 2020, but not deposited until August.
- (8) A utility statement indicated it was the customer's last billing and the sewer deposit was refunded, resulting in a negative balance due from the customer. A check was not found for the refund of the sewer deposit, so we recorded the negative amount as a cash refund.
- (9) A \$250 check written to Ashley Roach, former City Clerk, was deposited into the Water Operating Fund bank account on this date. We applied the amount of this check to the amount of undeposited utility receipts.
- (10) The receipt and deposit amounts only include utility statement amounts and checks dated up to and including April 19, 2021, the last day the acting Mayor served the city.

Appendix C
City of Holland
Estimated Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

Estimated Undeposited Utility Receipts

(1) Month and/or Year	Actual or Estimated Utility Amount Billed	(2) Estimated Utility Receipts	Less Utility Receipts Deposited	(3) Less Net Recorded Utility Receipts Not Deposited	Estimated Undeposited Utility Receipts
January 2018	6,310.00 (4)	5,679.00	(4,032.51) (3)	(15.08)	\$ 1,631.41
February 2018	6,310.00 (4)	5,679.00	(3,965.52) (3)	(61.89)	1,651.59
March 2018	6,310.00 (4)	5,679.00	(2,837.41) (3)	(58.55)	2,783.04
April 2018	6,310.00 (4)	5,679.00	(4,618.51) (3)	(45.73)	1,014.76
May 2018	6,310.00 (4)	5,679.00	(3,232.21) (3)	0.00	2,446.79
June 2018	6,310.00 (4)	5,679.00	(4,863.89) (3)	(143.91)	671.20
July 2018	6,310.00 (4)	5,679.00	(4,587.12) (3)	(63.01)	1,028.87
August 2018	6,310.00 (4)	5,679.00	(4,346.28) (3)	(62.45)	1,270.27
September 2018	6,310.00 (4)	5,679.00	(3,398.29) (3)	(58.55)	2,222.16
October 2018	6,310.00 (4)	5,679.00	(3,494.52) (3)	(61.35)	2,123.13
November 2018	6,310.00 (4)	5,679.00	(4,263.07) (3)	0.00	1,415.93
December 2018	6,310.00 (4)	5,679.00	(4,037.82) (3)	(120.89)	1,520.29
2018 Total					<u>19,779.42</u>
January 2019	6,310.00 (4)	5,679.00	(3,737.85) (3)	(61.90)	1,879.25
February 2019	6,310.00 (4)	5,679.00	(3,985.33) (3)	(57.99)	1,635.68
March 2019	6,310.00 (4)	5,679.00	(2,715.00) (3)	(47.66)	2,916.34
April 2019	6,310.00 (4)	5,679.00	(4,192.25) (3)	(60.78)	1,425.97
May 2019	6,310.00 (4)	5,679.00	(4,400.71) (3)	(108.21)	1,170.08
June 2019	6,310.00 (4)	5,679.00	(4,543.68) (3)	(202.42)	932.90
July 2019	6,310.00 (4)	5,679.00	(5,145.51) (3)	(64.68)	468.81
August 2019	6,310.00 (4)	5,679.00	(3,545.42) (3)	(165.97)	1,967.61
September 2019	6,310.00 (4)	5,679.00	(4,914.83) (3)	(861.45)	(97.28) (6)
October 2019	6,310.00 (4)	5,679.00	(4,143.73) (3)	(281.39)	1,253.88
November 2019	6,310.00 (4)	5,679.00	(3,875.55) (3)	(156.87)	1,646.58
December 2019	6,310.00 (4)	5,679.00	(3,839.95) (3)	(117.71)	1,721.34
2019 Total					<u>16,921.14</u>
March 2020	6,253.71 (5)	5,628.34	(4,321.13) (3)	(250.09)	1,057.12
April 2020	6,952.28 (5)	6,257.05	(3,559.58) (3)	(541.42)	2,156.05
June 2020	6,535.32 (5)	5,881.79	(4,847.96) (3)	(2,082.89)	(1,049.06) (6)
July 2020	8,076.98 (5)	7,269.28	(5,144.81) (3)	(620.57)	1,503.90
September 2020	6,533.95 (5)	5,880.56	(4,442.01) (3)	(474.88)	963.67
October 2020	6,151.85 (5)	5,536.67	(4,571.91) (3)	(91.46)	873.30
November 2020	6,053.26 (5)	5,447.93	(4,637.84) (3)	(161.59)	648.50
December 2020	6,368.09 (5)	5,731.28	(3,309.97) (3)	(227.73)	2,193.58
2020 Total					<u>8,347.06</u>
January 2021	6,642.10 (5)	5,977.89	(2,675.97) (3)	(205.71)	3,096.21
February 2021	6,642.10 (5)	5,977.89	(5,000.23) (3)	(343.30)	634.36
March 2021 (7)	6,642.10 (5)	5,977.89	(5,627.67)	(379.87)	(29.65)
2021 Total					<u>3,700.93</u>
Total					<u>\$ 48,748.55</u>

See next page for explanation of the footnotes for this appendix.

Appendix C
City of Holland
Estimated Undeposited Utility Receipts
January 1, 2018, through April 30, 2021

- (1) Complete utility receipt records were not maintained for these time periods.
- (2) Estimated utility receipts were calculated by multiplying the actual or estimated utility amount billed (calculated in footnote (5)) by the collection percentage of 90 percent.

Utility statement records were only maintained for January, February, May, and August 2020. Auditors calculated the percentage of utility billings collected for these 4 months to use as the basis for estimating utility receipts collected and not deposited for the 35 months when complete receipt records were not maintained.

Month and Year	(a) Utility Amount Billed	(b) Utility Receipts Collected	(b)/(a) Collection Percentage
January 2020	\$ 6,586.57	6,500.03	99%
February 2020	6,489.94	5,808.50	90%
May 2020	6,609.97	5,883.12	89%
August 2020	7,093.32	5,971.60	84%
Total	\$ 26,779.80	24,163.25	90%

- (3) See Appendix B, column titled Net Total Undeposited Over/(Under). Amounts billed each month are collected/receipted in the following month, so amounts billed each month shown in this appendix correspond to the next month's deposits/amounts undeposited in Appendix B.
- (4) The 2018 and 2019 utility amounts billed are estimated at 5 percent less than the 2020 average monthly billing because the base water rate for 2018 and 2019 was \$27.00, or 5 percent less than the 2020 base rate of \$28.35 noted in footnote (5).
- (5) Auditors calculated monthly billing amounts using the meter readings retained for utility customers for the year ending December 31, 2020, below. Monthly billings include a base charge of \$28.35 for the first 1,000 gallons of water usage, then additional charges of \$0.55 for each additional hundred gallons, sales tax of 1.445 percent on water sales, and a \$20 sewer fee, if applicable. In addition, an annual primacy fee of \$3.24 was charged to customers in approximately August of each year. This calculation follows.

Month and Year	Utility Amount Billed
January 2020	\$ 6,586.57
February 2020	6,489.94
March 2020	6,253.71
April 2020	6,952.28
May 2020	6,609.97
June 2020	6,535.32
July 2020	8,076.98
August 2020	7,093.32
September 2020	6,533.95
October 2020	6,151.85
November 2020	6,053.26
December 2020	6,368.09
Total	\$ 79,705.24
Average Monthly Billing	\$ 6,642.10

- (6) Several utility statements recorded as paid during this month were for prior months' billings, which caused the negative amount in our calculation of estimated undeposited utility receipts.
- (7) March 2021 utility billings were due in April 2021 prior to the Acting Mayor's termination.

Appendix D
City of Holland
Undeposited 2020 Property Tax Receipts

Deposit Date	Fund Deposited		(1) Recorded Cash Receipts	(1) Recorded Check and Money Order Receipts	(1) Recorded Receipts with no Method of Payment Indicated	(2) Unrecorded Checks and Money Orders	Total Receipts	Cash Deposited	Checks and Money Orders Deposited	Total Deposited	Total Undeposited
12/18/20	General	\$	248.02	2,150.64	9.92 (3)	450.87	2,859.45	0.00	2,611.43	2,611.43	(248.02)
12/18/20	Water	(4)	0.00	0.00	0.00	88.08	88.08	0.00	88.08	88.08	0.00
12/30/20	General		0.00	1,063.56	60.92 (3)	705.09	1,829.57	0.00	1,830.57	1,830.57	1.00
2020 Subtotal			248.02	3,214.20	70.84	1,244.04	4,777.10	0.00	4,530.08	4,530.08	(247.02)
01/19/21	General		160.05	121.11	0.00	46.34	327.50	0.00	166.46	166.46	(161.04)
03/05/21	Water	(4)	0.00	0.00	0.00	39.60	39.60	0.00	39.60	39.60	0.00
03/11/21	Water	(4)	0.00	0.00	0.00	25.04	25.04	0.00	25.04	25.04	0.00
03/25/21	General		46.34	0.00	0.00	78.36	124.70	0.00	78.36	78.36	(46.34)
04/28/21	General		0.00	47.70	214.85 (3)	0.00	262.55	0.00	262.55	262.55	0.00
2021 Subtotal			206.39	168.81	214.85	189.34	779.39	0.00	572.01	572.01	(207.38)
Unknown	N/A	(5)	0.00	0.00	73.91	0.00	73.91	0.00	0.00	0.00	(73.91)
Total		\$	454.41	3,383.01	359.60	1,433.38	5,630.40	0.00	5,102.09	5,102.09	(528.31)

- (1) Recorded receipts represent property tax billings in the property tax book marked paid, copies of property tax billing statements marked paid, or receipt slips showing property tax payments received.
- (2) Represents deposited checks and money orders for which a paid property tax statement or other receipt slip was not maintained by the city.
- (3) The contents of the deposit indicated the payments were made by check or money order.
- (4) These property tax receipts were deposited with water and sewer receipts on this date.
- (5) These 2020 property tax billing statements were marked paid; however, the date they were paid was not documented. Therefore, we could not determine if they were paid in 2020 or 2021 or determine an approximate date they should have been deposited.

Appendix E
City of Holland
Acting Mayor's Utility Services Not Paid
January 1, 2020, through April 30, 2021

Month and Year	Beginning Meter Reading	Ending Meter Reading	Gallons of Usage	Billing Amount (1)				Total Amount of Billing
				Water	Sales Tax	Sewer	Primacy Fee	
January 2020	793,300	793,500	200	\$ 28.35	0.41	20.00	0.00	48.76
February 2020	793,500	794,000	500	28.35	0.41	20.00	0.00	48.76
March 2020	794,000	794,500	500	28.35	0.41	20.00	0.00	48.76
April 2020	794,500	796,400	1,900	33.30	0.48	20.00	0.00	53.78
May 2020	796,400	797,400	1,000	28.35	0.41	20.00	0.00	48.76
June 2020	797,400	797,400 (2)	0	0.00	0.00	0.00	0.00	0.00
July 2020	797,400	802,100	4,700	48.70	0.70	20.00	0.00	69.40
August 2020	802,100	804,200	2,100	34.40	0.50	20.00	3.24	58.14
September 2020	804,200	805,300	1,100	28.85	0.42	20.00	0.00	49.27
October 2020	805,300	807,600	2,300	35.50	0.51	20.00	0.00	56.01
November 2020	807,600	809,300	1,700	32.20	0.47	20.00	0.00	52.67
December 2020	809,300	811,200	1,900	33.30	0.48	20.00	0.00	53.78
			2020 Subtotal	359.65	5.20	220.00	3.24	588.09
January 2021	811,200	812,200	1,000	28.35	0.41	20.00	0.00	48.76
February 2021	812,200	814,300	2,100	34.40	0.50	20.00	0.00	54.90
March 2021	814,300	816,300	2,000	33.85	0.49	20.00	0.00	54.34
April 2021	816,300	819,600	3,300	41.00	0.59	20.00	0.00	61.59
			2021 Subtotal	137.60	1.99	80.00	0.00	219.59
			Total	\$ 497.25	7.19	300.00	3.24	807.68

- (1) Monthly billings include a base charge of \$28.35 for the first 1,000 gallons of water usage, then additional charges of \$0.55 for each additional hundred gallons, sales tax of 1.445 percent on water sales, and a \$20 sewer fee. In addition, an annual primacy fee of \$3.24 is charged to customers in approximately August of each year.
- (2) No billed amounts were calculated because the beginning and ending meter reading did not change.