



Scott Fitzpatrick

Missouri State Auditor

Dunklin County Sewer District

Report No. 2023-073

October 2023

auditor.mo.gov



Scott Fitzpatrick
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Dunklin County Sewer District

Missing and/or Misappropriated Money and Sewer Services	From January 1, 2017, through March 5, 2021, money and sewer services totaling at least \$62,579 were missing and/or misappropriated from the district and an estimated additional \$98,096 was not deposited and is likely missing from the district. Payroll overpayments totaling \$54,049 were made to the Bookkeeper; unsupported payments totaling \$4,567 were made to the Board President and the Bookkeeper; sewer services totaling \$3,063 were not paid by the Board President and Bookkeeper; and estimated and actual sewer security deposits and sewer receipts totaling \$98,996 were not deposited by the Bookkeeper.
Nepotism	In violation of the Missouri Constitution, the Board President hired and paid his wife to serve as the Bookkeeper from August 2008 to March 5, 2021. In addition, from March 2020 until March 2021, 14 checks issued to the Bookkeeper, totaling \$23,743, were signed by the Board President. Timesheets or other records of work performed were not prepared or retained to support these payments.
Financial Condition	The sewer district was in poor financial condition as its short-term liabilities significantly exceeded its available cash. The Board failed to monitor the district's cash balances and evaluate whether sewer rates were sufficient to meet district costs. As a result, the district was placed in receivership.
Oversight, Annual Audits, and Bonding	At least 2 vacant Board positions were not filled for more than 4 years leaving the citizens of the district without adequate leadership, representation, and accountability; the existing Board members did not establish adequate oversight over district operations; and only 1 Board member's signature was required on district checks. Also, Board members that signed checks from January 2017 to February 2020, indicated in sworn testimony they signed blank checks in advance and signed other checks without reviewing the related invoices, and the Board President signed most checks from March 2020 until March 2021, including checks issued to himself and his wife. The Board also did not obtain annual audits as required by state law and United States Department of Agriculture (USDA) bond agreements, and did not obtain bond coverage for district officials responsible for receipts and disbursements.
Payroll and Related Matters	The Bookkeeper did not ensure payroll tax forms were filed and payroll taxes were remitted timely to the IRS. As a result the sewer district was assessed \$756 in penalties, \$287 in interest, and \$1,881 in additional taxes. Also, as of July 8, 2022, at least \$10,252 was still due to the IRS and significant interest and penalties were still accruing. Additionally, the Bookkeeper did not prepare timesheets or documentation of work performed to support payments made; the district did not maintain/retain personnel policies and personnel files; and the Bookkeeper issued herself pay advances on numerous occasions in violation of the Missouri Constitution.

Accounting Controls and
Procedures

The district's procedures for receipting, recording, and depositing money were poor. The Bookkeeper did not prepare bank reconciliations for any of the district's bank accounts, maintain a checkbook register or book balances, always issue checks in numerical order, or prepare a list of bills or monthly financial reports for Board review. The Board and the Bookkeeper failed to monitor the sewer district's cash balances and incurred almost \$1,700 in overdraft and minimum balance fees. Additionally, the Bookkeeper did not maintain a listing of refundable customer security deposits held in the Deposit account and made \$10,200 of improper transfers from these restricted funds. We estimated a shortage of \$21,987 in customer security deposits in that account. The Bookkeeper and Board also did not make required bond payments, did not fund bond accounts in accordance with bond agreements, and did not maintain/retain district records.

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.

Dunklin County Sewer District

Table of Contents

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

Introduction	
Background	4

Management Advisory Report - State Auditor's Findings	
1. Missing and/or Misappropriated Money and Sewer Services	8
2. Nepotism	15
3. Financial Condition	16
4. Oversight, Annual Audits, and Bonding	17
5. Payroll and Related Matters	19
6. Accounting Controls and Procedures	21

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

Supporting Documentation of Missing and/or Misappropriated Money	28
<u>Appendixes</u>	
A State Auditor Subpoenas - Jennifer Adams.....	29
B State Auditor Subpoenas - Korey Adams.....	34
C State Auditor Subpoenas - Darlene Schroepfel	39
D State Auditor Subpoenas - Yevgeny Sokolov	43
E State Auditor Subpoenas - John Blackiston	47
F State Auditor Subpoenas - Ryan Blankinship	51
G Jennifer Adams Repayment Agreement.....	55
H Payroll Overpayments to Bookkeeper.....	56
I Unsupported and Questionable Payments to the Board President and Bookkeeper	59
J Undeposited Sewer Security Deposits.....	61



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

To the Honorable Mayor
and
Members of the City Council
City of Malden, Missouri

We have audited certain operations of the Dunklin County Sewer District as they relate to the sewer district's finances in fulfillment of our duties under Chapter 29, RSMo. The City of Malden was appointed receiver of the Dunklin County Sewer District on March 5, 2021, and on April 19, 2021, passed a resolution requesting an audit be conducted by the State Auditor's Office. The scope of our audit included, but was not necessarily limited to, the period January 1, 2017, through March 5, 2021. The objectives of our audit were to:

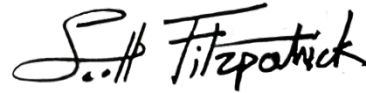
1. Evaluate the district's internal controls over significant management and financial functions.
2. Evaluate the district's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.
4. Determine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

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; verifying sewer payments with customers; analyzing comparative data obtained from external sources; 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 the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the former district's Board members and Bookkeeper, and was not subjected to the procedures applied in our audit of the sewer district.

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/or misappropriated money and sewer services totaling at least \$62,579 and additional estimated missing money totaling at least \$98,096. The accompanying Management Advisory Report presents our findings arising from our audit of the Dunklin County Sewer District.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive, flowing style.

Scott Fitzpatrick
State Auditor

Dunklin County Sewer District

Introduction

Background

The Dunklin County Sewer District was reorganized in 2012. A 5-member Board of Trustees was initially appointed with staggered 5-year terms, with 1 new board member to be elected each April by the district's residents. However, from at least January 2017 to November 2020 (when 2 Board members resigned), the district was operated by a 3-member Board, comprised of 2 Board members and the Board President. No elections or appointments were held/made to fill the 2 Board vacancies. The 3-member Board acted as the policy and decision-making body for the district's operations until November 2020, when the 2 Board members resigned, leaving the Board President and Bookkeeper to solely operate the district until March 5, 2021. The former district Board members are referred to as Board members throughout the remainder of this report.

The former Board President, Korey Adams, was appointed on August 27, 2007, and served through March 5, 2021. The former Bookkeeper (the Board President's wife), Jennifer Adams, began employment with the district in August 2008 and served until March 5, 2021, when the district was placed into receivership. The former Board President and Bookkeeper were primarily responsible for the financial accounting functions and records of the district prior to March 5, 2021, and are referred to as Board President and Bookkeeper throughout the remainder of this report.

- Sewer - Sewer meters were read by sewer maintenance employees every few years during the months of January through March, and the average usage from these readings were used to determine a flat monthly sewer rate for each customer. The Bookkeeper notified sewer customers of the monthly sewer billing amount to be paid. Sewer rates were not changed from January 2017 to February 2021. The City of Malden accepted and treated the district's wastewater for a monthly charge as set forth in an intergovernmental service agreement. No accounting records of sewer billings or receipts from January 1, 2017, until March 5, 2021, were retained by the district or turned over to the City of Malden at the time of the receivership.
- Receipts - Sewer customers were required to mail sewer payments to the district post office box or place sewer payments into a drop box at the district office. The Bookkeeper periodically collected the payments from the post office or drop box and prepared deposits. The Board President and the Bookkeeper took the deposits to the bank.
- Disbursements - The Bookkeeper maintained disbursement documentation, prepared and distributed checks, and transferred money between bank accounts. District checks only required 1 signature. From January 2017 to February 2020, 1 of the 2 Board members signed most of the checks. The 2 Board members who signed checks indicated, in sworn testimony, they often signed blank checks in advance and signed



Dunklin County Sewer District Introduction

checks without reviewing the related supporting documentation/invoices. In March 2020, the district opened a new General bank account, and the Board President prepared and signed almost all checks issued from this account from March 2020 to March 2021.

- Payroll - The 2 sewer maintenance employees prepared and submitted timesheets to the Bookkeeper. The Bookkeeper prepared and distributed payroll checks and 1 of the 2 Board members or the Board President signed payroll checks. The Bookkeeper reported payroll to an accounting firm that prepared quarterly and annual payroll tax forms. The Bookkeeper was responsible for filing these payroll tax forms and remitting taxes to the applicable government agency.
- Bank accounts - The Bookkeeper and Board President received monthly bank statements. The district changed banks for the General account (the district's operating account) twice between January 2017 and March 5, 2021. A Board member indicated the district changed banks to avoid garnishments from the City of Malden. The district also maintained 3 other bank accounts (Bond, Deposit, and Replacement accounts) for money related to the district's sewer bonds and security deposits.
- Reporting - The Board failed to retain meeting minutes from at least January 1, 2017, through March 5, 2021, or turn the minutes over to the City of Malden at the time of receivership. The Board and Bookkeeper did not publish financial statements or file annual financial reports with the State Auditor's Office (SAO) for the 4 years ended December 31, 2020, 2019, 2018, and 2017, and 2 Board members indicated financial reports were typically not prepared for board meetings. Also, only an incomplete budget spreadsheet that did not contain statutorily required elements was prepared.

Receivership

The Thirty-Fifth Judicial Circuit, Dunklin County, placed the district into receivership and named the City of Malden as the receiver on March 5, 2021. Under this order, all responsibilities, functions, duties, powers, and authority of the district Board were transferred to the receiver. Pursuant to the judgment rendered by the Circuit Court, the City applied for and received authorization to garnish the district's bank accounts for the unpaid balance owed for wastewater flow and treatment. The district provided the City of Malden a list of 253 sewer customers as of March 2021, indicating the monthly sewer rate charged to each customer, amounts due, and the accounts in arrears.

Investigation and audit

In March 2021, the SAO Whistleblower Hotline received concerns about the operations and finances of the former Dunklin County Sewer District Board from officials at the City of Malden. The SAO subsequently conducted an initial review of these matters in April 2021, under Section 29.221, RSMo.



Dunklin County Sewer District Introduction

After review of the documentation and communications provided, the SAO determined further investigation was warranted under Section 29.221, RSMo.

On April 19, 2021, the City of Malden, acting in its capacity as governing body of the sewer district pursuant to the Circuit Court's receivership order, adopted a resolution 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 March 2022.

The SAO issued subpoenas to the Board President, the Bookkeeper, 3 Board members,¹ and a former maintenance employee² to compel them to provide testimony³ and produce records and documents related to their testimonies (see Appendixes A through F). Representatives of the SAO took the testimony of the Board President and the Bookkeeper on August 22, 2022, and the testimony of 3 Board members and the former maintenance employee on August 1, 2022. Appendixes A through F include redactions. These redactions are of information of a personal, privileged, or sensitive nature, and/or information that is not directly related to the information requested in the subpoena.

The Missouri State Highway Patrol (MSHP) investigated and obtained personal bank records⁴ of the Board President and Bookkeeper and provided those records to the SAO for review.

The district's fiscal year is January 1 through December 31.⁵ The scope of our audit included, but was not necessarily limited to, the period January 1, 2017, through March 5, 2021. We applied procedures to district receipts, payroll, disbursements, and sewer transactions to identify/estimate the amount of missing and/or misappropriated money and sewer services and methods used to conceal such activity. The audit period includes months during the COVID-19 pandemic, which could have impacted sewer account activity; however, we used conservative estimates and other records to verify and support estimated missing money amounts during this period.

¹ John Blackiston, one of the former Board members interviewed, served on the Board from approximately 2007 to 2015, prior to our audit period.

² Ryan Blankinship, the former maintenance employee interviewed, was employed from 2015 until November 2020.

³ Testimonies were given under oath and were recorded by a court reporter.

⁴ Personal bank records were obtained for the period January 1, 2017, to March 30, 2021.

⁵ The district's budget spreadsheet showed the district's fiscal year as a calendar year; therefore, we reported this as the district's fiscal year. However, a Board member indicated in sworn testimony, that he could not recall the time period of the district's fiscal year, and another Board member thought the district's fiscal year was from July 1 to June 30.



Dunklin County Sewer District Introduction

No recommendations are provided for Management Advisory Report (MAR) finding numbers 2 through 6 (excluding MAR finding number 5.1) because those findings relate to the operations of the district prior to the City of Malden being appointed as the receiver of the district, and the Board of the sewer district is no longer active. Also, because the former sewer district Board has been dissolved and is no longer active, the recommendations for MAR finding numbers 1 and 5.1, are made to the Malden City Council.

Dunklin County Sewer District Management Advisory Report State Auditor's Findings

1. Missing and/or Misappropriated Money and Sewer Services

Money and sewer services totaling at least \$62,579⁶ were missing and/or misappropriated from the district from January 1, 2017, through March 5, 2021, and an estimated, additional \$98,096 was not deposited during this time and is also likely missing. Payroll overpayments totaling \$54,049 were made to the Bookkeeper; unsupported payments totaling \$4,567 were made to the Board President and the Bookkeeper; sewer services totaling \$3,063 were not paid by the Board President and Bookkeeper; and estimated and actual sewer security deposits and sewer receipts totaling \$98,996 were not deposited.

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 March 5,	Total
	2017	2018	2019	2020	2021	
Payroll overpayments to Bookkeeper (Appendix H)	\$ 30,799	7,531	7,343	7,369	1,007	54,049
Unsupported and questionable payments to Board President (Appendix I)	1,440	898	1,036	660	120	4,154
Unsupported and questionable payments to Bookkeeper (Appendix I)	99	0	59	255	0	413
Sewer services not paid	702	702	766	766	127	3,063
Undeposited sewer security deposits (Appendix J)	400	400	100	0	0	900
Estimated undeposited sewer security deposits	0	0	200	1,000	100	1,300
Estimated undeposited sewer receipts	21,474	12,315	36,164	25,815	1,028	96,796
Total	\$ 54,914	21,846	45,668	35,865	2,382	160,675

Payroll overpayments to Bookkeeper

The Bookkeeper overpaid herself \$54,049 from January 1, 2017, through March 5, 2021. We compared all checks written to the Bookkeeper to the lowest net salary amount (\$1,343⁷) reported to the accounting firm to

⁶ Amounts presented in the report are rounded to the nearest dollar, whereas amounts presented in the appendixes are not rounded.

⁷ The Bookkeeper reported her monthly salary to the district's accounting firm first as \$1,800, then \$1,500, and then \$2,000 per month; however, no documentation was retained to show the Board approved any of the changes, including the increase, in the Bookkeeper's monthly salary. Therefore, we used the lowest monthly gross salary of \$1,500 reported to the accounting firm by the Bookkeeper, which totaled \$1,343 after deductions, to determine the amount of overpayments. The Bookkeeper reported this amount to the accounting firm as her compensation at the approximate time period the Board identified overpayments as noted in the Repayment agreement section. The Bookkeeper was paid \$1,500 in January and February 2018.



Dunklin County Sewer District
 Management Advisory Report - State Auditor's Findings

determine the amount of overpayments. Payment details (included in Appendix H) were obtained from canceled checks made payable to the Bookkeeper. The Bookkeeper did not prepare timesheets and accounting records to support payments made to herself. In addition, none of the checks issued to the Bookkeeper from January 2017 to March 2021 agreed to the net amounts reported to the accounting firm.

A summary of the overpayments by year is shown in the following table:

Time Period	(1) Net Amount Paid to Bookkeeper	(2) Net Amount That Should Have Been Paid to Bookkeeper	Overpayment
2017	\$ 46,918	16,119	30,799
2018	28,850	16,119	12,731
2019	23,462	16,119	7,343
2020	23,488	16,119	7,369
January 1 to March 5, 2021	3,910	2,903	1,007
Total Overpayments	\$ 126,628	67,379	59,249
Repayments			(5,200)(3)
Net Overpayments	\$		54,049

- (1) Documentation showing the Bookkeeper's pay before deductions was not available for any payments made. As a result, we used net pay amounts for both the amounts paid and what should have been paid to ensure amounts presented were comparable.
- (2) The Bookkeeper's monthly gross salary in early 2018 was \$1,500, \$1,343.25 after deductions. We estimated an annual net salary of \$16,119 based on this monthly amount (\$1,343.25 each month for 12 months). The Bookkeeper's compensation was prorated for the period January 1 to March 5, 2021.
- (3) The Bookkeeper repaid \$5,200 in 2018, reducing the amount of overpayments.

Overpayment methods

The Bookkeeper overpaid herself \$54,049 using different methods including issuing herself more than 1 check each month and issuing some checks for more than her monthly gross salary. For example, she issued herself 86 checks during the 50 months from January 2017 to February 2021, when only 50 checks should have been issued for her monthly payroll. She issued herself 40 checks in 2017, when only 12 monthly payments should have been issued that year. Also, 1 of the 4 checks issued in November 2017 was in the amount of \$450 and indicated "Xmas Bonus and mileage," but there was no documentation indicating the Board approved a bonus and/or to support a mileage reimbursement.

The Board President, who is the Bookkeeper's husband, signed the 13 checks, totaling \$23,488, issued to the Bookkeeper between March 1, 2020, and March 5, 2021. The two Board members who signed the remaining 73 checks,



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

totaling \$103,140, indicated in sworn testimony, as noted in the Background section, they often signed blank checks in advance and signed checks without reviewing the related supporting documentation/invoices. As a result, it is likely some of these payments were signed without independent Board review.

In addition, some of the Bookkeeper's overpayments were a result of improper changes in compensation. Between January 1, 2017, and March 5, 2021, the Bookkeeper reported her monthly salary to the district's accounting firm first as \$1,800, then \$1,500, and then \$2,000 per month. However, Board meeting minutes were not maintained/retained to demonstrate the Board approved any of the changes in the Bookkeeper's monthly salary, a complete personnel file was not maintained to document the Bookkeeper's approved salary, and the Board did not establish compensation by ordinance.

In sworn testimony, a Board member indicated the Bookkeeper was to be paid "either \$1,400 a month or \$1,600 a month. I can't remember which one of those two figures it was." Another Board member indicated the Bookkeeper's compensation was "somewhere around \$1,700 a month or something like that." The Board President indicated he didn't know what amount she was supposed to be paid each month, but indicated it may have been about \$1,500 a month.

Also, bonus pay, as discussed above, represents additional compensation for services previously rendered and, as such, is in violation of Article III, Section 39, of the Missouri Constitution, and contrary to Attorney General's Opinion No. 72-1955 (June 14, 1955), which states, ". . . a government agency which derives its power and authority from the Constitution and laws of this state would be prohibited from granting extra compensation in the form of bonuses to public officers or servants after the service has been rendered."

Repayment agreement

In sworn testimony, 2 Board members indicated overpayments to the Bookkeeper were previously identified, and the district entered into a written agreement with the Bookkeeper for repayment. Both of the Board members provided us a copy of the repayment agreement in response to subpoenas. This repayment agreement was not turned over to the City of Malden when the city was appointed receiver of the district.

As shown in Appendix G, the Bookkeeper signed the written agreement in April 2018, to repay the district \$27,892⁸ for overpayments made to herself. The agreement provided for a monthly payment of at least \$1,200 to be paid

⁸We could not determine how the Board arrived at this amount, and former Board members could not explain how the amount was calculated. As a result, we did not use this amount to determine overpayments. The overpayment amounts in this report were calculated based on our analysis of applicable records.



Dunklin County Sewer District
 Management Advisory Report - State Auditor's Findings

to the district and a payment of \$13,492 in April 2019, if the balance had not been paid previously. The agreement was signed by all the Board members, including the Board President, and indicated the Board intended to turn over any unpaid amounts due for collection and/or prosecution.

A review of the district's and Bookkeeper's bank accounts show the Bookkeeper only paid \$5,200 of the \$27,892 amount due, leaving \$22,692 unpaid. The Board did not take any steps to collect the remaining balance due or refer the overpayments for collection or prosecution. We issued a subpoena to the Bookkeeper on August 22, 2022, requiring her to produce any documentation pertaining to payments made to the district regarding this agreement; however, she did not provide any documentation.

Amounts reported to
 accounting firm

The Bookkeeper did not report \$43,979 of the net payments made to herself to the accounting firm.⁹ Amounts paid compared to reported amounts are shown in the following table.

Time Period	Net Amount Paid to Bookkeeper	Net Amount Reported to Accounting Firm	Difference in Net Amount Paid and Reported
2017	\$ 46,918	19,444	27,474
2018	28,850	15,703	13,147
2019	23,462	19,524	3,938
2020	23,488	19,524	3,964
January to March 2021	3,910	3,254	656
Less amount repaid	(5,200)	0	(5,200)
Total	\$ 121,428	77,449	43,979

Unsupported and
 questionable payments to
 Board President and
 Bookkeeper

Supporting documentation was not available for 28 checks, totaling \$4,154, issued to the Board President and 3 checks, totaling \$413, issued to the Bookkeeper (see Appendix I). The memo line of some of the checks indicated the purpose of these checks was cellular phone allowance, mileage reimbursement, and reimbursement for mowing and other expenses. Of the 28 checks issued to the Board President, 5, totaling \$780, were signed by the Board President.

Several of the checks issued to the Board President indicated they were for reimbursement of his personal cellular phone that he stated in sworn testimony was \$60 per month. However, 2 Board members indicated in sworn testimony, they did not remember approving a cellular phone allowance for the Board President, and the Board failed to maintain/retain any meeting

⁹ We could not determine the gross amounts paid; therefore, we are reporting net amounts paid and reported. The Bookkeeper reported gross amounts to the accounting firm of \$21,600 in 2017, \$19,000 in 2018, \$24,000 in 2019 and 2020, and \$4,000 in 2021.



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

minutes indicating the Board approved cellular phone allowances. The Board President did not submit documentation of the cost of his personal cellular phone bill to support the allowance.

Some of the Bookkeeper's payroll checks included notations of mileage reimbursements in the memo line indicating the payroll also included mileage reimbursements.¹⁰ These unsupported amounts are included in the overpayments total.

Sewer services not paid

The Board President and the Bookkeeper did not pay \$3,063 for sewer services during the 50-month period of January 2017 through February 2021. The Board President and the Bookkeeper only made 2 payments totaling \$127 for sewer services during this 50-month period. A \$64 check payment was deposited on May 10, 2017, and a \$63 check payment was deposited on March 27, 2018. We issued a subpoena to the Bookkeeper on August 22, 2022, to produce any documentation of sewer payments made to the district; however, she did not provide documentation. We calculated the unpaid services for the Board President and the Bookkeeper by taking their monthly sewer rate of \$63.80 (amount reported to the City of Malden in March 2021), multiplying it by 50 months, and then reducing the total by the \$127 they paid over that period. The monthly sewer rate did not change from January 2017 through February 2021.

Undeposited and estimated undeposited sewer security deposits

The Bookkeeper did not deposit \$900 and an estimated \$1,300 in sewer security deposits collected during the period January 2017 through February 2021, and the money is missing. For the periods in which complete sewer security deposit records were not available, we estimated the amount of undeposited sewer security deposits that are likely missing.

Undeposited sewer security deposits

The Bookkeeper did not deposit \$900 in sewer security deposits collected and recorded on deposit slips between January 2017 and October 2019 (see Appendix J).

The district collected a \$100 sewer security deposit from all new sewer customers. The Bookkeeper recorded 37 sewer security deposits (\$3,700) on bank deposit slips by utility customer name. We reviewed district deposit slips and the contents of the deposits and noted 28 of the 37 sewer security deposits received were paid by check (\$2,800) and were deposited. The remaining 9, totaling \$900, were not deposited, are missing, and were likely cash payments.

¹⁰ The amounts of reimbursement or mileage included in the payroll checks are unknown, and as a result, any amounts included in the checks are shown as overpayments in Appendix H.



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

Estimated undeposited sewer security deposits

The Bookkeeper did not deposit an estimated \$1,300 in sewer security deposits during the 16 months from November 2019 to February 2021 (the time period in which sewer security deposit records were not available).

We conservatively estimated the security deposit amounts received and not deposited by comparing expected sewer security deposit collections to any amounts deposited during the 16 months without records. To determine expected collections, we reviewed district sewer security deposit receipt history. Based on the amount of sewer security deposits recorded (\$3,700) during the 34-month period when records were available, we conservatively estimated that approximately \$100 a month could have been collected in sewer security deposits during the period in which records were not available. Therefore, during the 16-month period from November 2019 to February 2021, an estimated \$1,600 could have been collected.

We also considered Dunklin County Water Supply District #1 security deposit collections during the 16-month period in question because customers opening water accounts would likely need to open sewer accounts. The number of new customers for the water district should approximate the number of new sewer district customers. The Dunklin County Water Supply District #1 provided a list of at least 56 new water customers located within the sewer district boundaries who paid a water deposit during this 16-month period. Based on this list, up to \$5,600 in total security deposits could have been collected during the 16-month period.

The Bookkeeper only deposited 3 sewer security deposits during the period without records (2 \$100 payments in May 2020 and a \$100 payment in February 2021). We used the most conservative estimation method and estimated \$1,300 (\$1,600 estimated collections less the \$300 deposited) to be undeposited and missing.

Estimated undeposited sewer receipts

The Bookkeeper may not have deposited an estimated \$96,796 of sewer receipts from January 2017 to February 2021. Sewer billings and receipts were not prepared/retained by the Bookkeeper for this 50-month time period.

We estimated monthly sewer receipts¹¹ based on the average sewer payment deposited per customer (\$65.65)¹² and 232 customers.¹³ We compared this to

¹¹ Estimated monthly sewer receipts totaled \$15,231 (\$65.65 each month for 232 customers).

¹² We calculated the average sewer payment per customer of \$65.65, by dividing the total amount of payments deposited during the 33-month period of January 2017 to September 2019 (\$450,969.97) by the total number of payments deposited (6,869).

¹³ The district reported 253 customers to the City of Malden in March 2021. To ensure our estimate was reasonable and to account for possible uncollected or uncollectable billings, we reduced the number of customers by the 21 customers who were in arrears for more than 5 months as of March 2021.



Dunklin County Sewer District
 Management Advisory Report - State Auditor's Findings

actual deposits and determined an estimated \$96,796 may be missing for the 50-month period as shown:

Time Period	(1) Estimated Sewer Receipts Collected	Less Sewer Receipts Deposited	Estimated Undeposited Sewer Receipts
2017	\$ 182,772	161,298	21,474
2018	182,772	170,457	12,315
2019	182,772	146,608	36,164
2020	182,772	156,957	25,815
January to February 2021	30,462	29,434	1,028
Total	\$ 761,550	664,754	96,796

(1) Estimated monthly sewer receipts collected (\$15,231) multiplied by the number of applicable months (12 or 2).

The estimated undeposited sewer receipts, which may have been cash receipts, represent approximately 13 percent of the amount of the total estimated sewer receipts collected. Our review of sewer receipts deposited during this 50-month period (January 2017 to February 2021) showed no cash was deposited in 2017, 2018, 2019, and the first 4 months of 2020, and only \$1,215 of cash was deposited from May 2020 to March 5, 2021, which was less than 1 percent of the money deposited during this time period.

Our review of sewer receipts collected by the City of Malden from July 2021 to June 2022 (after the City of Malden was appointed receiver) showed an average of \$18,608¹⁴ in sewer receipts collected each month or \$223,296 annually (adjusted for a July 2021 rate change), with \$3,536 or 19 percent being cash. This indicates sewer receipts and cash collected were likely higher than what was deposited from January 2017 to February 2021. No rate changes occurred during this time period to explain the differences. In addition, in response to our inquiries, some sewer customers stated that cash payments were made for district sewer services, and City of Malden officials also indicated sewer customers had reported making cash payments to the district for sewer services.

Personal bank account

A review of the Bookkeeper's and the Board President's personal bank accounts noted cash deposits totaling \$29,146 from January 2017 to March 2021. Prior to our receipt of personal bank records, the Bookkeeper indicated in sworn testimony, "You may see some checks for me from if I had done something for somebody or something but it would be checks. I don't put cash

¹⁴ Average monthly collections for the period of July 2021 to June 2022 were \$25,493. For comparison purposes, we reduced this amount by the rate increase that was effective in July 2021.



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

in there." In addition, the Board President indicated in sworn testimony, prior to our receipt of personal bank records, that neither he nor his wife were paid in cash or made cash deposits, and they would only have made electronic or check deposits. The Board President and Bookkeeper were not questioned again after personal bank records were obtained.

Cash deposited into the Bookkeeper's and Board President's personal accounts were as follows:

Time Period	(1) Cash Deposited into Personal Bank Accounts
2017	\$ 7,104 (2)
2018	9,063 (2)
2019	4,569
2020	7,560
January 1 to March 5, 2021	850
Total	\$ 29,146

- (1) Includes all personal bank accounts with the Bookkeeper and/or the Board President's names listed on the account.
- (2) Amount was reduced for district checks issued to the Bookkeeper and subsequently cashed, which may have been deposited into personal bank accounts.

Conclusion

The lack of segregation of duties and adequate controls, and the absence of proper oversight, as discussed in the remainder of this report, resulted in payroll overpayments, unsupported payments, sewer services not paid, and undeposited sewer security deposits and sewer receipts.

Recommendation

The Malden City Council continue to work with law enforcement officials regarding criminal prosecution of missing and/or misappropriated money and non-payment of sewer services, and take the necessary actions to obtain restitution.

Auditee's Response

We will continue to work with law enforcement officials regarding criminal prosecution of missing and/or misappropriated money and non-payment of sewer services, and take the necessary actions to obtain restitution.

2. Nepotism

The Board President hired and paid his wife to serve as the Bookkeeper from August 2008 to March 5, 2021. In addition, from March 2020 until March 2021, 14 checks,¹⁵ totaling \$23,743, issued to the Bookkeeper were signed by the Board President. As noted in MAR finding number 1, timesheets or other

¹⁵ These 14 checks include the 13 discussed in MAR finding number 1 as overpayments (see Appendix H) plus an additional questionable payment discussed in MAR finding number 1 (See Appendix I).



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

records of work performed and reimbursement claim forms and/or the related invoices were not prepared/retained to support these payments.

Article VII, Section 6, of the 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 that the public has assurance that no district official has benefited improperly. In addition, Section 105.452.1(4), RSMo, mandates that no elected official of any political subdivision shall favorably act on any matter that is so specifically designed so as to provide a special monetary benefit to such official or his spouse. The Missouri Supreme Court has stated, "A public officer owes an undivided loyalty to the public whom he serves and he should not place himself in a position which will subject him to conflicting duties or expose him to the temptation of acting other than in the best interests of the public." *State ex rel. St. Louis County v. Kelly*, 377 S.W. 2d 328, 332 (MO 1964) (quoting 43 Am. Jur., Public Officers, § 266, p. 81).

Personal interests in business matters of the sewer district created the appearance of and actual conflicts of interest. A Board member expressed concerns about possible nepotism in sworn testimony; however, the Board failed to take action to address or provide independent and supervisory reviews over transactions involving the Board President and his wife.

3. Financial Condition

The sewer district was in poor financial condition as its short-term liabilities significantly exceeded its available cash. The Board failed to monitor the district's cash balances and evaluate whether sewer rates were sufficient to meet district costs. As a result, the district was placed in receivership. The following table presents the short-term liabilities and cash balances of the district at December 31 of each year from 2017 to 2020:



Dunklin County Sewer District
 Management Advisory Report - State Auditor's Findings

	Year Ended December 31,			
	2017	2018	2019	2020
Short-Term Liabilities:				
Customer Deposits (1)	\$ 25,300	25,300	25,300	25,300
City of Malden (2)	32,710	69,894	108,924	142,921
USDA Bond Payments (3)	0	0	5,798	15,620
Debt Service Reserve (3)	61,530	62,622	63,714	64,806
Replacement and Extension (3)	38,220	44,100	49,980	55,860
Total Short Term Liabilities	\$ 157,760	201,916	253,716	304,507
Cash Balances	\$ 10,046	27,537	22,648	21,644

- (1) This amount is estimated based on the number of customers as of March 2021 and the required sewer deposit amount. The district reported 253 customers to the City of Malden in March 2021. No other documentation of the number of customers was maintained. The district collected \$100 for each sewer deposit (253*\$100).
- (2) Amounts due for city-provided wastewater flow and treatment used to operate the sewer system.
- (3) See MAR finding number 6.5 for an explanation of these requirements.

In addition to the current liabilities noted above, as of July 2022, the district owed the Internal Revenue Service (IRS) at least \$10,000 in past due payroll taxes, interest, and penalties (see MAR finding number 5.1). As noted in the Background section, the district changed banks twice between January 1, 2017, and March 5, 2021, and a Board member indicated the district changed banks to avoid garnishments from the City of Malden.

As a result of not properly monitoring the district's finances, the Board was unaware of undeposited receipts, the overpayments discussed in MAR finding number 1, and whether sewer rates were sufficient to operate the district. Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs that shows the increase is necessary to cover costs of providing the service. Continued Board vacancies and the lack of independent leadership and accountability contributed to the Board's failure to properly monitor the district's financial condition.

4. Oversight, Annual Audits, and Bonding

At least 2 vacant Board positions were not filled for over 4 years, and the existing Board members did not establish adequate oversight over district operations. The Board also did not obtain annual audits as required by state law, and did not obtain bond coverage for district officials responsible for receipts and disbursements.

4.1 Oversight and segregation of duties

The Board did not establish adequate segregation of duties or independent supervisory reviews over the various financial accounting functions performed by the Board President and his wife, the Bookkeeper; and signed checks in advance. In addition, from at least 2017 through 2020, the 5-



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

member Board had at least 2 vacant Board positions leaving the citizens of the district without adequate leadership, representation, and accountability. As a result, sewer district money was not handled and accounted for properly and discrepancies were not discovered in a timely manner.

Only 1 Board member's signature was required on district checks. From January 2017 to February 2020, 1 of the 2 Board members signed most of the checks; however, both Board members indicated in sworn testimony they signed blank checks in advance and signed other checks without reviewing the related invoices. In March 2020, a new bank account was opened, and the Board President signed 116 of the 119 checks, totaling \$130,924, issued from that date until February 16, 2021, including 19 checks issued to himself or his wife totaling \$24,523. There was no evidence these payments were reviewed by the other Board members prior to or after these payments were made.

Proper segregation of duties and/or timely supervisory or independent reviews would have helped ensure transactions were accounted for properly and assets were adequately safeguarded. Good management practices require extensive and detailed oversight by the Board. Signing blank checks in advance and requiring only 1 signature on checks were significant control weaknesses and allowed improper or unsupported disbursements to occur as noted in MAR finding number 1. Some Board members expressed concerns about the district practices in sworn testimony; however, they failed to take action to address the concerns or provide independent and supervisory reviews over transactions, including those involving the Board President and his wife.

4.2 Annual audits

The district did not obtain annual audits of its sewer system as required by state law and United States Department of Agriculture (USDA) bond agreements. District officials did not know when the last audit of district finances occurred.

Section 250.150, RSMo, requires the district to obtain annual audits of the sewer system, with the cost paid from revenues received from the system. The district was also required to obtain annual audits as a condition of USDA bonds. Board vacancies and the lack of independent leadership and accountability contributed to the Board's failure to obtain annual audits as required.

4.3 Bonding

The Board did not ensure all individuals with access to district money, including the Board President, a Board member, and the Bookkeeper were bonded. The only bonded official for the district was the Board Secretary/Treasurer. Had the district obtained bond coverage for all persons with access to money, some of the missing and/or misappropriated money and sewer services may have been covered and reimbursed by the bonding company. Continued Board vacancies and the lack of independent leadership



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

and accountability contributed to the Board's failure to properly bond all individuals with access to district money.

5. Payroll and Related Matters

Payroll controls and procedures were not adequate.

5.1 Payroll taxes

The Bookkeeper did not ensure payroll tax forms were filed and payroll taxes were remitted to the IRS timely, as required. As a result, the sewer district was assessed \$756 in penalties, \$287 in interest, and \$1,881 in additional taxes. Also, as of July 8, 2022, at least \$10,252 was still due to the IRS and significant interest and penalties were still accruing.

It is possible the IRS will assess additional penalties and interest related to other late filings and remittances. For example, the IRS transcripts for the first, second, and fourth quarters of 2019, indicated, "Requested data not found," and it is possible the district failed to file or remit payroll taxes for these periods. The Bookkeeper also failed to file a tax form for the third quarter of 2019 and only remitted \$1,864 of the \$2,734 in taxes due. Also as noted in MAR finding number 1, the Bookkeeper did not report all of the amounts she paid to herself to the accounting firm for inclusion on her W-2 form; therefore, additional taxes, interest, and penalties may be owed by the district on those payments.

The Internal Revenue Code requires employers to file a 941 form by the last day of the month following the end of the quarter, along with payment of Social Security and Medicare taxes withheld from employees and the employer's share, as well as federal income taxes withheld. The IRS requires employers to report all compensation on W-2 forms and withhold and remit income and payroll taxes. Controls and procedures to ensure taxes and forms are remitted and filed properly are necessary to prevent unnecessary penalties and interest.¹⁶ Board vacancies and the lack of independent leadership and accountability contributed to the Board not ensuring the Bookkeeper filed the payroll returns, remitted payroll taxes timely to the IRS, and accurately reported her compensation.

5.2 Timesheets

The Bookkeeper did not prepare timesheets or other documentation of work performed to support payments made, which helped conceal the overpayments as noted in MAR finding number 1.

Without adequate timesheets or other documentation of worked performed, the district could not ensure hours worked were accurate and properly documented. In addition, Fair Labor Standards Act (FLSA) regulation

¹⁶ 26 CFR Section 31.6011(a)-1, 26 CFR Section 31.6071(a)-1, 26 CFR Section 31.6151-1(a).



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

Section 29 CFR Section 516.2(a) requires employers to maintain accurate records of actual time worked by employees. Board vacancies and the lack of independent leadership and accountability contributed to the Board's failure to require sufficient documentation of the Bookkeeper's time worked.

5.3 Personnel policies and files

The district did not maintain personnel policies to address the compensation of its employees, hours of work, timesheets or other records of time worked, leave records, and how overtime/compensatory time was to be calculated. As noted in MAR finding number 1, the Bookkeeper reported her own salary changes to the accounting firm 3 times during the period January 2017 through December 2020; however, no Board meeting minutes or other documentation were maintained/retained to support the changes. In addition, district officials did not retain complete personnel files for the district's 3 employees to document employee hire and termination dates and authorized compensation.

Written personnel policies are necessary to ensure equitable treatment of employees and prevent misunderstandings. Personnel files should at a minimum, contain documentation of the Board's authorization for hiring the employee, the employee's authorized pay rate, and any subsequent changes in pay rate. Continued Board vacancies and the lack of independent leadership and accountability contributed to the Board's failure to establish personnel policies and maintain personnel files.

5.4 Pay advances

The Bookkeeper issued herself pay advances on numerous occasions between January 2017 and March 2021, in violation of the Missouri Constitution. The Bookkeeper was to be paid at the end of each month for the time worked that month. However, checks were often issued prior to the end of the month in which services were provided. For example, 1 check for \$1,955 written on May 10, 2018, indicated on the check memo line that it was for "Payroll May" and another check for \$1,955 written on July 15, 2018, indicated on the check memo line that it was for "July Payroll." Both checks were issued in advance of the Bookkeeper working her required hours. No other employees received advance payments.

Advance payments are loans of district funds. The district had no statutory authority to make loans and Article VI, Sections 23 and 25 of the Missouri Constitution, specifically prohibit counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual. Some of these advance payments are included as part of the misappropriations noted in MAR finding number 1. Continued Board vacancies and the lack of independent leadership and accountability allowed payroll advances to occur without detection.



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

Recommendation

5.1 The Malden City Council ensure district payroll tax returns are filed and district payroll taxes are remitted to the IRS timely, and take immediate action to pay amounts due. In addition, the Bookkeeper's W-2 forms should be amended as appropriate.

Auditee's Response

5.1 *We will use our best efforts to ensure district payroll tax returns are filed and district payroll taxes are remitted to the IRS timely, and take immediate action to pay amounts due. In addition, we will make our best effort to have the Bookkeeper's W-2 forms amended as appropriate.*

6. Accounting Controls and Procedures

Accounting controls and procedures were not adequate. During the period January 1, 2017, through December 31, 2020, sewer district deposits totaled approximately \$800,000 and disbursements totaled approximately \$857,000.

6.1 Receipting, recording, and depositing

The district's procedures for receipting, recording, and depositing money were poor. As a result, money was not properly receipted, recorded, and deposited.

- The Bookkeeper did not issue receipt slips for sewer payments received or maintain/retain a comprehensive record of customer sewer payments. As a result, neither the completeness nor the composition of sewer payments received could be compared to the composition of deposits.
- The Bookkeeper did not deposit sewer payments intact or timely. For example, a check dated March 22, 2020, was not deposited until April 28, 2020, while other checks dated around this date were deposited on March 23, March 31, or April 14, 2020. For the 48-month period from January 2017 through December 2020, deposits were only made once a month in 7 months, and were only made twice a month in an additional 18 months.

Failure to implement adequate receipting, recording, and depositing procedures increased the risk that loss, theft, or misuse of money received would occur and go undetected. Continued Board vacancies and the lack of independent leadership and accountability contributed to the Board's failure to ensure the Bookkeeper was keeping proper accounting records and depositing receipts intact and timely.

6.2 Bank reconciliations, checks, and accounting records

The Bookkeeper did not prepare bank reconciliations for any of the district's bank accounts, maintain a checkbook register or book balances, or always issue checks in numerical order.

Bank reconciliations performed by someone independent of the receipting and disbursing functions would have helped ensure receipts and



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

disbursements were properly handled and recorded, and would have increased the likelihood errors were identified and corrected timely. Maintaining a checkbook register and book balance would have aided in preparing the monthly bank reconciliations and monitoring the bank balances. In addition, issuing checks in numerical sequence would have helped to properly account for all disbursements and reduce the risk of unauthorized transactions. Continued Board vacancies and the lack of independent leadership and accountability contributed to the Board not requiring the Bookkeeper to prepare bank reconciliations and a checkbook register or book balances, and issue checks in numerical order.

6.3 Board review and approval process

The Bookkeeper did not prepare a list of bills or monthly financial reports for Board review. During sworn testimony, 2 Board members indicated the Bookkeeper did not provide financial reports or bank statements for their review from 2018 to November 2020. In addition, as previously mentioned, these 2 Board members also indicated, in sworn testimony that they signed blank checks in advance and did not review related invoices when they signed checks.

The Board and the Bookkeeper also failed to monitor the sewer district's cash balances. As a result, the sewer district incurred \$1,664 in overdraft fees and \$35 in minimum balance fees between January 2017 and February 2021. Had the Board reviewed the bank statements, it could have identified and questioned the improper payments and the declining cash balances.

By approving all disbursements and reviewing supporting documentation, bank information, and canceled checks the Board could have helped safeguard against possible loss or misuse of funds and prevent bank account overdraft and minimum balance charges. Continued board vacancies and an overall lack of independent leadership and accountability contributed to the Board's failure to ensure necessary financial documentation was prepared and reviewed.

6.4 Sewer security deposits and transfers of restricted funds

The Bookkeeper did not maintain a listing of refundable customer security deposits to reconcile to balances held in the Deposit account. In addition, the Bookkeeper made 5 transfers between August 2017 and August 2019, totaling \$10,200, from the Deposit account to the district's General account. These transfers of restricted funds allowed some of the improper disbursements to continue to occur and not be detected.

The district collected \$100 security deposits from new sewer customers and deposited this money into the Deposit account. As noted in the Background section, the district provided a report to the city in March 2021 indicating the district had 253 customers. We estimated \$25,300 in total sewer security deposits should have been on hand (253 customers at \$100 each) in February 2021 in the Deposit account. However, as of February 8, 2021, the Deposit



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

account only had a balance of \$3,313, resulting in an estimated shortage of \$21,987. From September 18, 2019, to February 8, 2021, there was no activity in this account and the balance remained \$3,313.

Refundable sewer security deposits are restricted funds held for customers. Periodic reconciliation of customer security deposit balances to district accounting records would have helped ensure adequate funds were available for refunds and would have allowed for prompt detection of discrepancies. In addition, adequate documentation of the purpose of transfers and Board approval of the transfers prior to their execution would have helped ensure district funding was used for the intended purpose. Continued Board vacancies and the lack of independent leadership and accountability contributed to the lack of appropriate documentation and reconciliation of customer security deposits, and allowed the deposit shortages and inappropriate transfers of restricted money to go undetected.

6.5 Bond requirements

The Bookkeeper and Board did not make required bond payments and did not fund bond accounts in accordance with bond agreements.

Bond payments

As of March 1, 2021, the district owed \$15,620 to the USDA for 3 bonds because the authorized electronic monthly bond payments, totaling \$26,620, from October 2019 and March, April, May, and June 2020, were returned for insufficient funds. The district subsequently made payments towards the balance due but did not repay the full amount.

Bond funding requirements

The district did not fund the debt service reserves (Bond account) in accordance with the bond agreements and the Bookkeeper failed to make regular monthly payments to the Replacement account as required. The Bookkeeper also improperly transferred \$52,910 of funds from the Bond account to the General account.

The 2001 Series A bond agreement indicated the district was required to fund a debt service reserve with \$343 monthly payments until it was fully funded at \$41,160. The 2001 Series B bond agreement indicated the district was required to fund a debt service reserve with \$147 in monthly payments until it was fully funded at \$17,640. Both reserves should have been fully funded by 2012. The 2015 bond agreement indicated the district was required to fund a debt service reserve with \$91 in monthly payments until it was fully funded at \$10,920 in 2025. During 2017, the Bookkeeper deposited \$2,028 to the Bond account for debt service reserves, but also improperly transferred \$50,450 to the General account instead of retaining that money in the account as required. The Bookkeeper improperly transferred an additional \$2,460 from the account in 2018.



Dunklin County Sewer District
 Management Advisory Report - State Auditor's Findings

The following table reflects the district's cash balances in the Bond account (debt service reserves) compared to the required debt service reserves for the 3 bonds as of December 31, 2016, 2017, 2018, 2019, and 2020:

	Year Ended December 31,				
	2016	2017	2018	2019	2020
Bond account balance	\$ 50,691	2,269	5,816	10,336	10,352
Required balance for debt service reserves	60,438	61,530	62,622	63,714	64,806

The Bookkeeper also failed to sufficiently fund the Replacement account for replacement and extension requirements. Both 2001 bond agreements required the district to fund a replacement and extension account (Replacement account) with the same monthly payments (\$343 and \$147) after the debt service reserve was fully funded.

The following table reflects the cash balances in the Replacement account as compared to the required replacement and extension amounts¹⁷ at December 31, 2016, 2017, 2018, 2019, and 2020.

	Year Ended December 31,				
	2016	2017	2018	2019	2020
Replacement account balance	\$ 2,945	2,248	4,154	6,970	6,981
Required balance of replacement and extension	\$ 32,340	38,220	44,100	49,980	55,860

Conclusion

Failure to comply with bond agreements could have put the district's financing at risk. Continued Board vacancies and the lack of independent leadership and accountability within the district allowed the noncompliance with bond requirements to occur without detection.

6.6 Record retention

The Bookkeeper and Board President did not maintain/retain and turn over to the City of Malden meeting minutes, policies, manual receipt slips, financial reports, bank statements, and supporting documentation for disbursements. During recorded interviews, former Board members indicated that the Board did have meeting minutes and financial reports were presented to the Board during some meetings. However, district officials failed to turn these records over to the City of Malden or the SAO, and the records could not be located.

¹⁷ Amounts are calculated as the amount required if the district had fully funded the reserve accounts by 2012, as required.



Dunklin County Sewer District
Management Advisory Report - State Auditor's Findings

Record retention is necessary to ensure the validity of transactions and 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.¹⁸ It is unclear why records were not retained; however, the lack of records may have helped conceal the missing money and misappropriations discussed in MAR finding number 1.

¹⁸ Office of the Missouri Secretary of State Local Records Preservation Program, Missouri State Archives, *Missouri Local Government Records Management Guideline* <<https://www.sos.mo.gov/CMSImages/LocalRecords/MoLocGovRecMgmtGuides.pdf>>, accessed July 25, 2023.

Dunklin County Sewer District

Organization and Statistical Information

The Dunklin County Reorganized Sewer District No. 1 was a common sewer district organized and governed under Chapters 204 and 250, RSMo. The district was located in Malden, Missouri. The district was reorganized in 2012, and was later placed in receivership on March 5, 2021. The district served 253 customers in February 2021.

Board of Trustees and Personnel

The 3 Board members in place as of January 1, 2017, acted as the policy and decision making body for the district's operations until November 2020, when 2 Board members resigned, leaving the Board President and his wife, the Bookkeeper, to operate the district until a receiver was appointed by the court. Board members receive no compensation. Members of the Board and key personnel from January 2017 to November 2020, were:

Korey Adams, President
Darlene Schroepel, Board member
Yevgeny Sokolov, Board member

Jennifer Adams, Bookkeeper

Financial Activity

A summary of the district's financial activity obtained from bank statements for the years ended December 31, 2017, 2018, 2019, and 2020, follows.



Dunklin County Sewer District Organization and Statistical Information

Dunklin County Sewer District
Schedule of Receipts, Disbursements, and Changes in Cash
January 1, 2017, to December 31, 2020

		Year Ended December 31, 2017				
		General	Bond	Deposit	Replacement	Total
		Accounts (1)	Accounts (2)	Account	Account	Total
RECEIPTS						
	Receipts	\$ 162,438	28	1,500	3	163,969
	Transfers In	70,650	2,000	0	6,000	78,650
	Total Receipts	<u>233,088</u>	<u>2,028</u>	<u>1,500</u>	<u>6,003</u>	<u>242,619</u>
DISBURSEMENTS						
	Disbursements	230,200	0	1,740	0	231,940
	Transfers Out	13,500	50,450	8,000	6,700	78,650
	Total Disbursements	<u>243,700</u>	<u>50,450</u>	<u>9,740</u>	<u>6,700</u>	<u>310,590</u>
	RECEIPTS OVER(UNDER) DISBURSEMENTS	(10,612)	(48,422)	(8,240)	(697)	(67,971)
	CASH BALANCE, JANUARY 1, 2017	13,028	50,691	11,353	2,945	78,017
	CASH BALANCE, DECEMBER 31, 2017	<u>\$ 2,416</u>	<u>2,269</u>	<u>3,113</u>	<u>2,248</u>	<u>10,046</u>
		Year Ended December 31, 2018				
		General	Bond	Deposit	Replacement	Total
		Account (1)	Account (2)	Account	Account	Total
RECEIPTS						
	Receipts	\$ 175,657	7	1,900	6	177,570
	Transfers In	6,460	6,000	100	6,000	18,560
	Total Receipts	<u>182,117</u>	<u>6,007</u>	<u>2,000</u>	<u>6,006</u>	<u>196,130</u>
DISBURSEMENTS						
	Disbursements	159,719	0	360	0	160,079
	Transfers Out	12,000	2,460	0	4,100	18,560
	Total Disbursements	<u>171,719</u>	<u>2,460</u>	<u>360</u>	<u>4,100</u>	<u>178,639</u>
	RECEIPTS OVER(UNDER) DISBURSEMENTS	10,398	3,547	1,640	1,906	17,491
	CASH BALANCE, JANUARY 1, 2018	2,416	2,269	3,113	2,248	10,046
	CASH BALANCE, DECEMBER 31, 2018	<u>\$ 12,814</u>	<u>5,816</u>	<u>4,753</u>	<u>4,154</u>	<u>27,537</u>
		Year Ended December 31, 2019				
		General	Bond	Deposit	Replacement	Total
		Account (1)	Account (2)	Account	Account	Total
RECEIPTS						
	Receipts	\$ 146,608	20	800	16	147,444
	Transfers In	3,900	4,500	0	4,500	12,900
	Total Receipts	<u>150,508</u>	<u>4,520</u>	<u>800</u>	<u>4,516</u>	<u>160,344</u>
DISBURSEMENTS						
	Disbursements	152,293	0	40	0	152,333
	Transfers Out	9,000	0	2,200	1,700	12,900
	Total Disbursements	<u>161,293</u>	<u>0</u>	<u>2,240</u>	<u>1,700</u>	<u>165,233</u>
	RECEIPTS OVER(UNDER) DISBURSEMENTS	(10,785)	4,520	(1,440)	2,816	(4,889)
	CASH BALANCE, JANUARY 1, 2019	12,814	5,816	4,753	4,154	27,537
	CASH BALANCE, DECEMBER 31, 2019	<u>\$ 2,029</u>	<u>10,336</u>	<u>3,313</u>	<u>6,970</u>	<u>22,648</u>
		Year Ended December 31, 2020				
		General	Bond	Deposit	Replacement	Total
		Account (1)	Account (2)	Account	Account	Total
RECEIPTS						
	Receipts	\$ 201,615	16	0	11	201,642
	Transfers In	0	0	0	0	0
	Total Receipts	<u>201,615</u>	<u>16</u>	<u>0</u>	<u>11</u>	<u>201,642</u>
DISBURSEMENTS						
	Disbursements	202,646	0	0	0	202,646
	Transfers Out	0	0	0	0	0
	Total Disbursements	<u>202,646</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,646</u>
	RECEIPTS OVER(UNDER) DISBURSEMENTS	(1,031)	16	0	11	(1,004)
	CASH BALANCE, JANUARY 1, 2020	2,029	10,336	3,313	6,970	22,648
	CASH BALANCE, DECEMBER 31, 2020	<u>\$ 998</u>	<u>10,352</u>	<u>3,313</u>	<u>6,981</u>	<u>21,644</u>

- (1) The district changed banks twice from January 1, 2017, through December 31, 2020, resulting in the usage of 4 different general accounts over that time period. The General Account shown includes activity from all 4 general accounts.
- (2) The district had a Bond account and a Bond Reserve account; however, the Bond Reserve account had no activity. Therefore, we combined the 2 accounts to reflect the total amount on hand for debt service reserves.

Dunklin County Sewer District

Supporting Documentation of Missing and/or Misappropriated Money

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

Appendix	Type of Supporting Documentation
A	State Auditor Subpoenas - Jennifer Adams
B	State Auditor Subpoenas - Korey Adams
C	State Auditor Subpoenas - Darlene Schroepfel
D	State Auditor Subpoenas - Yevgeny Sokolov
E	State Auditor Subpoenas - John Blackiston
F	State Auditor Subpoenas - Ryan Blankinship
G	Jennifer Adams Repayment Agreement
H	Payroll Overpayments to Bookkeeper
I	Unsupported and Questionable Payments to the Board President and Bookkeeper
J	Undeposited Sewer Security Deposits



OFFICE OF MISSOURI STATE AUDITOR


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.

SUBPOENA

To: Jennifer Adams
[Redacted]

YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Meghan Luecke, Deputy General Counsel, Pamela Allison, Audit Manager, and James Kayser, Auditor In Charge, at the Dunklin County Library, 1203 Stokelan Dr., Malden, MO 63863, at 10 a.m. on August 16, 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.

ISSUED this 28th 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 _____ on this ____ day of _____, 2022.

This subpoena was served on August 4, 2022 by a process serving company. See affidavit page.



Appendix A
Dunklin County Sewer District
State Auditor Subpoenas - Jennifer Adams



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 Dunklin County Sewer District from January 1, 2015 through March 31, 2021 .

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members during the board meetings, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.

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 A
 Dunklin County Sewer District
 State Auditor Subpoenas - Jennifer Adams

AFFIDAVIT OF SERVICE

State of Missouri County of Office of Missouri State Auditor Court

Case Number: _____

Received by HPS Process Service & Investigations to be served on Jennifer Adams, [REDACTED] I, Randy Stone, being duly sworn, depose and say that on the 7 day of August, 2022 at 6:47 .m., executed service by delivering a true copy of the Subpoena and Exhibit A in accordance with state statutes in the manner marked below:

- INDIVIDUAL SERVICE: Served the above-named person.
- SUBSTITUTE RESIDENTIAL SERVICE: By delivering the service package to _____, as _____, at the above-named person's dwelling place or usual place of abode.
- OTHER SERVICE: As described in the Comments below.
- NON SERVICE: For the reason detailed in the Comments below.
- MILITARY SERVICE: () YES _____ BRANCH () NO

COMMENTS: [REDACTED]

I certify that I have no interest in the above action, am of legal age and have proper authority in the jurisdiction in which this service was made. I declare under penalty of perjury that the foregoing is true and correct.

Subscribed and Sworn to before me on the 8 day of August, 2022 by the affiant who is personally known to me.

Roxanne Stone
 NOTARY PUBLIC

[Signature]
 PROCESS SERVER #
 Appointed in accordance with State Statutes

HPS Process Service & Investigations
 www.hpsprocess.com
 1669 Jefferson
 Kansas City, MO 64108
 (800) 796-9559

Our Job Serial Number: 2022013228





Appendix A
 Dunklin County Sewer District
 State Auditor Subpoenas - Jennifer Adams



Office of Missouri State Auditor

SUBPOENA

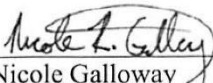
To: Jennifer Adams



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representative, James Kayser, at the Springfield State Office Building, 143 Park Central Square, Springfield, MO. 65806, at 12 p.m. on Tuesday, September 6, 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 James Kayser at 143 Park Central Square, Springfield, MO. 65806, or email the records to james.kayser@auditor.mo.gov.

ISSUED this 17th day of August, 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 IN PERSON on this 22 day of AUGUST, 2022.





Appendix A
Dunklin County Sewer District
State Auditor Subpoenas - Jennifer Adams



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 Dunklin County Sewer District for the time period of January 2015 through March 2021.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.
4. Any and all documents related to your testimony during the interview held on August 22, 2022.

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
Dunklin County Sewer District
State Auditor Subpoenas - Korey Adams



OFFICE OF MISSOURI STATE AUDITOR

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.


SUBPOENA

To: **Korey Adams**
Former Board Trustee



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Meghan Luecke, Deputy General Counsel, Pamela Allison, Audit Manager, and James Kayser, Auditor In Charge, at the Dunklin County Library, 1203 Stokelan Dr., Malden, MO 63863, at 10 a.m. on August 16, 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.

ISSUED this 28th 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 _____ on this ____ day of _____, 2022.

This subpoena was served on August 4, 2022 by a process serving company. See affidavit page.



Appendix B
Dunklin County Sewer District
State Auditor Subpoenas - Korey Adams



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 Dunklin County Sewer District from January 1, 2015 through March 31, 2021 .

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members during the board meetings, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.

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
 Dunklin County Sewer District
 State Auditor Subpoenas - Korey Adams

AFFIDAVIT OF SERVICE

State of Missouri County of Office of Missouri State Auditor Court
 Case Number: _____

Received by HPS Process Service & Investigations to be served on **Korey Adams, Former Board Trustee**, [REDACTED] on the 4 day of August, 2022 at 6:30 a.m., executed service by delivering a true copy of the Subpoena and Exhibit A in accordance with state statutes in the manner marked below:

- INDIVIDUAL SERVICE: Served the above-named person.
- SUBSTITUTE RESIDENTIAL SERVICE:** By delivering the service package to Dannette Adams, as Spouse, at the above-named person's dwelling place or usual place of abode.
- OTHER SERVICE: As described in the Comments below.
- NON SERVICE: For the reason detailed in the Comments below.
- MILITARY SERVICE: () YES BRANCH () NO

COMMENTS: [REDACTED]

I certify that I have no interest in the above action, am of legal age and have proper authority in the jurisdiction in which this service was made. I declare under penalty of perjury that the foregoing is true and correct.

Subscribed and Sworn to before me on the 4 day of August, 2022 by the affiant who is personally known to me.

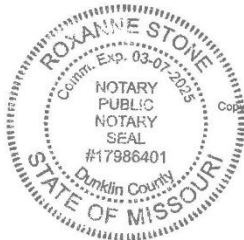
Roxanne Stone
 NOTARY PUBLIC

[Signature]

PROCESS SERVER # _____
 Appointed in accordance with State Statutes

HPS Process Service & Investigations
 www.hpsprocess.com
 1669 Jefferson
 Kansas City, MO 64108
 (800) 796-9559

Our Job Serial Number: 2022013229



Copyright © 1992-2022 Database Services, Inc. - Process Server's Toolbox V8.2i



Appendix B
Dunklin County Sewer District
State Auditor Subpoenas - Korey Adams



Office of Missouri State Auditor

SUBPOENA

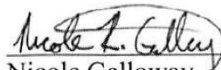
To: **Korey Adams**
Former Board Trustee



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representative, James Kayser, at the Springfield State Office Building, 143 Park Central Square, Springfield, MO. 65806, at 1 p.m. on Tuesday, September, 6 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 James Kayser at 143 Park Central Square, Springfield, MO. 65806, or email the records to james.kayser@auditor.mo.gov.

ISSUED this 17th day of August, 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 IN PERSON on this 22 day of AUGUST, 2022.



Paula Allen



Appendix B
Dunklin County Sewer District
State Auditor Subpoenas - Korey Adams



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 Dunklin County Sewer District for the time period of January 2015 through March 2021.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.
4. Any and all documents related to your testimony during the interview held on August 22, 2022.

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.



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

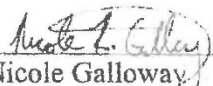
SUBPOENA

To: **Darlene Schroepfel**
Former Board Trustee



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Meghan Luecke, Deputy General Counsel, and James Kayser, Auditor in Charge, at the Dunklin County Library, 1203 Stokelan Dr., Malden, MO 63863, at 12 p.m. on August 1, 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.

ISSUED this 12th 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 In Person on this 19 day of July, 2022.





Appendix C
Dunklin County Sewer District
State Auditor Subpoenas - Darlene Schroepfel

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 Dunklin County Sewer District.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members during the board meetings, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.

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 C
 Dunklin County Sewer District
 State Auditor Subpoenas - Darlene Schroepfel



OFFICE OF MISSOURI STATE AUDITOR

SUBPOENA

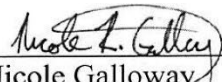
**To: Darlene Schroepfel
 Former Board Trustee**



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representative, James Kayser, at the Springfield State Office Building, 143 Park Central Square, Springfield, MO. 65806, at 11 a.m. on August 15, 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 James Kayser at 143 Park Central Square, Springfield, MO. 65806, or email the records to james.kayser@auditor.mo.gov.

ISSUED this 28th 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 HAND DELIVERY on this 1st 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 Dunklin County Sewer District for the time period of January 2015 through March 2021.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.
4. Any and all documents related to your testimony during the interview held on August 1, 2022.

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 D
Dunklin County Sewer District
State Auditor Subpoenas - Yevgeny Sokolov



OFFICE OF MISSOURI STATE AUDITOR

SUBPOENA

To: Yevgeny Sokolov
Former Board Trustee



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.

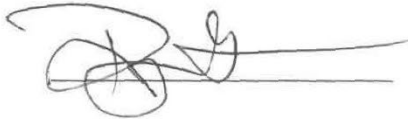
YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Meghan Luecke, Deputy General Counsel, and James Kayser, Auditor in Charge, at the Dunklin County Library, 1203 Stokelan Dr., Malden, MO 63863, at 2 p.m. on August 1, 2022, for purposes of providing testimony and producing for examination, copying, and interrogation the records and documents described in Exhibit A attached to this Subpoena.

ISSUED this 12th 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 Fa Person on this 18 day of July, 2022.





Appendix D
Dunklin County Sewer District
State Auditor Subpoenas - Yevgeny Sokolov

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 Dunklin County Sewer District.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members during the board meetings, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.

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.



OFFICE OF MISSOURI STATE AUDITOR

SUBPOENA

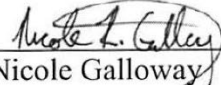
To: Yevgeny Sokolov
Former Board Trustee



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representative, James Kayser, at the Springfield State Office Building, 143 Park Central Square, Springfield, MO. 65806, at 12 p.m. on August 15, 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 James Kayser at 143 Park Central Square, Springfield, MO. 65806, or email the records to james.kayser@auditor.mo.gov.

ISSUED this 28th 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 HANS BREUNER on this 1st 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 Dunklin County Sewer District for the time period of January 2015 through March 2021.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.
4. Any and all documents related to your testimony during the interview held on August 1, 2022.

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 E
Dunklin County Sewer District
State Auditor Subpoenas - John Blackiston

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

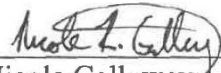
SUBPOENA

To: **John Blackiston**
Former Board Trustee



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Meghan Luecke, Deputy General Counsel, and James Kayser, Auditor in Charge, at the Dunklin County Library, 1203 Stokelan Dr., Malden, MO 63863, at 10 a.m. on August 1, 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.

ISSUED this 13th 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 In Person on this 18 day of July, 2022.



Appendix E
Dunklin County Sewer District
State Auditor Subpoenas - John Blackiston

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 Dunklin County Sewer District.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members during the board meetings, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.

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 E
 Dunklin County Sewer District
 State Auditor Subpoenas - John Blackiston



OFFICE OF MISSOURI STATE AUDITOR

SUBPOENA

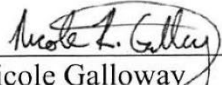
To: **John Blackiston**
Former Board Trustee



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor at the Springfield State Office Building, 143 Park Central Square, Springfield, MO. 65806, at 10 a.m. on Monday, August 15, 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 James Kayser at 143 Park Central Square, Springfield, MO. 65806, or email the records to james.kayser@auditor.mo.gov.

ISSUED this 28th 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 DEUSCH on this 1st 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 Dunklin County Sewer District for the time period of January 2015 through March 2021.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.
4. Any and all documents related to your testimony during the interview held on August 1, 2022.

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 F
 Dunklin County Sewer District
 State Auditor Subpoenas - Ryan Blankinship

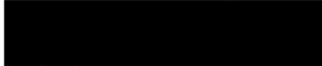
Information of a personal, privileged, or sensitive nature, and/or information that is not directly related to the information requested in the subpoena has been redacted.



OFFICE OF MISSOURI STATE AUDITOR

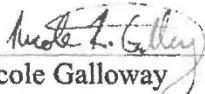
SUBPOENA

To: **Ryan Blankinship**



YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representatives, Meghan Luecke, Deputy General Counsel, and James Kayser, Auditor in Charge, at the Dunklin County Library, 1203 Stokelan Dr., Malden, MO 63863, at 4 p.m. on August 1, 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.

ISSUED this 12th 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 In Person on this 19 day of July, 2022.





Appendix F
Dunklin County Sewer District
State Auditor Subpoenas - Ryan Blankinship

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 Dunklin County Sewer District.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all board minutes and financial statements given to board members during the board meetings, which pertain to the Dunklin County Sewer District.
3. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.

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 F
 Dunklin County Sewer District
 State Auditor Subpoenas - Ryan Blankinship



OFFICE OF MISSOURI STATE AUDITOR

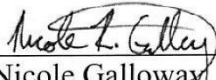
SUBPOENA

To: Ryan Blankinship
 [REDACTED]
 [REDACTED]

YOU ARE COMMANDED AND REQUIRED to appear personally before the State Auditor or her representative, James Kayser, at the Springfield State Office Building, 143 Park Central Square, Springfield, MO. 65806, at 1 p.m. on August 15, for purposes of providing testimony and producing for examination, copying, and interrogation the records and documents described in Exhibit A attached to this Subpoena.

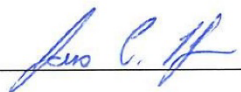
In lieu of appearance, you may ship the records responsive to this subpoena to the Missouri State Auditor to the attention of James Kayser at 143 Park Central Square, Springfield, MO. 65806, or email the records to james.kayser@auditor.mo.gov.

ISSUED this 28th 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 HAND DELIVERY on this 1st 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 Dunklin County Sewer District for the time period of January 2015 through March 2021.

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

1. Any and all payroll records, timesheets, and invoices related to the Dunklin County Sewer District.
2. Any and all copies of regulations, rules, procedures, and policies related to the Dunklin County Sewer District.
3. Any and all documents related to your testimony during the interview held on August 1, 2022.

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 G
Dunklin County Sewer District
Jennifer Adams Repayment Agreement

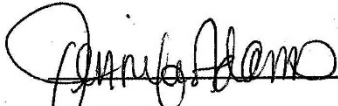
PAYMENT AGREEMENT

I, Jennifer Adams, promise to pay to the order of Dunklin Country Sewer District #1 the amount of \$27,892.12 within one year from which this contract is signed and dated by both parties. These monies are due to Dunklin County Sewer District #1 for overpayment of services rendered.

The agreement is to pay at least \$1,200.00 monthly with a balloon payment of \$13,492.12 if not paid within the 12 month period.


I understand that if payments are not made and note paid in full by the due date, said agreement will be turned over to an attorney for collection and or prosecution.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by all parties involved.




Jennifer Adams

4/14/18
Date




Korey Adams, President

4-14-18
Date



Yevgeny Sokolov, Board Member

4-14-18
Date



Darlene Schroepel, Secretary

4/14/18
Date

Appendix H
Dunklin County Sewer District
Payroll Overpayments to Bookkeeper
January 1, 2017, through March 5, 2021

Check Date	Check Number	Amount	Purpose as Shown on Check Memo Line, if Provided	(1) Check Signer	Amounts That Should Have Been Paid	Overpayments	Less Amount Repaid	Net Overpayments
01/03/2017	3477	\$ 1,000.00		Yevgeny Sokolov				
01/09/2017	3478	755.22		Yevgeny Sokolov				
01/19/2017	3481	1,000.00		Yevgeny Sokolov				
01/23/2017	3484	755.22		Yevgeny Sokolov				
02/01/2017	3491	130.00		Yevgeny Sokolov				
02/05/2017	3492	1,755.22		Yevgeny Sokolov				
02/15/2017	3498	1,255.22		Yevgeny Sokolov				
02/28/2017	3503	1,755.22		Yevgeny Sokolov				
03/21/2017	3508	1,755.22	payroll	Yevgeny Sokolov				
03/28/2017	3512	550.00		Yevgeny Sokolov				
04/04/2017	3515	1,755.22		Yevgeny Sokolov				
04/20/2017	3519	1,755.22		Yevgeny Sokolov				
04/24/2017	3521	270.00		Yevgeny Sokolov				
04/30/2017	3526	755.22		Yevgeny Sokolov				
05/08/2017	3528	1,022.50		Yevgeny Sokolov				
05/19/2017	3532	1,755.22		Yevgeny Sokolov				
05/24/2017	3537	1,755.22		Yevgeny Sokolov				
06/13/2017	3551	1,755.22		Yevgeny Sokolov				
06/28/2017	3556	1,755.22		Yevgeny Sokolov				
07/20/2017	3563	1,755.22	~	(2) Yevgeny Sokolov				
07/27/2017	3566	1,755.00		Yevgeny Sokolov				
08/11/2017	3572	1,755.22		Yevgeny Sokolov				
08/25/2017	3576	922.55		Yevgeny Sokolov				
09/11/2017	3580	1,755.22		Yevgeny Sokolov				
09/18/2017	3583	456.00	~	(2) Yevgeny Sokolov				
09/26/2017	3587	1,750.00		Yevgeny Sokolov				
10/04/2017	3594	475.25		Yevgeny Sokolov				
10/10/2017	3595	1,755.22		Yevgeny Sokolov				
10/13/2017	3598	240.00		Yevgeny Sokolov				
10/19/2017	3601	120.00	Phn Reimburse	Yevgeny Sokolov				
10/19/2017	3602	866.41		Yevgeny Sokolov				
10/30/2017	3603	1,755.22		Yevgeny Sokolov				
11/12/2017	3609	1,955.22		Darlene Schroepfel				
11/19/2017	3613	877.50		Yevgeny Sokolov				
11/29/2017	3617	905.46		Yevgeny Sokolov				
11/30/2017	3620	450.00	Xmas Bonus & Mileage	Yevgeny Sokolov				
12/08/2017	3622	1,855.22		Yevgeny Sokolov				
12/11/2017	3624	410.00		Yevgeny Sokolov				
12/18/2017	3627	906.00		Yevgeny Sokolov				

Appendix H
Dunklin County Sewer District
Payroll Overpayments to Bookkeeper
January 1, 2017, through March 5, 2021

Check Date	Check Number	Amount	Purpose as Shown on Check Memo Line, if Provided	(1) Check Signer	Amounts That Should Have Been Paid	Overpayments	Less Amount Repaid	Net Overpayments
12/26/2017	3630	906.98		Yevgeny Sokolov				
Total 2017		<u>46,918.05</u>			<u>16,119.00</u> (3)	<u>30,799.05</u>	<u>0.00</u>	<u>30,799.05</u>
01/02/2017 (4)	3634	927.61		Yevgeny Sokolov				
01/10/2018	3636	1,026.55		Yevgeny Sokolov				
01/16/2018	3638	755.22		Yevgeny Sokolov				
01/25/2017 (4)	3642	1,755.22		Yevgeny Sokolov				
02/11/2018	3652	1,855.22		Darlene Schroepfel				
02/26/2018	3656	1,022.55		Darlene Schroepfel				
03/15/2018	3676	1,727.55		Darlene Schroepfel				
03/15/2018	3677	227.67		Darlene Schroepfel				
04/10/2018	3679	1,727.55		Darlene Schroepfel				
04/10/2018	3680	227.67		Darlene Schroepfel				
05/10/2018	3690	1,955.22	Payroll May	Darlene Schroepfel				
06/15/2018	3700	1,955.22		Darlene Schroepfel				
07/07/2018	3715 (5)	1,955.22		Yevgeny Sokolov				
07/15/2018	3705	1,955.22	July Payroll	Yevgeny Sokolov				
09/01/2018	3731	1,955.22	Monthly Payroll	Yevgeny Sokolov				
10/01/2018	3746	1,955.22		Yevgeny Sokolov				
10/31/2018	3755	1,955.22		Darlene Schroepfel				
12/01/2018	3761	1,955.22		Darlene Schroepfel				
12/30/2018	3772	1,955.22	Dec Payroll	Yevgeny Sokolov				
Total 2018		<u>28,849.79</u>			<u>16,119.00</u> (3)	<u>12,730.79</u>	<u>(5,200.00)</u> (6)	<u>7,530.79</u>
01/29/2019	3783	1,955.22	Payroll	Yevgeny Sokolov				
03/01/2019	3795	1,955.22	Payroll	Yevgeny Sokolov				
03/29/2019	3800	1,955.22		Yevgeny Sokolov				
04/30/2019	3809	1,955.22	April Payroll	Yevgeny Sokolov				
05/30/2019	3817	1,955.22	Payroll	Yevgeny Sokolov				
06/28/2019	3828	1,955.22	Payroll	Yevgeny Sokolov				
07/21/2019	3840	1,955.22		Yevgeny Sokolov				
(7)	3850	1,955.22	August Billing	Yevgeny Sokolov				
09/27/2019	3860	1,955.02		Yevgeny Sokolov				
10/24/2019	(8)	1,955.02		Darlene Schroepfel				
11/20/2019	1018	1,955.22	Payroll 11/30	Yevgeny Sokolov				
12/16/2019	1024	1,955.22		Darlene Schroepfel				
Total 2019		<u>23,462.24</u>			<u>16,119.00</u> (3)	<u>7,343.24</u>	<u>0.00</u>	<u>7,343.24</u>
01/28/2020	1039	1,955.22		Darlene Schroepfel				
02/27/2020	1045	1,955.22		Darlene Schroepfel				

Appendix H
Dunklin County Sewer District
Payroll Overpayments to Bookkeeper
January 1, 2017, through March 5, 2021

Check Date	Check Number	Amount	Purpose as Shown on Check Memo Line, if Provided	(1) Check Signer	Amounts That Should Have Been Paid	Overpayments	Less Amount Repaid	Net Overpayments
03/20/2020	(8)	1,980.72	Payroll & Reimbursement	Korey Adams				
04/29/2020	1004 (5)	1,955.22	Payroll	Korey Adams				
05/26/2020	1013	1,955.22		Korey Adams				
06/22/2020	1023	1,955.02		Korey Adams				
07/20/2020	1033	1,955.22		Korey Adams				
08/28/2020	1047	1,955.22	August Payroll	Korey Adams				
09/24/2020	1050	1,955.22	Payroll	Korey Adams				
10/17/2020	1056	1,955.22		Korey Adams				
11/24/2020	1069	1,955.22	Payroll	Korey Adams				
12/18/2020	1080	1,955.22		Korey Adams				
Total 2020		<u>23,487.94</u>			<u>16,119.00</u> (3)	<u>7,368.94</u>	<u>0.00</u>	<u>7,368.94</u>
01/14/2021	1095	1,955.22	Payroll	Korey Adams				
02/03/2021	1106	1,055.22	Partial Pay	Korey Adams				
02/06/2021	1109	900.00		Korey Adams				
Total 2021		<u>3,910.44</u>			<u>2,903.15</u> (3)	<u>1,007.29</u>	<u>0.00</u>	<u>1,007.29</u>
	Total \$	<u><u>126,628.46</u></u>			<u><u>67,379.15</u></u>	<u><u>59,249.31</u></u>	<u><u>(5,200.00)</u></u>	<u><u>54,049.31</u></u>

- (1) Yevgeny Sokolov and Darlene Schroepfel were Board members, and Korey Adams was the Board President and husband of the Bookkeeper.
- (2) The canceled check memo line, notated by a ~ symbol, was not legible and the wording is unknown.
- (3) The Bookkeeper's monthly gross salary should have been \$1,500 and was \$1,343.25 after deductions or \$16,119 annually. We prorated the Bookkeeper's salary for the period January 1 to March 5, 2021.
- (4) The date recorded on the check showed the year as 2017. However, this appears to be an error, and the year should be 2018.
- (5) Check was issued out of order.
- (6) The Bookkeeper repaid the district \$5,200 in 2018 as part of the repayment agreement.
- (7) No date was recorded on the check. It cleared the district's bank account on August 27, 2019.
- (8) A counter/starter check was used that did not contain a check number.

Appendix I
Dunklin County Sewer District
Unsupported and Questionable Payments to the Board President and Bookkeeper
January 1, 2017, through March 5, 2021

Checks Issued to Board President as Shown on Canceled Checks

Check Date	Check Number	Amount	(1) Purpose as Shown in Check Memo Line, if Provided	(2) Check Signor
01/29/2017	3486	\$ 120.00		Yevgeny Sokolov
03/21/2017	3509	90.00		Yevgeny Sokolov
04/29/2017	3525	120.00	cell phone	Yevgeny Sokolov
07/09/2017	3559	120.00		Yevgeny Sokolov
08/01/2017	3570	150.00	cell & ink	Yevgeny Sokolov
09/12/2017	3582	90.00	~	(3) Yevgeny Sokolov
10/13/2017	3597	120.00		Yevgeny Sokolov
11/01/2017	3605	90.00	cell phone	Yevgeny Sokolov
11/19/2017	3612	180.00	cell phone reimbursement	Yevgeny Sokolov
12/11/2017	3623	180.00	~	(3) Yevgeny Sokolov
12/27/2017	3629	180.00	phone reimbursement	Yevgeny Sokolov
	Total 2017	<u>1,440.00</u>		
02/05/2018	3650	380.00	phone & mileage	Yevgeny Sokolov
07/07/2018	3718	100.00	Mileage Att and phone	Yevgeny Sokolov
09/10/2018	3734	145.42	phone/mileage to attorney/Locks reimburse	Yevgeny Sokolov
10/02/2018	3748	149.80	phone & reimbursement for attorney	Yevgeny Sokolov
11/15/2018	3758	122.36		Darlene Schroepfel
	Total 2018	<u>897.58</u>		
01/29/2019	3784	120.00	cell reimbursement	Yevgeny Sokolov
04/29/2019	3808	180.00	cell phone Feb 2019-April	Yevgeny Sokolov
06/12/2019 (4)	3822	257.00	3 mons phone & mileage to ~	(3) Yevgeny Sokolov
08/05/2019	3844	120.00	cellphone	Darlene Schroepfel
08/29/2019	3803 (5)	149.00	Sept phone & mileage to attorney	Yevgeny Sokolov
10/16/2019	(6)	100.00	paid for mowing cell phone	Darlene Schroepfel
11/15/2019	1004	110.00	60ph/10water/40mowing	Darlene Schroepfel
	Total 2019	<u>1,036.00</u>		
04/13/2020	(6)	240.23	Feb-April phone 60.23 Walmart	Korey Adams
06/01/2020	1017	120.00	May & June Phone Service	Korey Adams
09/29/2020	1051	120.00	Cellphone Sept Oct	Korey Adams
12/23/2020	1085	180.00	Phone Service	Korey Adams
	Total 2020	<u>660.23</u>		
01/29/2021	1105	120.00	cellphone 2 months	Korey Adams
	Total 2021	<u>120.00</u>		
	Total	<u>\$ 4,153.81</u>		

Appendix I is continued to the next page.

Appendix I
 Dunklin County Sewer District
 Unsupported and Questionable Payments to the Board President and Bookkeeper
 January 1, 2017, through March 5, 2021

Checks Issued to Bookkeeper as Shown on Canceled Checks

Check Date	Check Number	Amount	(1) Purpose as Shown in Check Memo Line, if Provided	(2) Check Signor
08/09/2017	3571	\$ 99.00	ink reimburse	Yevgeny Sokolov
08/05/2019	3845	59.00	Supplies for Shed	Darlene Schroepfel
11/15/2020	1066	255.00	~ Pay Myself/gas ~ /Glory Walker	(3) Korey Adams
	Total	\$ <u>413.00</u>		

- (1) These details are presented as listed on the canceled checks.
- (2) Yevgeny Sokolov and Darlene Schroepfel were Board members, and Korey Adams was the Board President and husband of the Bookkeeper.
- (3) The canceled check memo line, notated by a ~ symbol, was not legible and the wording is unknown.
- (4) The date recorded on the check shows the year as 2015. However, this appears to be an error and the year should be 2019.
- (5) Check was issued out of order.
- (6) A counter/starter check was used that did not contain a check number as a result of the district changing banks. The district changed banks in October 2019 and again in March 2020.

Appendix J
Dunklin County Sewer District
Undeposited Sewer Security Deposits
January 1, 2017, through December 31, 2019

Deposit Date	Recorded Cash Receipts	Recorded Check and Money Order Receipts	(1) Receipts Recorded on		Total Receipts	Cash Deposited	Checks and Money Orders Deposited		(1) Total Undeposited Over(Under)
			Deposit Slips with Unknown Method of Payment	(2) Unrecorded Cash, Checks, and Money Orders			Total Deposited	Total Deposited	
01/24/17	\$ 0.00	0.00	0.00	6,437.14	6,437.14	0.00	6,437.14	6,437.14	0.00
January 2017	0.00	0.00	0.00	6,437.14	6,437.14	0.00	6,437.14	6,437.14	0.00
02/07/17	0.00	0.00	0.00	7,489.39	7,489.39	0.00	7,489.39	7,489.39	0.00
02/15/17	0.00	0.00	0.00	5,590.40	5,590.40	0.00	5,590.40	5,590.40	0.00
02/17/17	0.00	0.00	0.00	3,344.00	3,344.00	0.00	3,344.00	3,344.00	0.00
February 2017	0.00	0.00	0.00	16,423.79	16,423.79	0.00	16,423.79	16,423.79	0.00
03/15/17	0.00	0.00	400.00	8,070.09	8,470.09	0.00	8,270.09	8,270.09	(200.00)
03/31/17	0.00	0.00	100.00	8,490.83	8,590.83	0.00	8,590.83	8,590.83	0.00
March 2017	0.00	0.00	500.00	16,560.92	17,060.92	0.00	16,860.92	16,860.92	(200.00)
04/20/17	0.00	0.00	100.00	4,696.70	4,796.70	0.00	4,796.70	4,796.70	0.00
April 2017	0.00	0.00	100.00	4,696.70	4,796.70	0.00	4,796.70	4,796.70	0.00
05/05/17	0.00	0.00	0.00	7,397.51	7,397.51	0.00	7,397.51	7,397.51	0.00
05/10/17	0.00	0.00	0.00	7,030.13	7,030.13	0.00	7,030.13	7,030.13	0.00
05/11/17	0.00	0.00	0.00	4,056.00	4,056.00	0.00	4,056.00	4,056.00	0.00
05/19/17	0.00	0.00	0.00	2,353.40	2,353.40	0.00	2,353.40	2,353.40	0.00
05/22/17	0.00	0.00	0.00	2,002.23	2,002.23	0.00	2,002.23	2,002.23	0.00
05/30/17	0.00	0.00	0.00	3,098.42	3,098.42	0.00	3,098.42	3,098.42	0.00
05/31/17	0.00	0.00	0.00	548.60	548.60	0.00	548.60	548.60	0.00
May 2017	0.00	0.00	0.00	26,486.29	26,486.29	0.00	26,486.29	26,486.29	0.00
06/15/17	0.00	0.00	0.00	5,750.61	5,750.61	0.00	5,750.61	5,750.61	0.00
06/23/17	0.00	0.00	0.00	5,586.25	5,586.25	0.00	5,586.25	5,586.25	0.00
June 2017	0.00	0.00	0.00	11,336.86	11,336.86	0.00	11,336.86	11,336.86	0.00
07/18/17	0.00	0.00	200.00	7,061.40	7,261.40	0.00	7,161.40	7,161.40	(100.00)
07/27/17	0.00	0.00	100.00	4,829.60	4,929.60	0.00	4,929.60	4,929.60	0.00

Appendix J
Dunklin County Sewer District
Undeposited Sewer Security Deposits
January 1, 2017, through December 31, 2019

Deposit Date	Recorded Cash Receipts	Recorded Check and Money Order Receipts	(1) Receipts Recorded on	(2) Unrecorded	Total Receipts	Cash Deposited	Checks and Money Orders Deposited		(1) Total Undeposited Over(Under)
			Deposit Slips with Unknown Method of Payment	Cash, Checks, and Money Orders			Total Deposited	Total Deposited	
July 2017	0.00	0.00	300.00	11,891.00	12,191.00	0.00	12,091.00	12,091.00	(100.00)
08/15/17	0.00	0.00	0.00	8,046.95	8,046.95	0.00	8,046.95	8,046.95	0.00
08/31/17	0.00	0.00	0.00	10,061.89	10,061.89	0.00	10,061.89	10,061.89	0.00
August 2017	0.00	0.00	0.00	18,108.84	18,108.84	0.00	18,108.84	18,108.84	0.00
09/19/17	0.00	0.00	0.00	1,991.80	1,991.80	0.00	1,991.80	1,991.80	0.00
09/27/17	0.00	0.00	0.00	10,542.25	10,542.25	0.00	10,542.25	10,542.25	0.00
September 2017	0.00	0.00	0.00	12,534.05	12,534.05	0.00	12,534.05	12,534.05	0.00
10/31/17	0.00	0.00	0.00	6,647.98	6,647.98	0.00	6,647.98	6,647.98	0.00
October 2017	0.00	0.00	0.00	6,647.98	6,647.98	0.00	6,647.98	6,647.98	0.00
11/14/17	0.00	0.00	0.00	4,897.00	4,897.00	0.00	4,897.00	4,897.00	0.00
11/15/17	0.00	0.00	100.00	5,004.52	5,104.52	0.00	5,004.52	5,004.52	(100.00)
11/27/17	0.00	0.00	0.00	7,181.68	7,181.68	0.00	7,181.68	7,181.68	0.00
November 2017	0.00	0.00	100.00	17,083.20	17,183.20	0.00	17,083.20	17,083.20	(100.00)
12/15/17	0.00	0.00	200.00	7,859.25	8,059.25	0.00	8,059.25	8,059.25	0.00
12/27/17	0.00	0.00	0.00	4,432.27	4,432.27	0.00	4,432.27	4,432.27	0.00
December 2017	0.00	0.00	200.00	12,291.52	12,491.52	0.00	12,491.52	12,491.52	0.00
Total 2017	0.00	0.00	1,200.00	160,498.29	161,698.29	0.00	161,298.29	161,298.29	(400.00)
01/16/18	0.00	0.00	0.00	3,266.55	3,266.55	0.00	3,266.55	3,266.55	0.00
01/16/18	0.00	0.00	0.00	7,014.11	7,014.11	0.00	7,014.11	7,014.11	0.00
01/30/18	0.00	0.00	200.00	7,368.94	7,568.94	0.00	7,568.94	7,568.94	0.00
January 2018	0.00	0.00	200.00	17,649.60	17,849.60	0.00	17,849.60	17,849.60	0.00
02/14/18	0.00	0.00	0.00	3,277.50	3,277.50	0.00	3,277.50	3,277.50	0.00
02/15/18	0.00	0.00	0.00	7,200.31	7,200.31	0.00	7,200.31	7,200.31	0.00
February 2018	0.00	0.00	0.00	10,477.81	10,477.81	0.00	10,477.81	10,477.81	0.00

Appendix J
Dunklin County Sewer District
Undeposited Sewer Security Deposits
January 1, 2017, through December 31, 2019

Deposit Date	Recorded Cash Receipts	Recorded Check and Money Order Receipts	(1) Receipts Recorded on		Total Receipts	Cash Deposited	Checks and Money Orders Deposited		(1) Total Undeposited Over(Under)
			Deposit Slips with Unknown Method of Payment	(2) Unrecorded Cash, Checks, and Money Orders			Total Deposited	Total Deposited	
03/05/18	0.00	0.00	0.00	7,005.95	7,005.95	0.00	7,005.95	7,005.95	0.00
03/07/18	0.00	0.00	0.00	2,429.80	2,429.80	0.00	2,429.80	2,429.80	0.00
03/14/18	0.00	0.00	0.00	3,822.00	3,822.00	0.00	3,822.00	3,822.00	0.00
03/27/18	0.00	0.00	100.00	10,473.48	10,573.48	0.00	10,573.48	10,573.48	0.00
March 2018	0.00	0.00	100.00	23,731.23	23,831.23	0.00	23,831.23	23,831.23	0.00
04/11/18	0.00	0.00	100.00	7,492.55	7,592.55	0.00	7,592.55	7,592.55	0.00
04/17/18	0.00	0.00	0.00	1,200.00	1,200.00	0.00	1,200.00	1,200.00	0.00
04/30/18	0.00	0.00	100.00	6,247.75	6,347.75	0.00	6,347.75	6,347.75	0.00
April 2018	0.00	0.00	200.00	14,940.30	15,140.30	0.00	15,140.30	15,140.30	0.00
05/15/18	0.00	0.00	100.00	5,432.85	5,532.85	0.00	5,432.85	5,432.85	(100.00)
05/30/18	0.00	0.00	100.00	4,234.80	4,334.80	0.00	4,234.80	4,234.80	(100.00)
May 2018	0.00	0.00	200.00	9,667.65	9,867.65	0.00	9,667.65	9,667.65	(200.00)
06/15/18	0.00	0.00	0.00	5,569.70	5,569.70	0.00	5,569.70	5,569.70	0.00
06/19/18	0.00	0.00	0.00	2,777.00	2,777.00	0.00	2,777.00	2,777.00	0.00
06/29/18	0.00	0.00	0.00	2,496.25	2,496.25	0.00	2,496.25	2,496.25	0.00
June 2018	0.00	0.00	0.00	10,842.95	10,842.95	0.00	10,842.95	10,842.95	0.00
07/03/18	0.00	0.00	0.00	2,000.00	2,000.00	0.00	2,000.00	2,000.00	0.00
07/09/18	0.00	0.00	0.00	5,700.43	5,700.43	0.00	5,700.43	5,700.43	0.00
07/16/18	0.00	0.00	0.00	6,357.70	6,357.70	0.00	6,357.70	6,357.70	0.00
07/31/18	0.00	0.00	100.00	5,977.50	6,077.50	0.00	6,077.50	6,077.50	0.00
July 2018	0.00	0.00	100.00	20,035.63	20,135.63	0.00	20,135.63	20,135.63	0.00
08/20/18	0.00	0.00	100.00	3,841.50	3,941.50	0.00	3,941.50	3,941.50	0.00
08/21/18	0.00	0.00	0.00	5,222.95	5,222.95	0.00	5,222.95	5,222.95	0.00
08/29/18	0.00	0.00	0.00	5,529.15	5,529.15	0.00	5,529.15	5,529.15	0.00

Appendix J
Dunklin County Sewer District
Undeposited Sewer Security Deposits
January 1, 2017, through December 31, 2019

Deposit Date	Recorded Cash Receipts	Recorded Check and Money Order Receipts	(1) Receipts Recorded on	(2)	Total Receipts	Cash Deposited	Checks and Money		(1) Total Undeposited Over(Under)
			Deposit Slips with Unknown Method of Payment	Unrecorded Cash, Checks, and Money Orders			Orders Deposited	Total Deposited	
August 2018	0.00	0.00	100.00	14,593.60	14,693.60	0.00	14,693.60	14,693.60	0.00
09/21/18	0.00	0.00	0.00	4,647.20	4,647.20	0.00	4,647.20	4,647.20	0.00
09/28/18	0.00	0.00	100.00	9,077.65	9,177.65	0.00	9,177.65	9,177.65	0.00
September 2018	0.00	0.00	100.00	13,724.85	13,824.85	0.00	13,824.85	13,824.85	0.00
10/15/18	0.00	0.00	0.00	5,194.57	5,194.57	0.00	5,194.57	5,194.57	0.00
10/30/18	0.00	0.00	600.00	8,574.70	9,174.70	0.00	8,974.70	8,974.70	(200.00)
October 2018	0.00	0.00	600.00	13,769.27	14,369.27	0.00	14,169.27	14,169.27	(200.00)
11/19/18	0.00	0.00	0.00	6,575.75	6,575.75	0.00	6,575.75	6,575.75	0.00
11/30/18	0.00	0.00	100.00	7,783.20	7,883.20	0.00	7,883.20	7,883.20	0.00
November 2018	0.00	0.00	100.00	14,358.95	14,458.95	0.00	14,458.95	14,458.95	0.00
12/31/18	0.00	0.00	100.00	10,465.12	10,565.12	0.00	10,565.12	10,565.12	0.00
December 2018	0.00	0.00	100.00	10,465.12	10,565.12	0.00	10,565.12	10,565.12	0.00
Total 2018	0.00	0.00	1,800.00	174,256.96	176,056.96	0.00	175,656.96	175,656.96	(400.00)
01/25/19	0.00	0.00	100.00	6,333.22	6,433.22	0.00	6,333.22	6,333.22	(100.00)
01/31/19	0.00	0.00	0.00	6,459.40	6,459.40	0.00	6,459.40	6,459.40	0.00
January 2019	0.00	0.00	100.00	12,792.62	12,892.62	0.00	12,792.62	12,792.62	(100.00)
02/15/19	0.00	0.00	0.00	6,024.85	6,024.85	0.00	6,024.85	6,024.85	0.00
February 2019	0.00	0.00	0.00	6,024.85	6,024.85	0.00	6,024.85	6,024.85	0.00
03/01/19	0.00	0.00	0.00	8,266.05	8,266.05	0.00	8,266.05	8,266.05	0.00
03/18/19	0.00	0.00	0.00	5,381.85	5,381.85	0.00	5,381.85	5,381.85	0.00
03/29/19	0.00	0.00	300.00	8,432.60	8,732.60	0.00	8,732.60	8,732.60	0.00
March 2019	0.00	0.00	300.00	22,080.50	22,380.50	0.00	22,380.50	22,380.50	0.00
04/15/19	0.00	0.00	0.00	2,324.00	2,324.00	0.00	2,324.00	2,324.00	0.00
04/19/19	0.00	0.00	0.00	4,850.65	4,850.65	0.00	4,850.65	4,850.65	0.00

Appendix J
Dunklin County Sewer District
Undeposited Sewer Security Deposits
January 1, 2017, through December 31, 2019

Deposit Date	Recorded Cash Receipts	Recorded Check and Money Order Receipts	(1) Receipts Recorded on		Total Receipts	Cash Deposited	Checks and Money Orders Deposited		(1) Total Undeposited Over(Under)
			Deposit Slips with Unknown Method of Payment	(2) Unrecorded Cash, Checks, and Money Orders			Total Deposited	Total Deposited	
April 2019	0.00	0.00	0.00	7,174.65	7,174.65	0.00	7,174.65	7,174.65	0.00
05/10/19	0.00	0.00	0.00	4,382.40	4,382.40	0.00	4,382.40	4,382.40	0.00
05/15/19	0.00	0.00	0.00	4,798.80	4,798.80	0.00	4,798.80	4,798.80	0.00
05/30/19	0.00	0.00	0.00	4,296.70	4,296.70	0.00	4,296.70	4,296.70	0.00
May 2019	0.00	0.00	0.00	13,477.90	13,477.90	0.00	13,477.90	13,477.90	0.00
06/10/19	0.00	0.00	0.00	3,169.15	3,169.15	0.00	3,169.15	3,169.15	0.00
06/17/19	0.00	0.00	0.00	1,771.80	1,771.80	0.00	1,771.80	1,771.80	0.00
06/17/19	0.00	0.00	0.00	3,526.20	3,526.20	0.00	3,526.20	3,526.20	0.00
June 2019	0.00	0.00	0.00	8,467.15	8,467.15	0.00	8,467.15	8,467.15	0.00
07/01/19	0.00	0.00	200.00	9,985.80	10,185.80	0.00	10,185.80	10,185.80	0.00
07/16/19	0.00	0.00	0.00	3,286.30	3,286.30	0.00	3,286.30	3,286.30	0.00
July 2019	0.00	0.00	200.00	13,272.10	13,472.10	0.00	13,472.10	13,472.10	0.00
08/09/19	0.00	0.00	0.00	6,164.10	6,164.10	0.00	6,164.10	6,164.10	0.00
08/15/19	0.00	0.00	0.00	1,456.60	1,456.60	0.00	1,456.60	1,456.60	0.00
08/27/19	0.00	0.00	0.00	5,859.60	5,859.60	0.00	5,859.60	5,859.60	0.00
08/27/19	0.00	0.00	0.00	7,331.55	7,331.55	0.00	7,331.55	7,331.55	0.00
August 2019	0.00	0.00	0.00	20,811.85	20,811.85	0.00	20,811.85	20,811.85	0.00
09/17/19	0.00	0.00	0.00	3,867.00	3,867.00	0.00	3,867.00	3,867.00	0.00
09/17/19	0.00	0.00	100.00	6,429.20	6,529.20	0.00	6,529.20	6,529.20	0.00
September 2019	0.00	0.00	100.00	10,296.20	10,396.20	0.00	10,396.20	10,396.20	0.00
10/01/19	0.00	0.00	0.00	3,316.90	3,316.90	0.00	3,316.90	3,316.90	0.00
10/15/19	0.00	0.00	0.00	3,269.05	3,269.05	0.00	3,269.05	3,269.05	0.00
10/23/19	0.00	0.00	0.00	2,394.00	2,394.00	0.00	2,394.00	2,394.00	0.00
10/31/19	0.00	0.00	0.00	1,144.80	1,144.80	0.00	1,144.80	1,144.80	0.00

Appendix J
Dunklin County Sewer District
Undeposited Sewer Security Deposits
January 1, 2017, through December 31, 2019

Deposit Date	Recorded Cash Receipts	Recorded Check and Money Order Receipts	(1) Receipts Recorded on	(2) Unrecorded	Total Receipts	Cash Deposited	Checks and Money Orders Deposited	Total Deposited	(1) Total Undeposited Over(Under)
			Deposit Slips with Unknown Method of Payment	Cash, Checks, and Money Orders					
October 2019	0.00	0.00	0.00	10,124.75	10,124.75	0.00	10,124.75	10,124.75	0.00
11/07/19	0.00	0.00	0.00	2,282.40	2,282.40	0.00	2,282.40	2,282.40	0.00
11/15/19	0.00	0.00	0.00	7,445.55	7,445.55	0.00	7,445.55	7,445.55	0.00
11/27/19	0.00	0.00	0.00	3,740.10	3,740.10	0.00	3,740.10	3,740.10	0.00
November 2019	0.00	0.00	0.00	13,468.05	13,468.05	0.00	13,468.05	13,468.05	0.00
12/16/19	0.00	0.00	0.00	8,017.65	8,017.65	0.00	8,017.65	8,017.65	0.00
December 2019	0.00	0.00	0.00	8,017.65	8,017.65	0.00	8,017.65	8,017.65	0.00
Total 2019	0.00	0.00	700.00	146,008.27	146,708.27	0.00	146,608.27	146,608.27	(100.00)
Total	\$ 0.00	0.00	3,700.00	480,763.52	484,463.52	0.00	483,563.52	483,563.52	(900.00)

(1) The Bookkeeper recorded 37, \$100 sewer security deposits (\$3,700) on bank deposit slips by utility customer name. We reviewed district deposit slips and the contents of the deposits and noted 28 of the 37 sewer security deposits were paid by check (\$2,800) and were deposited. The remaining 9, totaling \$900, were not included in the deposits, are missing, and were likely cash payments.

(2) Represents deposited cash, checks, and money orders for which a sewer receipt slip or other record of payment was not maintained by the district.