



# Scott Fitzpatrick

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## Missouri State Auditor

### FOLLOW-UP REPORT ON AUDIT FINDINGS

#### City of Holland

Report No. 2025-060

October 2025

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

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# City of Holland

## Follow-Up Report on Audit Findings

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\*Includes selected findings



**SCOTT FITZPATRICK**  
MISSOURI STATE AUDITOR

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

We have conducted follow-up work on certain audit report findings contained in Report No. 2023-026, *City of Holland*, (rated as Poor), issued in June 2023. The objectives of the follow-up were to:

1. Identify audit report findings for which follow up is considered necessary, and inform the city about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
  - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
  - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
  - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
  - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

As part of the work conducted, we reviewed documentation provided by the City Clerk and held discussions with the City Clerk, Mayor, and former Mayor, and obtained documentation through the Missouri Courts system, to verify the status of implementation for the recommendations. Documentation provided by the city included timesheets, tax documents, bank records, invoices, utility records, and other pertinent documents. This report is a summary of the results of this follow-up work, which was substantially completed during July and August 2025.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is stylized, with the first letters of the first and last names being large and prominent.

Scott Fitzpatrick  
State Auditor

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# City of Holland

## Follow-Up Report on Audit Findings

### Status of Findings

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1. Missing Money, Misappropriated Money and Services, and Nepotism	From January 1, 2018, through April 19, 2021, at least \$69,029 of money and utility services was not deposited and/or was misappropriated from the city. In addition, the former Acting Mayor Jessica Roach <sup>1</sup> hired and paid her daughter to serve as the City Clerk, in violation of the Missouri Constitution.
1.1 Missing and misappropriated money and utility services	<p>Between January 1, 2018, and April 19, 2021, the Acting Mayor did not deposit \$14,344 of recorded utility receipts into the city's bank account, and did not deposit an estimated additional \$48,749 of utility receipts from February 2018 through April 2021. The Acting Mayor did not deposit \$528 of recorded property tax payments for the 2020 property tax year, and did not deposit an estimated additional \$2,859 in property tax receipts for tax years 2018 and 2019.</p> <p>The Acting Mayor also did not pay for her utility services totaling \$808 from January 1, 2020, to April 30, 2021, and did not pay an estimated additional \$1,228 for her utility services from January 1, 2018, to December 31, 2019. Additionally, she did not pay her city property taxes totaling \$213 for the 2020, 2019, and 2018 tax years, and in March 2021, she made an improper payment of \$300 to herself.</p>
Recommendation	The Board of Aldermen work with law enforcement officials regarding criminal prosecution of the undeposited receipts, utility services and property taxes not paid, and the improper payment; and take the necessary actions to obtain restitution.
Status	<b>In Progress</b> <p>The Board is working with law enforcement officials and the Prosecuting Attorney regarding the criminal prosecution and attempting to obtain restitution. In October 2023, the Acting Mayor was charged with 8 counts of a class D felony of stealing \$750 or more. The Acting Mayor's case is currently set for trial in November 2025.</p>
1.2 Nepotism	The Acting Mayor hired and paid her daughter \$800 to serve as the City Clerk from February 2021 through April 2021 in violation of the Missouri Constitution. Additionally, the former Mayor, who replaced the Acting Mayor, hired his sister on July 22, 2021, to be the City Clerk after the former City Clerk resigned.

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<sup>1</sup> Former Acting Mayor Jessica Roach is referred to as the Acting Mayor throughout this report.



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Recommendation	The Board of Aldermen ensure compliance with the Missouri Constitution related to the hiring or appointment of relatives and approve and document hiring decisions.
Status	<b>Implemented</b> The former Mayor and his sister no longer work for the city as of our review in July 2025. Also, no current city employees are related to any city officials.
2. Oversight, Annual Audits, Bonding, and City Ordinances	A Board of Aldermen was not established to provide oversight; annual audits of the city's utility system were not obtained as required by state law; city officials with access to city money were not bonded; and city codes and ordinances were incomplete, not indexed, not enforced as written, and not up to date.
2.1 Oversight and segregation of duties	From January 1, 2018, to April 19, 2021, the city did not have a Board of Aldermen to govern the city. A Board was subsequently established, but did not provide sufficient oversight because it did not review bank statements and continued to allow related parties to work at the city without proper controls.
Recommendation	The Board of Aldermen segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.
Status	<b>Implemented</b>  The city has segregated accounting duties to the extent possible and implemented review and monitoring procedures. The City Clerk prepares a deposit report daily. The Mayor reviews a copy of the report along with the bank deposit receipt slip and compares the amounts receipted to the amounts deposited. The Mayor also reviews and approves all expenditures prior to disbursement. Employees complete time sheets and the Mayor notes the period ending date and the check date on the related timesheet to document his review in addition to signing off on the weekly payroll reconciliation report. The Mayor indicated the Board reviews and approves all city financial decisions and we noted instances of the Board approving such decisions when reviewing meeting minutes.
2.2 Annual audits	The city did not obtain an annual audit of its utility system for at least the years ended December 31, 2022, 2021, 2020, 2019, and 2018, as required by state law.
Recommendation	The Board of Aldermen obtain annual audits of the utility system as required by state law.
Status	<b>Not Implemented</b>



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The city did not obtain annual audits of the utility system for the years ended December 31, 2024 or 2023, as required by state law.

## 2.3 Bonding

The Acting Mayor, who signed checks and had access to money held in bank accounts, was not covered by a bond.

## Recommendation

The Board of Aldermen obtain and maintain bond coverage for all city personnel with access to city money and other assets.

## Status

### **Not Implemented**

The former Mayor indicated the city obtained bond coverage for the City Clerk at one point. However, it was not maintained and, as of July 31, 2025, the city does not have bond coverage for any city personnel who have access to city money and other assets.

## 2.4 City codes and ordinances

City codes and ordinances were not complete and had not been updated. The city does not have ordinances establishing the compensation of city officials and employees as required by Section 21.150 of city code. Additionally, city codes were poorly maintained and the index of city codes and ordinances was not maintained. Many city codes and ordinances were out of date. City codes and ordinances authorizing utility rates charged to customers, the amount of utility deposits required for service, and connection and reconnection fees have not been updated and do not reflect the current amounts charged for utility services.

## Recommendation

The Board of Aldermen establish the compensation of all city officials and employees by ordinance, ensure city codes and ordinances are maintained in a complete and well-organized manner, establish an index of all city codes and ordinances passed and rescinded, and update city codes and ordinances for amounts charged related to utility services.

## Status

### **Not Implemented**

The Board has not established the compensation of city officials and employees by ordinance, nor have they ensured city codes and ordinances are maintained in a complete and well-organized manner. Additionally, the Board has not established an up-to-date index and has not updated the city codes and ordinances for amounts charged related to utility services.

## 3. Accounting Controls and Procedures

Accounting controls and procedures needed improvement.

### 3.1 Receipting, recording, transmitting, and depositing

City procedures for receipting, recording, transmitting, and depositing money needed improvement. City personnel did not issue official prenumbered receipt slips for all money received, or retain all statements for paid utility



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and property taxes. Additionally, city personnel did not record the method of payment consistently and correctly. The Acting Mayor did not reconcile the composition of receipts to the composition of deposits, and did not always deposit receipts intact and timely. In addition, the Acting Mayor sometimes used cash receipts to pay city invoices, and did not maintain the change fund at a constant amount.

## Recommendation

The Board of Aldermen ensure prenumbered receipt slips are issued for all payments received; the method of payment is indicated on all receipt slips; the transmittal of receipts is documented and reviewed; the composition of receipts is reconciled to the composition of deposits; all payments received are deposited intact and timely; and the change fund is maintained at a constant amount. The Board should also discontinue paying city expenses from city cash receipts.

## Status

### Implemented

We reviewed documentation provided by the city and noted the city issues prenumbered receipt slips in numerical order. City personnel indicate the method of payment on the receipt slips as well as enter the method of payment in the utility system. Receipts are no longer transmitted. Instead, the City Clerk prepares the deposit and deposits the money and the Mayor compares a system-generated deposit report to the deposit documentation. The City Clerk agrees the composition of receipts to the composition of the deposits, which we noted when we compared the receipt slips to the composition of the deposit. In addition, when we compared the daily deposit report to the bank deposit and bank statement, we noted that payments received are deposited intact and timely. Additionally, the city currently only pays bills by check, e-check, or ACH and does not maintain a change fund.

### 3.2 Bank reconciliations and accounting records

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

## Recommendation

The Board of Aldermen ensure monthly bank reconciliations are prepared for all bank accounts; checkbook registers, book balances, and lists of disbursements are maintained; and checks are issued in numerical sequence with the sequence properly accounted for.

## Status

### Partially Implemented

City personnel could not provide records showing they prepared bank reconciliations or maintained checkbook registers and book balances. Additionally, checks were not issued in numerical order. We reviewed documentation provided by the city, and noted checks 1161-1180 were



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	<p>written in late May and June 2025, and checks 1181-1200 were written in April and early May 2025. We reviewed two months of bank statements for the general and water accounts, and did not note any overdraft charges indicating city personnel monitor the account.</p>
<p>3.3 Supporting documentation and record retention</p>	<p>The city did not retain or could not locate numerous financial records, including manual receipt slips, utility and property tax statements, and supporting documentation for disbursements. City officials could not provide supporting documentation for over \$150,000 in disbursements, including payments for utilities, insurance, and postage.</p>
<p>Recommendation</p>	<p>The Board of Aldermen ensure adequate supporting documentation is maintained for all disbursements, and all records are retained in accordance with state law.</p>
<p>Status</p>	<p><b>Implemented</b></p> <p>We requested and reviewed supporting documentation from the city, and noted all documents requested were retained by the city, which included receipt slips and invoices to support disbursements.</p>
<p>4. Utility System Controls and Procedures</p>	<p>Utility system controls and procedures needed improvement.</p>
<p>4.1 Adjustments</p>	<p>The Acting Mayor and former City Clerks made adjustments to customer utility statements, including writing off charges caused by water leaks or incorrect meter readings, without obtaining independent approval or maintaining adequate documentation to support the reasons for the adjustments. In addition, a list of adjustments was not prepared and approved, so no comparison of adjustments to actual changes could be conducted.</p>
<p>Recommendation</p>	<p>The Board of Aldermen prepare a list of adjustments and ensure all adjustments to utility accounts are properly approved and compared to actual changes, and documentation of all adjustments is retained.</p>
<p>Status</p>	<p><b>Partially Implemented</b></p> <p>We reviewed all adjustments made between January 1, 2025, through July 1, 2025, and noted there was only 1 adjustment during that time, due to a meter being hit, causing a leak. City personnel retained documentation of the adjustment and noted the reason for the adjustment in the utility system. However, city personnel could not provide documentation showing the Board approved the adjustment.</p>
<p>4.2 Utility reconciliations</p>	<p>City personnel did not prepare reconciliations related to utility services, including monthly reconciliations of amounts billed, payments received, and amounts unpaid for utility services. Additionally, city personnel did not</p>





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perform monthly reconciliations of total gallons of water billed to gallons of water pumped.

Recommendation

The Board of Aldermen ensure monthly reconciliations are performed of amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and investigate significant differences.

Status

**Not Implemented**

City personnel do not reconcile amounts billed to payments received and amounts unpaid, nor do they reconcile total gallons of water billed to gallons of water pumped, and investigate significant differences.

4.3 Customer utility  
deposits

City personnel did not prepare a list of customer utility deposits to periodically reconcile to balances in the city's meter bank account, where utility deposits were typically deposited and disbursed (refunded and applied).

Recommendation

The Board of Aldermen periodically reconcile a list of customer utility deposits to the meter bank account balance, and promptly investigate any differences.

Status

**Not Implemented**

City personnel provided a report listing the utility deposit customer names and amounts; however, they do not reconcile the balances on this report to the meter bank account or any other account. As a result, they are unable to ensure there is enough money to satisfy the liability. The prior administration closed all the bank accounts and opened new bank accounts. No separate meter bank account was opened to deposit the restricted funds into. The city is currently comingling the utility deposit money with the General Fund money, making it hard to identify which money is restricted. Additionally, city personnel do not reconcile the restricted funds to the utility deposit report amounts owed.

4.4 Sales taxes

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

Recommendation

The Board of Aldermen ensure sales taxes collected are reported and remitted.

Status

**Not Implemented**

The city is not filing or remitting sales taxes collected related to the utility services billed.



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5.1 Contracted Workers -  
Employment  
classifications

The city classified former city clerks, maintenance workers, and the water/sewer operator as independent contractors rather than employees of the city. The Acting Mayor did not document the basis for this classification, and these employees were misclassified as independent contractors.

Recommendation

The Board of Aldermen determine the proper classification for the City Clerk, maintenance workers, and water/sewer operator to ensure compliance with state and federal laws and regulations.

Status

**Implemented**

The Board members voted on August 12, 2025, to change the city clerk, maintenance worker, and water/sewer operator positions from the classification of independent contractor to city employee.

5.2 Contracted Workers -  
Timesheets

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

Recommendation

The Board of Aldermen ensure timesheets or other records of work performed are prepared, retained, signed, and approved.

Status

**Implemented**

We reviewed timesheets provided by the city, and noted the timesheets were prepared, retained, and signed by the city employees. While none of the timesheets had the Mayor's signature, the Mayor and the City Clerk sign the weekly payroll reconciliation report, which shows all the payroll information, to indicate their review and approval.