



**VILLAGE OF ALGER  
HARDIN COUNTY**

**SPECIAL AUDIT**

**FOR THE PERIOD JANUARY 1, 2005 THROUGH DECEMBER 31, 2009**



**Dave Yost • Auditor of State**



## TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report	3
Supplement to the Special Audit Report	
Background	5
Objective No. 1 – Utility Receipts	6

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Joyce Harris, Council President  
Village of Alger  
207 Angle Street  
Alger, OH 45812

We conducted a special audit of the Village of Alger, Hardin County, (the Village) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period January 1, 2005 through December 31, 2009 (the Period), solely to:

- Determine whether utility payments received by the Village were deposited into the Village's bank account intact.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined monthly utility billing stubs, manual account cards, reports maintained in the utility computer system, deposit slips and supporting documentation to determine whether utility payments received by the Village were deposited into the Village's bank account during the Period. We also examined three utility billing stubs in 2008 for which former Fiscal Officer Jackie Prine had indicated she paid on behalf of one delinquent customer to determine whether the payments were deposited into the Village's bank account. Ms. Prine had previously indicated and provided manual receipts to the Village council in an effort to document that she had paid \$772 on behalf of this customer.

Significant Results - Ms. Prine was responsible for collecting utility payments and depositing them into the Village's bank account. For the Period, we determined Ms. Prine collected but did not deposit \$37,081 of utility receipts into the Village's bank account. We issued a finding for recovery against Jackie Prine in the amount of \$37,081 for public monies collected but unaccounted for. We also determined Ms. Prine did not deposit the \$772 into a Village account she claimed she paid on behalf of a delinquent customer. We issued a finding for recovery against Jackie Prine in the amount of \$772 for public monies that were due but not collected.

We issued a noncompliance citation due to untimely deposits. We also made two recommendations to discontinue using utility cash collections to cash personal checks and to improve segregation of duties.

2. On February 16, 2011, we held an exit conference with the following individuals representing the Village:

Phyllis Coburn, Mayor  
Joyce Harris, Council President  
Linda Dienstberber, Council Member  
Charles Stevens, Council Member

Donald Webb, President Board of Public Affairs  
Stephen Collingsworth, Council Member  
Bonnie Cole, Council Member

The attendees were informed that they had five business days to respond to this special audit report. No such response was received.



**Dave Yost**  
Auditor of State

January 10, 2011

## Supplement to the Special Audit Report

### Background

In May 2010, a Village of Alger councilperson filed a complaint via the Auditor of State (AOS) internet website. The councilperson had conducted an internal review of past due utility accounts after noting a significant number of past due accounts related to mobile homes. The internal review noted utility accounts which Fiscal Officer Jackie Prine represented as having been certified to the Hardin County Auditor's Office for inclusion on the account holders' property tax bills were instead simply written off by the Village. The councilperson reported approximately \$7,000 over the past three years should have been certified to the county auditor but instead was written off by Ms. Prine.

Ms. Prine resigned shortly before the councilperson submitted the complaint to the AOS.

From May through September, the AOS conducted a preliminary examination and the results were forwarded to the AOS Special Audit Task Force. On September 15, 2010, the AOS initiated a special audit of the Village.

# Supplement to the Special Audit Report

## Objective No. 1 - Utility Receipts

### PROCEDURES

We obtained Village utility billing stubs and documented monthly utility collections.

We obtained copies of the deposit slips and related supporting documentation and compared collections per the Village utility billing stubs to the amounts deposited into the Village's bank account.

We reviewed the Village's subsidiary utility ledgers for accounts for which receipts were not deposited and identified postings made to these accounts by the former fiscal officer, Jackie Prine.

### RESULTS

Village records indicated collections during the Period<sup>1</sup> totaled \$1,215,011. Of this amount, Ms. Prine collected \$37,081 which was not deposited into the Village's bank account.

Additionally, one Village customer became delinquent making utility payments. Without council approval Ms. Prine informed the customer the account would be placed on hold to avoid late penalties until payment could be made. Ms. Prine then created and presented to Village council three utility stubs as evidence she had personally made three cash payments totaling \$772 on behalf of this customer. These reported payments were not deposited into the Village's bank account and the delinquent charges were not collected from the customer. This particular delinquent account was brought to our attention by the Village because of the manner in which Ms. Prine handled it. The Village was not aware of any other accounts for which Ms. Prine allegedly paid, nor did we encounter any during our testing.

### FINDINGS FOR RECOVERY

#### Utility Receipts

Utility bills were calculated and printed from the computer system. The utility bills were mailed on the 30th of the month and payments were due on the 15th of the following month. When a payment was received, Fiscal Officer Jackie Prine documented the date the payment was received, amount received, and the method of payment on the utility billing stub. Ms. Prine maintained utility billing stubs which were filed by month. Payments were recorded on a manual utility account card and in the computer billing system by batch number. Ms. Prine then completed a deposit slip for utility payments which was taken to the bank along with cash, checks, or money orders for deposit.

Based on a review of the utility billing stubs, manual account cards, computer billing system, Village deposit slips, and Village bank statements, Ms. Prine did not deposit utility collections totaling \$37,081 into a Village bank account.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against Jackie Prine, former fiscal officer, in the amount of \$37,081 and her bonding companies, Ohio Government Risk Management Plan in the amount of \$21,091, and Selective Insurance Company of America in the amount of \$15,990, jointly and severally, and in favor of the Village of Alger.

---

<sup>1</sup> For activity during calendar year 2005, we began our analysis in December and worked backward each month until we noted a decrease in undeposited amounts. We noted very limited instances of undeposited collections from May through December; therefore, we only reviewed those months during 2005. We also reviewed January 2005 and noted no undeposited collections.



# Supplement to the Special Audit Report

## Outstanding Customer Account

In 2008, Ms. Prine, indicated to Village council that she would pay the outstanding balance owed by a delinquent Village utility customer. Ms. Prine prepared and submitted to Village council three manual receipts totaling \$772, indicating that Ms. Prine had paid the outstanding utility bill in cash.

Based on a review of the utility billing stubs, manual account cards, computer billing system, Village deposit slips, and Village bank statements, the reported utility payments totaling \$772 were not deposited into a Village bank account by Ms. Prine and the delinquent charges were not collected from the customer.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies due but not collected is hereby issued against Jackie Prine, former fiscal officer, and her bonding company, Selective Insurance Company of America, jointly and severally, in the amount of \$772 and in favor of the Village of Alger.

## **NONCOMPLIANCE CITATION**

### Timely Deposits

Ohio Rev. Code Section 9.38 states in part, "if the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited."

Utility billings have an established due date each month; however, customers can and do make payments prior to the due date, on the due date, and after the due date. This is supported by the "paid" dates documented on the utility stubs, on the manual utility account cards, and in the computerized utility account records. Upon reviewing the "paid" dates, we noted there were significant delays, from several days to several weeks, between collection of payments and corresponding deposits into the Village's bank account. In almost all cases, the payments which were delayed the longest amount of time in the depositing process were those made in cash.

The Village has not adopted a policy regarding the length of time funds can be held prior to being deposited. Additionally, the Village has not formally approved policies addressing depositing procedures or safeguarding undeposited utility receipts.

The failure to develop and adopt policies outlining the depositing procedures and safeguarding undeposited utility receipts increases the risk of theft and/or misappropriation of the undeposited utility receipts.

We recommend the Village develop and adopt policies which set a dollar limit on the amount of undeposited utility receipts maintained on hand, establish specific procedures for safeguarding utility receipts until deposited, and establish managerial reviews by someone independent of collecting and depositing utility receipts to ensure the approved policies are followed and that utility receipts are deposited in a timely manner.

## **MANAGEMENT RECOMMENDATIONS**

### Cashing Personal Checks

Utility check payments should be written payable to the Village of Alger. The former fiscal officer and another individual cashed personal checks totaling \$1,488 using cash collected from utility customer payments.

By cashing personal and third party checks, the Village increases its exposure to loss due to returned non-sufficient funds checks and related fees or charges.

## Supplement to the Special Audit Report

We recommend the Village only accept checks written payable to the Village. Additionally, the Village should implement and post a policy prohibiting the cashing of personal checks at the Village.

### Segregation of Duties

An adequate segregation of duties should be established for the individuals responsible for collecting cash, recording payments, reconciling receipts in the accounting records, and processing deposits. The former fiscal officer's responsibilities included collecting utility receipts, entering receipt information into the utility computer system and the general accounting system, depositing utility collections, making adjustments to the utility computer system, and reconciling the bank statements to the accounting system. The lack of controls and segregation of duties over these procedures resulted in the loss of accountability over Village receipts during the Period.

We recommend the Village establish adequate internal controls and segregation of duties to reduce the opportunity for any one person to both perpetrate and conceal errors or omissions. Additionally, when an adjustment is made to a utility account the proper adjustment code along with an explanation for the adjustment should be documented. The Village council at each meeting should document approval and review of all adjustments made to the utility computer system along with the explanation provided.



# Dave Yost • Auditor of State

VILLAGE OF ALGER

HARDIN COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 24, 2011