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NEWS RELEASE

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FOR RELEASE _____ July 1, 2009 _____

Auditor of State David A. Vaudt today released a report on a special investigation of the City of Lacona for the period September 1, 2004 through August 15, 2008. The special investigation was requested by the Council. The investigation began after a fire occurred at the building which housed City Hall, the Fire Department and the Library. As a result of damage caused by the fire, many of the City's records were destroyed.

Vaudt reported the special investigation identified \$48,789.96 of improper and unsupported disbursements and undeposited collections. Vaudt also reported it was not possible to determine if there were additional improper disbursements or undeposited collections because limited records were available.

The \$41,989.19 of improper disbursements include \$16,483.19 for improper net pay issued to Anna Hoffman, the former City Clerk, \$5,712.93 of reimbursements to Ms. Hoffman, \$6,803.50 of purchases Ms. Hoffman made at Wal-Mart and \$5,328.22 of charges to City credit cards.

The \$5,330.77 of unsupported disbursements includes \$3,983.22 of purchases made with the City credit card issued to Ms. Hoffman for which additional information could not be obtained from the vendor.

The \$1,470.00 of undeposited collections includes \$1,300.00 of water meter deposits and hook-up fees, \$150.00 of tobacco permit fees and \$20.00 of building permit fees.

The report also includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, ensuring utility billings, collections and delinquencies are reconciled each month, ensuring Council minutes are properly signed in accordance with the *Code of Iowa* and developing written accounting policies and procedures.

Copies of the report have been filed with the State Fire Marshall's Office, the Division of Criminal Investigation, the Warren County Attorney's Office and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

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