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INVESTIGATIVE REPORT

CITY OF HARRIS

September 28, 2001

I. INTRODUCTION

The mission of the Special Investigations Division is to review allegations of malfeasance, misfeasance, or nonfeasance involving local units of government. Since the Division is a fact-finding entity and has no prosecutorial powers, its role is to evaluate allegations brought to this Office's attention and, when appropriate, to provide specialized auditing techniques, initiate an independent investigation, or refer the matter to appropriate oversight authorities.

The Special Investigations Division of the Office of the State Auditor (hereinafter "OSA") received notification, pursuant to Minn. Stat. § 6.67, regarding potential wrong-doing by a former City Clerk of the City of Harris (hereinafter "City"). The Chisago County Sheriff's Office subsequently requested the OSA's assistance in investigating the matter. This Investigative Report contains the OSA's findings.

II. BACKGROUND

The allegations against City Clerk Bonnie Swanson¹ (hereinafter "Clerk Swanson") stem from the City's 1999 independent audit conducted by the CPA firm of HLB Tautges Redpath, Ltd. During the 1999 audit, it was discovered that Clerk Swanson made payments to herself which were not authorized by the City Council as required by Minnesota law.² Specifically, the auditors found that unauthorized payments totaling \$8,277.99 were disbursed to Clerk Swanson during 1999 and 2000.³

¹ Clerk Swanson was the City Clerk from January 4, 1993 through December 18, 2000.

² See Minn. Stat. § 412.271, subd. 1 (2000).

³ The payments that were disbursed to Clerk Swanson during 2000 were reviewed as part of the 1999 audit following the discovery that Clerk Swanson disbursed unauthorized payments to herself during 1999. The Independent Auditor's Report on Compliance and Internal Control dated November 29, 2000 identified three unauthorized 1999 payroll checks as one of six "reportable conditions" and "material weaknesses."

The Audit Report was presented to the City Council on December 18, 2000. On that same day, Clerk Swanson tendered her resignation and repaid \$8,277.99 to the City.

In order to initiate a review of the allegations, the OSA received and reviewed numerous City records dating from January 1, 1994 through December 31, 2000.⁴ Based upon information obtained from the records, the OSA prepared a chart which reflects City funds disbursed to Clerk Swanson from 1994 through 2000. See Attachment A. From the OSA's investigation, it appears that at least \$57,641.42 in City funds were disbursed to Clerk Swanson since 1994 without the authorization of the City Council.⁵ The disbursement of these funds may constitute theft and/or false claims. In addition, the method by which Clerk Swanson obtained these funds may constitute aggravated forgery.

III. THEFT, FALSE CLAIMS, AND AGGRAVATED FORGERY

Pursuant to Minnesota law, a theft has occurred when a person "intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without

⁴ Items reviewed included: original bank statements, bank reconciliations, check stubs, cancelled checks, disbursement reports, bills for payment reports, a general fund report, general audit reports, transaction detail by account reports, register reports and claim forms. The City was unable to provide the OSA with documentation dated prior to 1994.

⁵ The OSA has identified unauthorized payments made to Clerk Swanson during 1999 and 2000 in addition to those identified by the City's auditors. As of the date of this report, the OSA has not been able to determine whether \$5,000.00 of the \$57,641.42 in unauthorized disbursements cleared the City's bank accounts. According to City records, a check for \$5,000.00 was disbursed to Clerk Swanson and dated December 31, 2000, thirteen days after she resigned as city clerk. The check number for the \$5,000.00 disbursement is 5706, which is out of sequence with other checks written around the same time. The current City Clerk informed the OSA that the \$5,000.00 disbursement was not authorized by the City Council and that the City has been unable to identify from which City account this check was written.

the other's consent and with intent to deprive the owner permanently of possession of the property."⁶ Theft also occurs when a person acts with intent to exercise only temporary control of another's property and "the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner."⁷ A person who engages in activity that constitutes theft may be subject to a fine and/or imprisonment.⁸

Minnesota law prohibits a public officer or employee from allowing or paying any claim made upon a governmental unit which the public officer or employee knows is false or fraudulent in whole or in part.⁹ In addition, Minnesota law provides that aggravated forgery has occurred when a person, with intent to defraud, falsely makes or alters the records or accounts of a public body, office or officer.¹⁰ A person who engages in activity that constitutes false claims against the government or aggravated forgery may be subject to a fine and/or imprisonment.¹¹

⁶ Minn. Stat. § 609.52, subd. 2(1) (2000). *See also* Minn. Stat. § 609.45 (2000) (unauthorized compensation).

⁷ Minn. Stat. § 609.52, subd. 2(5)(i) (2000).

⁸ Minn Stat. § 609.52, subd. 3(3)(a) and (d)(iv) (2000) provide that if the value of the property involved in the theft is more than \$500 but not more than \$2,500, or public funds of not more than \$500, a person may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. Minn. Stat. § 609.52, subd. 3(2) (2000) provides that if the value of the property is more than \$2,500, the person may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

⁹ Minn. Stat. § 609.455 (2000). *See also* Minn. Stat. § 609.465 (2000) (presenting false claims to a public officer or body).

¹⁰ Minn. Stat. § 609.625, subd. 1(6) (2000).

¹¹ Minn. Stat. § 609.455 (2000) provides that a person who knowingly pays a false claim against the government may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. Minn. Stat. § 609.625, subd. 1 (2000) provides that a person who performs any act which constitutes aggravated forgery may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

The OSA was informed by the City's current clerk that Clerk Swanson prepared and presented a claims list each month to the City Council. These lists contained the names of each City vendor, the amount owed to each vendor, as well as the amount owed to City employees for wages.¹² The City Council reviewed the claims lists submitted by Clerk Swanson at its regular monthly meetings and authorized Clerk Swanson to pay approved claims. Clerk Swanson then prepared a claim form for each amount approved by the City Council and paid the claim.¹³ Several of the checks that Clerk Swanson prepared contain fewer than three signatures, as is required by City policy. In addition, the City's Treasurer signed checks in advance and without reviewing a claims listing.¹⁴

The OSA determined that Clerk Swanson appears to have disbursed at least \$57,641.42 in unauthorized payments to herself from January of 1994 through December of 2000. *See Attachment A.* A summary of the unauthorized payments by year is set forth below.

<u>Year</u>	<u>Unauthorized Disbursements</u>
1994	\$5,231.62
1995	\$8,711.17
1996	\$8,673.34
1997	\$8,250.42
1998	\$3,491.29
1999	\$8,196.71
2000	<u>\$15,086.87</u>
Total	<u>\$57,641.42</u>

More specifically, the OSA determined that the unauthorized disbursements appear to have occurred when Clerk Swanson paid herself:

¹² The claims lists are entitled "Bills for Payment."

¹³ A majority of Clerk Swanson's claim forms do not contain documentation, such as a time sheet or receipt, to support the claim.

¹⁴ As part of the 1999 audit, the City's auditor made several recommendations to the City regarding its claims and disbursement procedures. The OSA has been informed that the City Council is now signing City checks payable to City vendors and employees immediately following its regular monthly meetings.

- A. \$49,602.86 in duplicate wage payments;
- B. \$1,967.55 in excessive wage and expense reimbursement payments;
- C. \$2,788.15 in payments which were recorded in City records as payments to City vendors; and
- D. \$3,282.86 for the reimbursement of expenses without City Council authorization.

Each of these unauthorized disbursement methods is explained in more detail below.

A. Duplicate Wage Payments

City records show that Clerk Swanson was paid between \$8.00 and \$9.00 per hour during the time that she was City Clerk.¹⁵ Clerk Swanson was only authorized to receive one wage payment per month.¹⁶ From 1994 through 2000, Clerk Swanson received City Council approval for wage payments totaling \$76,906.73 as reflected in the charts on the next pages. However, it appears that Clerk Swanson issued herself additional payroll checks from 1994 through 2000, resulting in the receipt of at least \$49,602.86 in unauthorized wage payments.¹⁷ The charts on the next pages depict the duplicate wage payments.

¹⁵ In 1994, Clerk Swanson was paid at the City's general labor rate of \$8.00 per hour. According to City Council meeting minutes, Clerk Swanson received a \$0.75 per hour raise effective May 1, 1995, thereby bringing her hourly rate to \$8.75. The City Council increased Clerk Swanson's compensation by another \$0.25 per hour on September 4, 1996, thereby bringing her hourly rate to \$9.00. This was the hourly rate Clerk Swanson received until she resigned as City Clerk in December of 2000.

¹⁶ City Public Employees Retirement Association (PERA) records provided to the OSA by the City and PERA confirm that Clerk Swanson was to receive only one wage payment per month. The OSA compared PERA records with handwritten entries contained in the City's "Payroll Book" for 1996. During 1996, Clerk Swanson reported to PERA only the wage amounts consistent with the amount approved by the City Council, and not the unauthorized duplicate and excessive wage amounts. The City was unable to provide the OSA with payroll information for other years. However, from information obtained from PERA, it appears that from 1994 through 1995 and 1997 through 2000, Clerk Swanson only reported gross pay consistent with the amount approved by the City Council, and not the unauthorized duplicate and excessive wage amounts.

¹⁷ This amount includes the \$5,000.00 check disbursed to Clerk Swanson on December 31, 2000, according to City records. See footnote 5.

DUPLICATE WAGE PAYMENTS - 1994

Year 1994	Date of Check	Authorized Amount	Unauthorized Amount
January	02/15/94	\$1,014.30	
February	02/15/94	\$905.94	
March	03/09/94	\$1,020.98	
April	04/05/94	\$1,014.30	
May	05/03/94	\$979.65	
June	06/06/94	\$979.65	
July	07/07/94	\$938.30	
August	08/02/94	\$1,020.98	
	08/05/94		\$1,022.65
	08/05/94		\$938.30
	08/05/94		\$1,022.65
September	09/29/94	\$1,022.65	
October	10/04/94	\$938.30	
November	11/09/94	\$1,022.65	
December	12/12/94	\$1,021.94	
	12/28/94		\$1,024.91
	12/28/94		\$1,022.65

Year 1994 Subtotal \$11,879.64 \$5,031.16

DUPLICATE WAGE PAYMENTS - 1995

Year 1995	Date of Check	Authorized Amount	Unauthorized Amount
January	01/05/95	\$1,024.65	
February	02/01/95	\$753.92	
	02/08/95		\$753.92
March	03/07/95	\$717.59 ¹⁸	
	03/21/95		\$814.25
April	04/05/95	\$814.25	
May	05/02/95	\$791.21 ¹⁹	
	05/28/95		\$791.21
June	06/06/95	\$938.11 ²⁰	
	06/20/95		\$849.58
July	06/28/95	\$874.14	
	07/05/95		\$874.14
August	08/08/95	\$870.28	
	08/28/95		\$920.76
September	09/08/95	\$920.76	
	09/25/95		\$1,094.47
October	10/03/95	\$821.74	
November	11/06/95	\$877.99	
	11/06/95		\$877.99
December	12/04/95	\$874.14	
	12/18/95		\$874.14

Year 1995 Subtotal \$10,278.78 \$7,850.46

¹⁸ The check amount was \$817.59. Only \$717.59 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

¹⁹ The check amount was \$891.21. Only \$791.21 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

²⁰ The check amount was \$988.11. Only \$938.11 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

DUPLICATE WAGE PAYMENTS - 1996

Year 1996	Date of Check	Authorized Amount	Unauthorized Amount
January	01/04/96	\$831.46	
February	02/06/96	\$896.12	
	02/06/96		\$896.12
	02/28/96		\$763.61
March	03/11/96	\$763.61	
	03/25/96		\$763.61
April	04/03/96	\$763.61	
May	05/07/96	\$822.04	
June	06/01/96	\$896.12	
	06/??/96		\$896.12
July	07/??/96		\$896.12
	07/02/96	\$831.65	
August	08/06/96	\$887.61 ²¹	
	08/08/96		\$887.61
	08/23/96	\$816.91	
September	09/18/96		\$816.91
October	10/03/96		\$783.61
	10/08/96	\$783.61	
November	11/08/96	\$883.65	
December	12/03/96	\$756.43	
	12/12/96		\$786.72
	12/18/96		\$786.72
Year 1996 Subtotal		\$9,932.82	\$8,277.15

²¹ The check amount was \$987.61. Only \$887.61 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

DUPLICATE WAGE PAYMENTS - 1997

Year 1997	Date of Check	Authorized Amount	Unauthorized Amount
January	01/07/97	\$817.31	
	01/07/97		\$817.31
	01/28/97		\$854.50
February	02/04/97	\$854.50	
March	03/04/97	\$761.12	
	03/26/97		\$813.12
April	04/08/97	\$815.70	
	04/11/97		\$815.70
May	05/06/97	\$857.14	
	05/06/97		\$857.14
	05/30/97		\$964.31
June	06/02/97	\$964.31	
	06/19/97		\$941.69
July	07/10/97	\$941.69	
August	08/08/97	\$1,030.51	
	08/28/97		\$925.74
September	09/08/97	\$925.74	
October	10/09/97	\$1,004.30	
November	11/13/97	\$1,081.73	
December	12/02/97		\$1,020.91
	12/05/97	\$1,020.91	

Year 1997 Subtotal \$11,074.96 \$8,010.42

DUPLICATE WAGE PAYMENTS - 1998

Year 1998	Date of Check	Authorized Amount	Unauthorized Amount
January	01/06/98	\$1,159.56	
February	02/04/98	\$1,510.39	
March	03/03/98	\$1,138.25	
	03/06/98		\$1,138.25
April	04/08/98	\$1,146.62	
May	05/05/98	\$1,182.42	
	05/07/98		\$1,182.42
June	06/01/98	\$853.95 ²²	
July	07/01/98	\$829.91 ²³	
August	08/04/98	\$892.22 ²⁴	
September	09/11/98	\$840.49	
October	10/06/98	\$869.22	
November	11/05/98	\$844.17	
	11/20/98		\$844.22
December	12/09/98	\$836.89 ²⁵	

Year 1998 Subtotal \$12,104.09 \$3,164.89

²² The check amount was \$935.66, including \$853.95 for wages and \$81.71 for other expenses. The excessive amount is discussed in section III. B of this Report.

²³ The check amount was \$929.91. Only \$829.91 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

²⁴ The check amount was \$940.49. Only \$840.49 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

²⁵ The check amount was \$844.22. Only \$836.89 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

DUPLICATE WAGE PAYMENTS - 1999

Year 1999	Date of Check	Authorized Amount	Unauthorized Amount
January	01/08/99	\$782.05	
February	02/05/99	\$740.79	
March	03/04/99	\$815.32	
April	04/07/99	\$847.25	
	04/20/99		\$847.25
May	05/05/99	\$799.42	
June	06/08/99	\$823.64	
July	07/08/99	\$728.78	
August	08/03/99	\$866.09	
September	09/09/99	\$883.04 ²⁶	
October	10/08/99	\$778.62	
	10/18/99		\$871.10
November	11/03/99	\$899.29 ²⁷	
	11/04/99		\$1,999.47
December	12/09/99	\$849.35	

Year 1999 Subtotal \$9,813.64 \$3,717.82²⁸

²⁶ The check amount was \$883.15. Only \$883.04 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

²⁷ The check amount was \$999.88. Only \$988.98 was approved by the City Council, including \$899.29 for wages and \$89.69 for other expenses. The excessive amount is discussed in section III. B of this Report.

²⁸ An additional check dated 09/30/99 for \$871.10 is not included in the chart because the OSA was unable to verify that the check cleared the City's bank account. The recorded purpose of the check was "wages."

DUPLICATE WAGE PAYMENTS - 2000

Year 2000	Date of Check	Authorized Amount	Unauthorized Amount
January	01/04/00	\$1,022.13 ²⁹	
February	02/08/00	\$913.74	
	02/11/00		\$913.74
March	03/07/00	\$903.01 ³⁰	
April	04/05/00	\$978.48	
May	05/01/00	\$859.87	
	05/02/00		\$1,014.00
	05/02/00		\$859.87
June	06/06/00	\$984.70	
	06/22/00		\$1,539.00
	06/30/00		\$1,026.31
July	07/07/00	\$974.31	
August	08/07/00	\$893.16	
	08/11/00		\$893.16
September	09/05/00		\$1,051.28
	09/07/00	\$1,051.28	

²⁹ The check amount was \$1,240.93. It appears that only \$1,022.13 was approved by the City Council. The excessive amount is discussed in section III. B of this Report.

³⁰ The check amount was \$1,014.39. Only \$914.76 was approved by the City Council (\$903.01 for wages and \$11.75 for mailing expenses). The excessive amount is discussed in section III. B of this Report.

DUPLICATE WAGE PAYMENTS - 2000
 (Continued)

Year 2000	Date of Check	Authorized Amount	Unauthorized Amount
October	10/05/00	\$943.09 ³¹	
	10/06/00		\$1,253.60
November	11/07/00	\$979.99	
December	11/22/00	\$1,319.04 ³²	
	12/31/00		\$5,000.00 ³³

Year 2000 Subtotal \$11,822.80 \$13,550.96

From 1994 through 2000, Clerk Swanson received the City Council’s approval for wage payments totaling \$76,906.73. However, it appears that Clerk Swanson issued herself additional payroll checks from 1994 through 2000, resulting in the receipt of at least \$49,602.86 in unauthorized wage payments.

The City and the City’s Auditor were only able to locate and provide the OSA with a few of the City’s cancelled checks. The OSA obtained additional cancelled checks from the City’s financial institutions. From the documents obtained, the OSA discovered 21 instances where the unauthorized wage payments disbursed to Clerk Swanson contain the word “void” on the cancelled check, the check stub, or in a disbursement report, leading one to believe that these checks were never cashed. However, all 21 of these “voided” checks cleared the City’s bank account. In addition, on the back of all the “voided” cancelled checks obtained by the OSA, in the endorsement area, appears the signature “Bonnie Swanson.” It appears that public records were altered in an attempt to conceal the unauthorized disbursements. The following chart depicts the 21 instances in which payments were listed as “void” in City records, but cleared the City’s bank account.

³¹ The check amount was \$1,253.60. Only \$1,122.30 was approved by the City Council (\$943.09 for wages and \$179.21 for other expenses). The excessive amount is discussed in section III. B of this Report.

³² The check amount was \$1,690.08, including \$1,319.04 for wages and the remainder for other expenses.

³³ The recorded purpose of this check, dated after Clerk Swanson left City employment, is “paycheck.” The OSA has not been able to verify that the check has cleared the City’s account. See footnote 5.

PAYMENTS LISTED AS “VOID” IN CITY RECORDS

Date of Check	Date Check Cleared the Bank	Check Number	Amount
020/8/95	02/10/95	4410	\$753.92
03/21/95	03/22/95	4457	\$814.25
06/20/95	06/23/95	4540	\$849.58
08/28/95	08/29/95	4606	\$920.76
09/25/95	09/29/95	4636	\$1,094.47
11/06/95	11/16/95	4703	\$877.99
02/06/96	02/09/1996	4824	\$896.12
03/25/96	03/28/1996	4869	\$763.61
10/03/96	10/03/1996	5110	\$783.61
01/07/97	01/09/1997	5237	\$817.31
01/28/97	01/29/1997	5245	\$854.50
03/04/97	03/05/1997	5293	\$761.12
04/11/97	04/14/1997	5338	\$815.70
06/02/97	06/09/1997	5390	\$964.31
02/11/00	02/16/2000	2813	\$913.74
03/07/00	03/09/2000	2844	\$1,014.39
04/05/00	04/14/2000	2874	\$978.48
05/02/00	05/09/2000	2924	\$859.87
06/22/00	06/26/2000	2992	\$1,539.00
08/11/00	08/17/2000	3071	\$893.16
10/08/00	10/20/2000	3147	\$1,253.60

In addition, it appears that on many occasions Clerk Swanson issued herself checks in advance of obtaining approval from the City Council, and attempted to conceal this conduct by post-dating the City’s disbursement records. *See* Attachment A. For example, the City Council approved a \$1,020.98 wage disbursement to Clerk Swanson on March 7, 1994. According to City records maintained by Clerk Swanson, the \$1,020.98 payment was disbursed on March 9, 1994. However, the City’s bank statement reflects that the \$1,020.98 disbursement cleared the City’s bank account on February 11, 1994.

B. Excessive Wage and Expense Payments

In addition to the duplicate payroll checks, on several occasions, Clerk Swanson used City funds to pay herself more than the amount the City Council authorized her to receive. These payments totaled \$1,967.55. The excessive payments occurred in both wage payments and the reimbursement of expenses. The following chart depicts these excessive payments.

EXCESSIVE WAGE AND EXPENSE PAYMENTS

Date Check Cleared the Bank	Check Amount	Amount Approved by the City Council	Overage
03/08/96	\$817.59	\$717.59	\$100.00
05/02/95	\$891.21	\$791.21	\$100.00
06/06/95	\$988.11	\$938.11	\$50.00
08/07/96	\$987.61	\$887.61	\$100.00
07/06/98	\$929.91	\$829.91	\$100.00
09/14/98	\$940.49	\$840.49	\$100.00
12/11/98	\$240.00	\$230.00	\$10.00
12/23/98	\$844.22	\$836.89	\$7.33
09/15/99	\$883.15	\$883.04	\$0.11
11/08/99	\$999.88	\$988.98	\$10.90
01/10/00	\$1,240.93	\$1,022.13	\$218.80
03/09/00	\$1,014.39	\$914.76	\$100.00
03/27/00	\$1,014.00	\$74.89	\$939.11
10/11/00	\$1,253.60	\$1,122.30	\$131.30

Total Overage

\$1,967.55

The OSA also found three claim forms that were altered to make the amount reflected on the claim form match the check amount:

- On May 1, 1995, the City Council approved a \$791.21 payment to Clerk Swanson for wages. The claim form that was prepared (G-120) reflects the \$791.21, but the seven has been changed to an eight, corresponding to the \$891.21 that actually cleared the City's bank account on May 2, 1995.
- On August 5, 1996, the City Council approved a \$887.61 payment to Clerk Swanson for wages. The claim form that was prepared (G-213) reflects the \$887.61, but the eight has been changed to a nine, corresponding to the \$987.61 that actually cleared the City's bank account on August 7, 1996.
- On December 7, 1998, the City Council approved a \$836.89 payment to Clerk Swanson for wages. The claim form that was prepared (G-368) reflects the \$836.89, but this amount was crossed out and \$844.22 was written in its place, corresponding to the amount that actually cleared the City's bank account on December 23, 1998.

It appears that these public records were altered in an attempt to conceal the unauthorized disbursements.

C. Payments Disbursed to Clerk Swanson But Recorded in City Records as Payments to City Vendors

The OSA discovered two instances totaling \$2,788.15 where it appears that Clerk Swanson issued herself City funds but recorded the transactions in City records as payments to City vendors. These payments were discovered by the OSA when the City disbursement records were compared with the cancelled check or bank statement. In these two instances, the cancelled check or bank statement shows that the payee was Clerk Swanson, whereas the City disbursement record lists the payee as another entity. The two disbursements are as follows:

PAYMENTS RECORDED AS PAYMENTS TO CITY VENDORS BUT DISBURSED TO CLERK SWANSON

Date Check Cleared the Bank	Check Number	Check Amount	Payee in City Records	Payee on the Cancelled Check or the Bank Statement
05/28/97	5367	\$240.00	IRS	Bonnie Swanson
07/14/99	764	\$2,548.15	Thatcher Engineering	Bonnie Swanson

Total **\$2,788.15**

Cancelled checks or bank statements identifying payees are not available for many City transactions. Therefore, the OSA is unable to determine whether additional transactions exist where payments were actually disbursed to Clerk Swanson but recorded in City records as payments to other City vendors.

D. Unauthorized Expense Reimbursements

The City reimbursed Clerk Swanson for expenses she incurred on behalf of the City from 1994 through 2000. Examples of expenses for which Clerk Swanson received reimbursement from the City included: mileage, office supplies and fees associated with Clerk Swanson's attendance at conferences. The OSA discovered 17 instances, totaling \$3,282.86, where it appears that Clerk Swanson disbursed City funds to herself for alleged expense reimbursements without City Council approval. In each of the 17 instances, the amount disbursed to Clerk Swanson was not included in the claims list that Clerk Swanson prepared and submitted to the City Council. Therefore, it does not appear that the City Council approved these expenses.

Despite no evidence of City Council approval, Clerk Swanson prepared claim forms for some of the unauthorized expense disbursements. No supporting documentation, such as a receipt, was attached to the claim forms. For the remaining unauthorized expense reimbursements, no claim forms were found in the documents provided to the OSA by the City. These 17 unauthorized disbursements are itemized as follows:

UNAUTHORIZED EXPENSE REIMBURSEMENTS

Date of Check	Date Check Cleared the Bank	Check Number	Amount
03/21/1994	03/15/1994	4037	\$38.58
08/05/1994	05/03/1994	4097	\$66.92
08/05/1994	08/05/1994	4201	\$94.96
May 1995	05/19/1995	4503	\$33.28
06/07/1995	06/08/1995	4537	\$54.18
None listed	07/17/1995	4569	\$262.67
09/13/1995	09/14/1995	4630	\$85.00
10/27/1995	10/30/1995	4669	\$175.58
03/05/1996	03/08/1996	4862	\$32.76
03/21/1996	03/21/1996	4866	\$112.32
06/28/1996	06/28/1996	4956	\$41.86
11/18/1996	11/13/1996	5150	\$109.25
04/27/1998	04/30/1998	239	\$109.07
03/04/1999	03/10/1999	605	\$189.66
05/21/1999	05/24/1999	691	\$489.44
12/20/1999	12/27/1999	2750	\$1,240.63
09/07/2000	09/13/2000	3112	\$146.70

Total \$3,282.86

V. CONCLUSION

Based upon the OSA's review, it appears that Clerk Swanson deprived the City of at least \$57,641.42 in public funds. This matter has been referred to the Chisago County Attorney to institute such proceedings as the law and public interest require.

/s/ Judith H. Dutcher

Judith H. Dutcher
State Auditor

Attachment