

Committee Members: *Council-At-Large*

- Randy Greeno, Ward 5 – Committee Chair
- Joshua Palmer, Ward 7
- Grant Russel, at-large

Staff:

- Tammy Kirkpatrick, Billing Supervisor
- Jason Phillips, Water Treatment & Distribution Superintendent
- Dave Beach, WPCC Superintendent
- Jeremy Kalb, City Engineer

Meeting Start Time: 4:32

Meeting End Time: 5:47

Guests: Jim Staschiak, Rob Martin
Nathan Bean, Mayor Muryn
Haydee Sadler, Don Rasmussen
Holly Frische

Agenda:

Call to Order

Roll Call

New Items

1. Stormwater rates
2. Review of Utility Billing audit

Adjournment


Randy Greeno, Water & Sewer Committee Chair

COMMITTEE REPORT

THE CITY COUNCIL OF THE CITY OF FINDLAY, OHIO

The **WATER AND SEWER COMMITTEE** met on April 11, 2023 to discuss stormwater rates.

We recommend the City administration continue to develop the stormwater rate plan update.

Aye Nay

Randy Greeno MOTION
Randy Greeno, Chairman

LEGISLATION: _____

Aye Nay

Josh Palmer
Josh Palmer

DATED: April 11, 2023

Aye Nay

Grant Russel second
Grant Russel

COMMITTEE:
WATER & SEWER

STORM WATER RATE COMPARISON

CURRENT STORM BASE FEE

TIER	PROPERTY SIZE	QTY	RATE	PROJECTED MONTHLY REV.
A	Residential	12,914	\$ 3.00	\$ 38,742.00
B	0 to 0.75 acre	585	\$ 20.00	\$ 11,700.00
C	0.751 to 1.50 acres	43	\$ 30.00	\$ 1,290.00
D	1.51 to 4.00 acres	41	\$ 40.00	\$ 1,640.00
E	4.01 to 8 acres	14	\$ 60.00	\$ 840.00
F	Greater than 8.01 acres	12	\$ 100.00	\$ 1,200.00
A1	Variable Site Specific	2	\$ 3.00	\$ 6.00
B1	Variable Site Specific	556	\$ 10.00	\$ 5,560.00
C1	Variable Site Specific	138	\$ 15.00	\$ 2,070.00
D1	Variable Site Specific	193	\$ 20.00	\$ 3,860.00
E1	Variable Site Specific	9	\$ 30.00	\$ 270.00
F1	Variable Site Specific	2	\$ 50.00	\$ 100.00
TOTALS:		14,509		\$ 67,278.00

PROPOSED STORM BASE FEE

TIER	PROPERTY SIZE	QTY	RATE	PROJECTED MONTHLY REV.
A	Residential	13,266	\$ 4.00	\$ 53,064.00
B	0 to 0.75 acre	1,056	\$ 25.00	\$ 26,400.00
C	0.751 to 1.50 acres	184	\$ 35.00	\$ 6,440.00
D	1.51 to 4.00 acres	218	\$ 50.00	\$ 10,900.00
E	4.01 to 8 acres	94	\$ 100.00	\$ 9,400.00
F	8.01 to 12.00 acres	25	\$ 200.00	\$ 5,000.00
G	12.01 to 25 acres	28	\$ 300.00	\$ 8,400.00
H	25.01 to 50 acres	12	\$ 400.00	\$ 4,800.00
I	Greater than 50.01 acres	11	\$ 500.00	\$ 5,500.00
TOTALS:		14,894		\$ 129,904.00

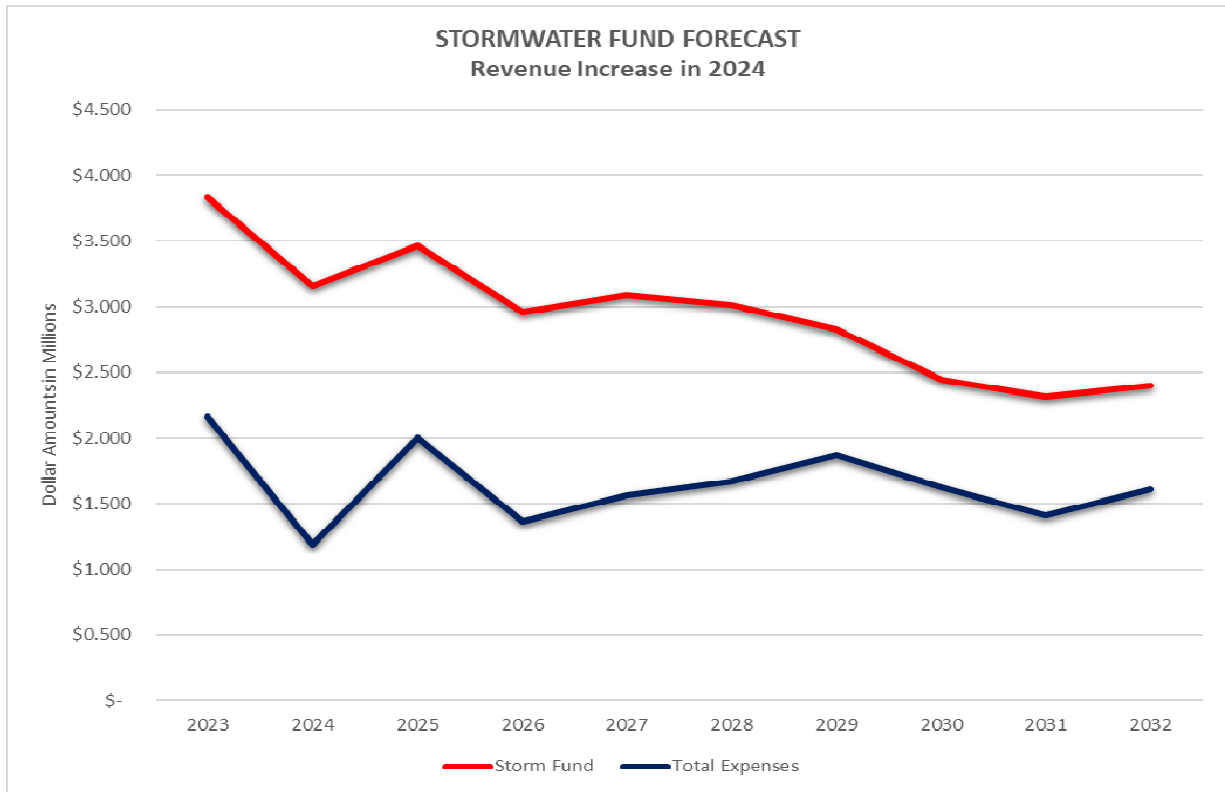
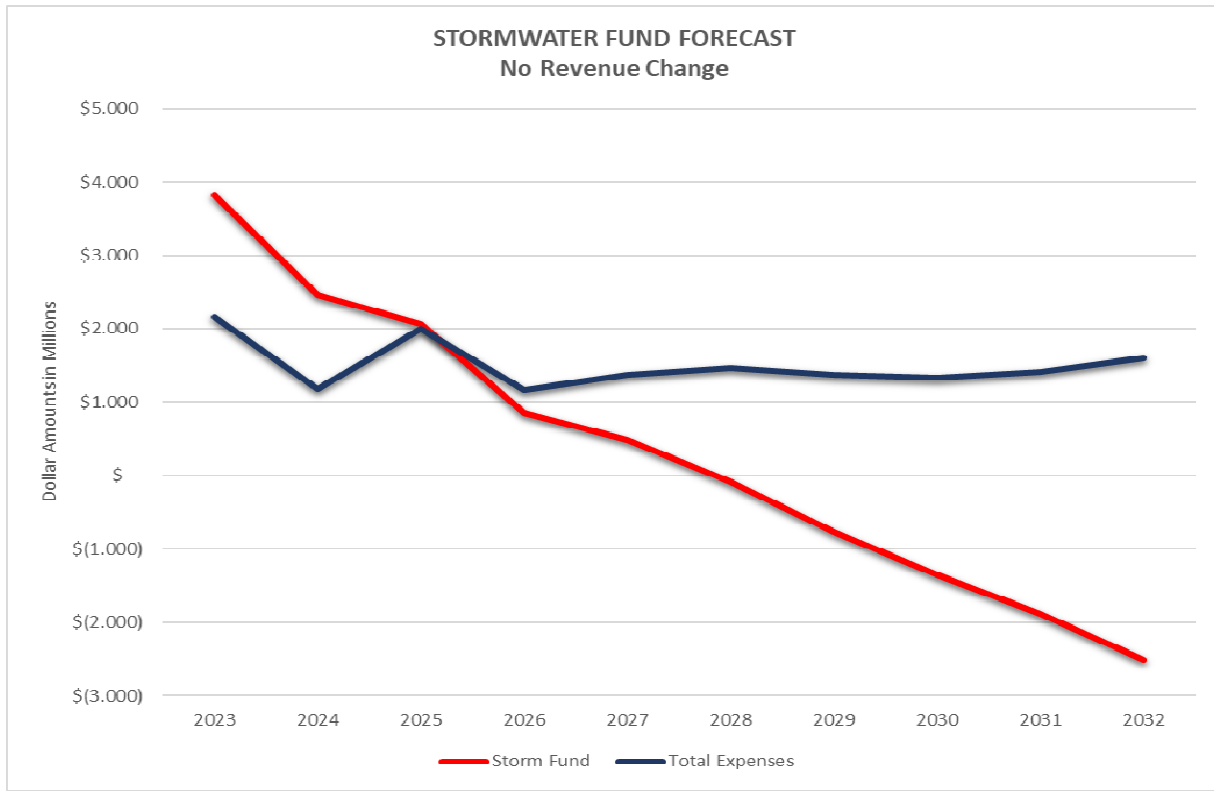
NOTES:

- Residential Rates will be a flat rate for all types of housing (i.e. Single Family, Duplex, Triplex, Condos, and Apartments)
- For multi-family housing each meter will be billed the flat residential rate of \$4.00.
- If a condo or apartment is regulated by master meter and the utility bill is paid via the property owner, this will be treated as a business and will fall into Tier B through I.
- New tiers will cover large commercial and industrial sites that have more of an impact to the storm system than smaller sites.
- The storm water fee will be billed to all properties that are receiving water and/or sewer service.
- Implementation of new Storm Water Rates is expected to take effect in January 2024.

FINDLAY VS REGIONAL CITIES

BUSINESS	CITY	UNIT	RATE	YEARLY COST	DIFFERENCE FROM FINDLAY	%
Lowe's	Findlay	G TIER	\$ 300.00	\$ 3,600.00		
	Lima	209 ERU	\$ 5.27	\$ 13,189.43	\$ 9,589.43	266%
	Dayton	542,260 SF	\$ 0.03	\$ 16,755.83	\$ 13,155.83	365%
	Toledo	217 ERU	\$ 3.80	\$ 9,890.82	\$ 6,290.82	175%
	Marysville	201 ERU	\$ 7.00	\$ 16,870.31	\$ 13,270.31	369%
Menards	Findlay	G TIER	\$ 300.00	\$ 3,600.00		
	Lima	262 ERU	\$ 5.27	\$ 16,558.15	\$ 12,958.15	360%
	Dayton	680,759 SF	\$ 0.03	\$ 21,035.45	\$ 17,435.45	484%
	Toledo	272 ERU	\$ 3.80	\$ 12,417.04	\$ 8,817.04	245%
	Marysville	252 ERU	\$ 7.00	\$ 21,179.17	\$ 17,579.17	488%
Walmart	Findlay	G TIER	\$ 300.00	\$ 3,600.00		
	Lima	230 ERU	\$ 5.27	\$ 14,553.71	\$ 10,953.71	304%
	Dayton	598,350 SF	\$ 0.03	\$ 18,489.02	\$ 14,889.02	414%
	Toledo	239 ERU	\$ 3.80	\$ 10,913.90	\$ 7,313.90	203%
	Marysville	222 ERU	\$ 7.00	\$ 18,615.33	\$ 15,015.33	417%
Kroger	Findlay	E TIER	\$ 100.00	\$ 1,200.00		
	Lima	89 ERU	\$ 5.27	\$ 5,658.03	\$ 4,458.03	372%
	Dayton	232,620 SF	\$ 0.03	\$ 7,187.96	\$ 5,987.96	499%
	Toledo	93 ERU	\$ 3.80	\$ 4,242.99	\$ 3,042.99	254%
	Marysville	86 ERU	\$ 7.00	\$ 7,237.07	\$ 6,037.07	503%
Meijer	Findlay	H TIER	\$ 400.00	\$ 4,800.00		
	Lima	274 ERU	\$ 5.27	\$ 17,327.76	\$ 12,527.76	261%
	Dayton	711,917 SF	\$ 0.03	\$ 21,998.24	\$ 17,198.24	358%
	Toledo	274 ERU	\$ 3.80	\$ 12,494.40	\$ 7,694.40	160%
	Marysville	264 ERU	\$ 7.00	\$ 22,148.53	\$ 17,348.53	361%
McDonalds	Findlay	C TIER	\$ 35.00	\$ 420.00		
	Lima	16 ERU	\$ 5.27	\$ 1,037.48	\$ 617.48	147%
	Dayton	42,654 SF	\$ 0.03	\$ 1,318.01	\$ 898.01	214%
	Toledo	17 ERU	\$ 3.80	\$ 778.01	\$ 358.01	85%
	Marysville	16 ERU	\$ 7.00	\$ 1,327.01	\$ 907.01	216%
Residential	Findlay	A TIER	\$ 4.00	\$ 48.00		
	Lima	1 ERU	\$ 5.27	\$ 63.24	\$ 15.24	32%
	Dayton	1 ANN	\$ 60.32	\$ 60.32	\$ 12.32	26%
	Toledo	1 ERU	\$ 3.80	\$ 45.60	\$ (2.40)	-5%
	Marysville	1 ERU	\$ 7.00	\$ 84.00	\$ 36.00	75%

FUNDING FORECAST



COMMITTEE REPORT

THE CITY COUNCIL OF THE CITY OF FINDLAY, OHIO

The WATER AND SEWER COMMITTEE met on April 11, 2023 to review the City of Findlay Utility Billing audit.

We recommend

City Administration continue to work on recommendations from the internal control evaluation and report to this committee in progress

Aye Nay

Randy Greeno MOTION
Randy Greeno, Chairman

LEGISLATION: _____

Aye Nay

Josh Palmer SECOND
Josh Palmer

DATED: April 11, 2023

Aye Nay

Grant Russel
Grant Russel

COMMITTEE:
WATER & SEWER



City of Findlay, Ohio

*Internal Control Evaluation - City Utility Department
March 23, 2023*



Rea & associates
a brighter way

SCOPE Narrative

In accordance with our consulting agreement dated July 13, 2022 between the City of Findlay, Ohio (City) and Rea and Associates, Inc., we have completed the first stage of that agreement. Below is a summary of the various procedures performed:

- We obtained the year end December 31, 2021 Audit report and reviewed the auditor's recommendation that the City's Utility Department had some opportunities to improve internal controls.
- We visited the City's Utility Department on February 1, 2023. We also had some subsequent follow up discussions with various City personnel. During these procedures, we met with several personnel to gain an understanding of the internal controls and procedures in place. We completed these tasks through inquiry, observation and inspection.
- The primary areas of internal controls over the Utility Department were focused on billing, collecting, depositing, balancing and reconciling activities over the utility services provided by the City.

As a result of our procedures, we have summarized below a list of recommended control processes that should be considered by the City. In addition to this listing we have included a response to each control as to whether the City has implemented this control (or a reasonable alternative). If the control does not appear to be in place, we recommend the City evaluate the cost-benefit of its implementation.

Internal control provides many benefits to an entity. It provides management with added confidence regarding the achievement of objectives, provides feedback on how effectively an entity is operating, and helps reduce risks affecting the achievement of the City's objectives. Management should consider a variety of cost factors in relation to expected benefits when designing and implementing internal controls. The complexity of cost-benefit determination is compounded by the interrelationship of controls with operational processes. Where controls are integrated with operational processes, it is difficult to isolate either their costs or benefits.

Management may decide how an entity evaluates the costs versus benefits of various approaches to implementing an effective internal control system. However, cost alone is not an acceptable reason to avoid implementing internal controls. Management is responsible for meeting internal control objectives. The costs versus benefits considerations support management's ability to effectively design, implement, and operate an internal control system that balances the allocation of resources in relation to the areas of greatest risk, complexity, or other factors relevant to achieving the entity's objectives.

Finally, no matter how strong the internal control policies and procedures are, no entity can reduce the risk of fraud or error to zero percent. The risk of not detecting fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control system.

Adjustment to customer accounts, deposits, or ledgers require strong internal controls to safeguard the assets of the City and reduce the risk of fraud or error. Adjustments can happen at various stages of operations. It's common to note when fraud is perpetrated at cash collection points within a government, it is common that there is some aspect of adjustment posting that concealed the fraud act. As a result, we have included adjustments as its own separate category.

The internal controls summarized have been categorized into the following areas:

1. Billing
2. Collections and Balancing
3. Depositing
4. Reporting
5. Adjustments
6. Other General Controls

Billing

1. We recommend that the City install an Advanced Metering Infrastructure (AMI) system that is used to import meter reads into the utility billing system.

We acknowledge that the City is currently in the process of installing an AMI system throughout the City.

2. We recommend that the City review meter readings (prior to sending to their third-party vendor or processing billing) to identify any potential errors in meter readings, large billings that were caused by leaks, misread readings, etc. Documentation of this review and any approvals should be maintained by the Utility Department.

The City has hired a third-party vendor to print and mail all utility bills. We acknowledge there are procedures in place, which include the current utility system flagging various billing anomalies and staff that also review and address all unusual billings prior to submitting to the third-party vendor. However, no documentation of the approvals is maintained by the Department.

3. We recommend that there be some level of segregation of duties between the billing and collections over services provided by the Utility Department.

Currently, the Department Clerk III and Assistant Supervisor each can collect utility receipts in a backup role. However, we believe the activities noted in #2 above include sufficient segregation over **billing** that reduce the risk of fraud or error over collections.

4. We recommend the City establish a set of shut-off procedures on aging delinquent accounts.

The City has established utility shut-off policies and procedures.

5. To ensure all accounts are collected in full, we recommend that City exercise their right to certify delinquent amounts with the County Auditor's office at least annually.

The City certifies delinquent accounts with the County Auditor's office at least annually.

Collections and Balancing

1. We recommend the City develop/purchase an updated Point of Sale system (POS) that is better designed to handle the operational and technological needs of a department this size. A different POS could not only be designed to have various controls and safeguards in place, it could also improve the overall efficiencies in operations.

The City does have a POS system and we acknowledge that the City plans to upgrade this system once other utility software system upgrades have been completed.

2. At the time of processing payments (window, mail, drop box, etc.), we recommend that each employee sign into the POS using their own log-in to post the payment to the customer's account.


The Utility Department does have a POS, however, it is not used to its full capabilities. Currently, collections at the windows are typically not posted until the following business day using billing stubs received. Other collections areas (ex. lockbox and mail) are posted the day of collections. Having an updated POS would allow the ability for all transactions to be posted in real time, receipts to be generated for customers, improve accuracy, and to expedite all reconciliation processes. The current system in place requires processing a transaction through multiple screens. We acknowledge the potential wait time the customer may experience with the current POS system may not be acceptable to management.

3. We recommend that each cash drawer be lockable. Each cash drawer should be locked when the Clerk is on break or when not in use. Access to cash drawers should be monitored and access codes should be kept secure.

The City does not have lockable cash drawers for the Utility Department. We noted typically there are three cash drawers that are used for daily operations, while an additional three drawers are left in the safe and used only if needed.

4. We recommend the Clerk stamp the billing stub as "paid" at the time of collection and indicate on the billing stub if the payment was paid by check, cash or credit card and the amount paid. In addition, we recommend that each employee who has collections duties have their own individually identifiable stamp. This stamp could include the employee number (similar to the POS system employee number), name and/or initials.

Currently, the Utility Department Clerk will stamp the customer's billing stub with their



individual (color assigned) stamp indicating that the billing was paid, and the Clerk will write the collection location (window, lockbox, or by mail) where the payment was received. The Clerk will verify the amount paid by the customer. If paid by check, the check will also be stamped and “check” will be written on the billing stub. If paid by cash, on the back of the billing stub the Clerk will write what they received, and the change given to the customer. If paid by credit card, the Clerk will write the confirmation number on the billing stub. While this is effective with the systems in place, purchasing an updated POS system will improve accuracy and efficiencies.

In addition, the current system in place has an assigned stamp (ink color only) for each employee who works at the window. However, these stamps are not safeguarded in any way. In addition, there are employees who can collect monies using another employee’s assigned drawer. They will use the assigned employee’s stamp and they will initial the stub that they collected the money, not the person who is assigned the stamp or drawer. This opens the City up to unaccountable risks.

5. We recommend the City run all cash bills through a counterfeit bill detector at the time of collection.

At the time of collection of each cash payment, the Clerk will run the cash bills through a counterfeit bill detector at the window before processing the payment.

6. We recommend the Utility Department’s Clerk maintain all cash, check, and credit card slips collected each day in their respective individual lockable cash drawer.

The Utility Department’s cash drawers only include cash in an unlockable drawer. Other items are kept outside the cash drawer.


7. If a cash drawer is not being used, we recommend the cash drawer be kept in a locked safe.

The Utility Department keeps one unlocked cash drawer in an open common area, away from the collection windows. There are also three additional cash drawers that are typically not in use that are kept in the safe. However, per inquiry the safe is often kept unlocked during the workday.

8. We recommend the Clerk(s) who open the daily mail or drop box collections summarize the total amounts (or run through the check scanner) and then a separate Clerk post the payments to the system.

Typically, there are multiple clerks who simultaneously open and account for the drop box and/or mail collections. Each of which can also run the checks and billing stubs through the Remit software and post the payments to the customer accounts.

9. We recommend that each cash drawer be balanced daily, with one cash drawer being re-opened to handle collections during the latter part of the day. The reconciliation process should be started late enough in the day to ensure as much collections as possible can be deposited at the bank during banking hours the same day of collections. Any collections in the sole remaining drawer left should be reconciled, reviewed, locked overnight in a safe and become part of the next day’s collections and posting.



Currently, each cash drawer used during the day is reconciled around 4:15pm daily. One cash drawer is then reopened to continue to collect payments. However, the payments collected after the cash drawer has been counted are not reconciled until the end of the next day's collections. In addition, any collections received each day are not deposited until the next business day for all drawers.

10. We recommend that there be some level of segregation of duties between the collections and daily reconciliation procedures performed by the Utility Department.

Currently, Utility Department Clerk IV performs the daily reconciliation duties. In the event the Clerk IV collects payments at the window during the day, an independent clerk will count Clerk IV's cash drawer and post the batch to the system. This will be evidenced by the ID number of who posted the batch in the Utility System.

11. We recommend that each cash drawer is counted/reconciled in the presence of the respective cash drawer owner. In addition, a summary of this reconciliation should be completed and signed by both the cash drawer owner and reviewer. As part of the process, each cash drawer should have its own bank deposit slip to be deposited to the bank on the same day as collected. The reconciliation process should be completed, even for the cash drawers that were not required to be used during the day. Finally, we recommend that all deposits be placed into "tamper-evident" deposit bags. This bag should include such information as the deposit/collection date, amount, and those employees' signatures who participated in the reconciliation process.

Currently, the Utility Department Clerk IV will take the cash drawer to her desk at the back of the Office to count each drawer. The cash drawer is not counted in the presence of the owner. Only the cash drawers used at the window during the day are counted. Cash drawers are not deposited the same day, nor are the deposits taken to the bank maintained in any sort of "tamper-evident" or lockable deposit bag.

12. We recommend that documentation be maintained for the daily reconciliation include a POS system report (or the system report that is currently in place).

The Utility Department Clerk IV will print a Transaction Summary and Individual Batch Details from the current utility system. These reports are maintained with the daily reconciliation.

13. We recommend that all daily collections that have not been deposited in the bank to be stored in a lockable safe at the end of each day. In addition, any employee deemed to need access to the safe should have their own individual access code to open the safe. The safe should remain locked when not being accessed.

The Department has a safe and stores all daily collections in the safe at the end of the day. However, not all employees who have access to the safe have their own individual access credentials (i.e., there is some sharing of access codes). In addition, we learned that at times, the safe remains open/unlocked during operating hours.

14. We recommend that the Department's Supervisor and/or Service Safety Director conduct random cash drawer reconciliations throughout the year. Random cash drawer reconciliations help prevent fraud perpetrators from having time to alter, destroy, and

misplace records. To properly implement, ensure there is no way for employees to know when these will be conducted and who will be chosen (ex. no standard rotation, select an employee back-to-back occasionally, etc).

The Utility Department does not perform random cash drawer reconciliations. However, this is done by the City Auditor's Office. We believe there are added safeguarding of assets advantages to be gained if the Department conducts these as well.

15. We recommend that there be cameras installed in all areas where cash/collections can travel. In addition, camera shut-off access should not be available to any Utility Department personnel.

The Department has several cameras that cover most of the Department. We noted camera coverage excludes nearly the entire area of the Supervisor's office and approximately half of a separate room where the check scanner is located. Per inquiry with the Supervisor and Superintendent, camera shut-off access is not available to those charged with access to use the camera feeds (Superintendent and Supervisor). We acknowledge that the City has identified that the Supervisor's office should not have camera access. We recommend that the check scanning room have complete camera coverage.

Depositing

1. We recommend that there be some level of segregation of duties between the daily reconciliation and depositing procedures performed by the Utility Department. The Utility Department employee who prepares the daily deposits should not be the employee who takes the deposits to the bank (unless the daily deposit slips contain dual authentication). In addition, a bonded employee should be the one taking the deposit to the bank daily.

The Utility Department Clerk IV performs the daily reconciliation of the cash drawers, prepares the deposits, and takes the deposit to the bank (on most days). There is currently no segregation of duties between the daily reconciliation and depositing procedures.

2. After the deposit is prepared, we recommend that the Utility Department Clerk place the deposit bags into a locked safe until taken to the bank.

After the daily deposit is prepared, the deposit bags are placed in the safe. However, it was noted that the Department's safe is often left unlocked during office hours.

3. We recommend the Utility Department employee who takes the deposit to the bank have a City police escort. As an alternative, the City could contract with a local bank courier service to pick up the deposit at the Utility Department. Daily deposits could contain large amounts of cash. Safeguarding employees and the deposits should be a high priority of City management.

Currently, the Department Clerk IV (or their back up when not available) takes the deposit to the bank. For the daily deposit, there are no quality safety measures in

place for employees or the actual deposit.

Reporting

1. We recommend that a copy of all bank deposit slips be submitted to the City Auditor's Office for each deposit.

The Utility Department provides a copy of all bank deposits that are validated by the bank.

2. We recommend that the Utility Department and City Auditor reconcile their systems monthly by fund and receipt code.

This reconciliation is currently being performed.

Adjustments

1. We recommend the Utility Department establish an individual threshold that requires the approval of the Safety Service Director for an adjustment prior to processing. We understand that there could be some timing constraints as to when the Service-Safety Director is available versus when an adjustment needs to be processed. The policy could include a clause that the approval be done within a certain number of days after the processing of the adjustment. For all other adjustments that fall below this threshold, we recommend that the policy include the approval of the Service-Safety Director on a periodic basis (ex. monthly or quarterly). For any adjustments not approved by the Safety-Service Director prior to processing, we recommend the policy and procedures identify a staff member (ex. Department Supervisor or Superintendent) who has the authority to approve.

Currently, the City does not have a process that involves the Service-Safety Director or Superintendent.

2. For all adjustments processed, we recommend that employees who are part of the approval process (see previous recommendation) be segregated from the employee who is requesting the adjustment and the employee who is posting the adjustment to the utility system.

The current process has all adjustments approved by the Supervisor. This is segregated from employees who request and post adjustments. However, based on our inquiries it's our understanding that all adjustments require the approval of the Service-Safety Director.

3. We recommend a monthly or quarterly listing of all adjustments be provided to the Service Safety Director and the City Auditor (or other City Management) to monitor the purposes/trends/risks associated with adjustments occurring within the Utility Department.

Currently, the City does not have a process that provides a listing of adjustments to

the Service-Safety Director and the City Auditor (or other City Management).

4. No more than monthly, we recommend that all approved adjustments be reconciled to the utility accounting system to ensure that only amounts approved have been posted.

The Utility Department Supervisor reconciles all approved adjustments to the utility accounting system. However, these adjustments are only approved at the Supervisor level (see previous recommendations).

Other General Controls

1. We recommend that the City establish policies and procedures where daily cash shortages are required to be replenished by processing a City voucher requisition from the City Auditor's office. This request should include support for the balancing process signed off by the owner of the cash drawer and second clerk or supervisory person involved in the cash drawer reconciliation process. In addition, we recommend that any cash overages be included in the daily deposit to the bank. At no point should the Utility Department maintain a cash overage/shortage petty-cash type fund within the Department.

Currently, the Utility Department maintains a separate box for all cash overages and shortages. We do not believe this is a best practice or in line with our recommendation. We noted the Department already has a form established that summarizes any cash over/short by drawer as part of the daily reconciliation process that will assist them in the above recommendation.

2. We recommend the Utility Department establish an individual threshold that requires the approval of the Service-Safety Director for refunds. We understand that there could be some timing constraints as to when the Service-Safety Director is available versus when a refund needs to be processed. The policy could include a clause that the approval be done within a certain number of days after the processing of the refund. For all other refunds that fall below this threshold, we recommend that the policy include the approval by the Service-Safety Director on a periodic basis (ex. monthly or quarterly). For any refunds not approved prior to processing, we recommend the policy and procedures identify a staff member (ex. Department Supervisor or Superintendent) who has the authority to approve.

Currently, the City does not have a process that involves the Service-Safety Director or Superintendent.

3. For all refunds processed, we recommend that employees who are part of the approval process (see previous recommendation) be segregated from the employee who is requesting the refund and the employee who is posting the refund to the utility system.

Currently, the Utility Department's Supervisor approves and submits all refunds to the City Auditor.

4. We recommend all refunds be processed through the accounts payable function within the City Auditor's office.

All refunds are processed through the City Auditor's office.

5. We recommend the City implement a mandatory vacation policy. However, if the City cannot implement a mandatory vacation policy, we recommend that the Utility Department implement a system to cross-train employees and establish a periodic/rotation of duties. When this is done, we recommend that management evaluate any changes in collections, adjustments, refunds, unexpected trends, etc. that may indicate potential fraud risk red flags.

There is currently no mandatory vacation policy in place. Various staff are cross trained, however there are no established rotation of duties in place.

6. If practical, we recommend that the City of Findlay establish a central collection point under of the direction of the City Auditor's office for most/all revenues collected by outside departments. This would strengthen internal controls and safeguard the cash collection process.

The City does not have a central collection point for revenue collections.

7. We recommend that the Utility Department use bar code scanners to process payment stubs.

The Utility Department used to process payment stubs using a barcode. However, management concluded it was more efficient to not use them as the scanners did not work as well with the stubs when "wet or crumbled." Part of this evaluation could be to determine the amount of "wet or crumbled" stub inefficiencies that can occur as compared to the whole to determine if the overall process would be more efficient with using scanners. Part of this evaluation should include the process inefficiencies cause by the error rate that results from manual input versus barcode scanning, serving customers at the window, reconciliations, etc.

8. We recommend that each employee who handles receipt collections be covered under an employee bond or the City insurance policy (depending what the City feels is sufficient coverage based on assigned duties) as an additional safeguard over a loss of assets caused by employee theft. However, we recommend that any employee who makes the daily deposits to the bank be covered by an employee bond.

Based on inquiry, we understand that all employees who have receipt collection duties within the Utility Department are covered under an employee bond or the City's insurance policy. However, we were informed that there are employees who make daily deposits with the bank that are not covered by an employee bond.

CONCLUSIONS

The results of this report summarize our procedures and recommendations in accordance with Stage I outlined in our engagement letter dated July 13, 2022. As a reminder, Rea and Associates was not engaged to perform any cost-benefit analysis to implement each recommendation noted. If you require any further analysis, which are outside the scope of this request, we will be more than happy to discuss these with the City of Findlay.

We thank you for the opportunity to serve City of Findlay, Ohio.

Rea & Associates, Inc.