

Hoslett *Forensics*

Forensic Accounting and Fraud
Prevention Specialists

Project Scope

- Utility Deposit Testing
- Cal Card Testing
- Amazon Purchase Testing

Utility Testing

(Initial Finance Division Discrepancy)

	Calculated Deposit Amount	Total Amounts
Deposit Holding Account Fund Balance		1,680,000
New Deposit Accounts (Past 12 Months)	1,960	
Average Deposit Amount	246	
Total Deposits	482,160	482,000
	Difference	1,198,000

Source – Finance Divisions Update to City Council (4/1/25)

Utility Testing

(Consultant's Discrepancy Analysis)

	Consultant Amounts	Hoslett Amounts
Deposits Received & Held (1/1/19 to 6/30/24)	842,321	851,498
Deposits Received & Held (2018 & Prior)	-	488,149
Deposits Refunded (July 2024 to March 2025)	-	201,403
Total	842,321	1,541,051
Total Per GL as of 6/30/24	(1,543,644)	(1,543,644)
Unreconciled Difference	(701,323)	(2,593)

Source – Consultants Report (4/28/25)

Utility Testing

(Consultant's Discrepancy Analysis)

	# of Accounts	Deposit Amount
Negative Deposits	6	\$ (1,419)
Closed Accounts	23	5,425
Current Customer (Over 1 Year & No Late Pmts)	274	230,940
Current Customer (Over 1 Year With Late Pmts)	1,090	269,422
Current Customer (Under 1 Year of Service)	1,367	337,953
Total	2,760	\$ 842,321

Source – Consultants Report (4/28/25)

Utility Testing

(Required Adjustments)

	Amounts (As of 3/26/26)
Current Deposits per Utility Module	\$ 1,699,344
General Ledger Total	1,766,887
Adjustment Needed	\$ (67,543)

Account Status	Recommended Procedures	# of Accounts	Amounts (As of 3/26/26)
Current (Open) Accounts	To Be Held for Future	6624	\$ 1,668,786
Closed Accounts	To Be Resolved	142	32,090
Negative Balance Accounts	To Be Resolved	6	(1,532)
			\$ 1,699,344

Important Note – *Most of the Adjustment Items Represent Clerical Errors.*

Cal Card Testing

➤ City Internal Testing Results

- Five Years - \$8,625 (Unapproved)
- Annual Cal Card Purchases - \$2,250,000

➤ Hoslett Testing

- Analytical Testing (2 Years)
- Specific Transaction Testing
- Internal Controls Review
- Conclusion – System is Operating as Expected

Amazon Testing

➤ Hoslett Testing

- Analytical Testing (2 Years)
- Specific Transaction Testing
- Internal Controls Review & Updated Policies
 - Removed Personal Employee Use
 - Purchases are Appropriately Reviewed
- Conclusion – System is Operating as Expected

Internal Audit Function

- Moss Adams Audit Finding (6/6/25)
 - Finding - City Currently Does Not Have an Internal Audit Function
 - Recommendation – Establish an Internal Audit Function to Identify & Mitigate Risks of Undetected Errors or Fraudulent Activities
 - Risk Factor – High
 - Potential Approaches – Hire an Internal Auditor or Engage an External Firm