



CITIZENS SUMMARY

Findings in the audit of the City of Louisiana

Water Account Adjustments	The city does not have policies or procedures requiring Board approval or documentation to support water account adjustments. Water records indicate the city received approximately \$803,000 in water revenues during the year ended May 31, 2024, and personnel posted a total of 655 adjustments, totaling approximately \$373,000, during that time. A review of the list of adjustments for the 3 fiscal years ended May 31, 2024, found many individuals with adjustments in multiple years or significant adjustments. A review performed by the city of the fiscal year 2024 adjustments identified 31 inappropriate adjustments totaling over \$2,000 for 26 individuals. Further review by the State Auditor's Office (SAO) found some additional adjustments were inappropriate because city staff processed them without accurate supporting documentation or any explanation of the adjustment reason.
City Policies and Procedures	The city does not have a written policy for overtime to address the hours, including non-working time, to be considered when calculating overtime. The city paid 17 of 44 employees approximately 170 hours of overtime for July 2022 when they did not work a total of 40 hours in a week because the city counted holiday or leave hours as part of the 40 hours worked during the week. Proceeds from some scrap metal sales totaling \$900 were not deposited and are missing. The city allows employees to take extra scrap metal to a local scrap metal company and sell the metal. The funds paid for the scrap metal are to be turned over to the city. Reports from the scrap metal company for the period December 2019 through December 2023 show city employees received approximately \$2,300 for scrap metal sales, but city deposit records indicate only approximately \$1,400 in scrap metal income was deposited.
Financial Reporting	The city failed to submit its year ended May 31, 2023, annual financial report to the State Auditor's Office (SAO) until April 18, 2025. As a result, the submission was almost 17 months late, and the Missouri Department of Revenue (DOR) assessed fines totaling \$196,500, which the DOR collected by withholding monthly sales tax distributions. The Mayor contacted the SAO in July 2025, and provided documentation of submission to the DOR and the SAO agreed to show the report received as of the August 21, 2024, DOR submission date. Even with the earlier submission date, the report was almost 9 months late and the city is subject to over \$60,000 in fines.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



Recommendations in the audit of the City of Louisiana

Water Account Adjustments	The City Council develop written policies and procedures for the handling of water account adjustments, and ensure adjustments are properly approved, and reasons for adjustments are documented.
City Policies and Procedures	<p>The City Council:</p> <p>2.1 Develop detailed personnel policies and procedures for overtime that are in compliance with the Fair Labor Standards Act (FLSA).</p> <p>2.2 Develop policies and procedures to ensure all scrap metal sales proceeds are turned over to the city and deposited.</p>
Financial Reporting	The City Council timely submit annual financial reports to the State Auditor's Office (SAO) as required by state law.