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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Carterville

Financial Condition, Budgeting, Planning, and Audits	The city's Water and Sewer Fund is in poor financial condition. For the year ended October 31, 2024, the city's Water and Sewer Fund had a beginning balance of $106,715, revenues of $963,108, and disbursements of $1,703,852, resulting in a negative ending fund balance of $634,029. In addition, the Water and Sewer Contingency Fund had a negative fund balance of $24,839 and the Capital Improvement Fund had a negative fund balance of $5,013. City officials did not include all statutorily required elements in the budget prepared for the fiscal year ended October 31, 2024. The budget did not include actual or budgeted amounts for the 2 preceding years. The City Council does not adequately monitor budget-to-actual receipts and disbursements, and actual disbursements exceeded budgeted disbursements for 8 of the 10 city funds during the year ended October 31, 2024. Budget amendments were not prepared for these 8 funds. City officials have not developed a formal annual maintenance plan for city streets. The city has not obtained annual audits of its waterworks and sewerage systems as required by state law.
Disbursements	In November 2023 city officials authorized the payment of holiday retention incentives, which appear to be bonuses, to city employees totaling approximately $3,600. The city also did not adhere to their procurement policy and made purchases over the $2,000 threshold without soliciting bids. Additionally, there were disbursements totaling approximately $1,200 without supporting documentation.
Bank Reconciliations	Neither the City Clerk nor the city's accountant perform monthly reconciliations for the Emergency Account, which is used for grant monies received by the city.
Utility System Controls and Procedures	City personnel did not perform monthly reconciliations of amounts billed, payments received, and amounts unpaid for utility services. Further, city personnel did not perform monthly reconciliations of total gallons of water billed to gallons of water pumped.
Police Department Commuting Miles	The city does not report the value of personal and commuting mileage on any police officer's W-2 form. The police department does not maintain mileage records for any of the police department vehicles to track the on duty mileage and commuting mileage from officers' homes to the city.
Sunshine Law	The city's closed meeting minutes are insufficient and not compliant with the Sunshine Law.
Electronic Data Security	The city has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The City Clerk, the City Collector, and the Municipal Court Clerk frequently use the same user account and password, even though they each have a user account to access the city's collection software used to record all city fees and utility payments. The city does not have security controls in place to lock computers after a certain period of inactivity.

Electronic Communication Policy	City personnel have not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Capital Assets	City personnel do not maintain records of capital assets including office furniture in city hall and the police department, and equipment used by the public works department. In addition, city personnel do not tag, number, or otherwise identify assets as property of the city, or perform an annual physical inventory of city property.

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 Carterville

Financial Condition, Budgeting, Planning, and Audits	The City Council: 1.1 Ensure it receives detailed financial data monthly, perform immediate and long-term planning, and closely monitor and take necessary steps to improve the city's Water and Sewer Fund financial condition. In addition, the City Council should ensure a formal, documented review of water and sewer rates is performed to ensure revenues are sufficient to cover all costs of providing services. 1.2 Prepare annual budgets that contain all information required by state law. In addition, ensure the budgets are adequately monitored and properly amended. 1.3 Establish a formal annual street maintenance plan. 1.4 Obtain timely annual audits of the city's water and sewer system as required by state law.
Disbursements	The City Council: 2.1 Discontinue paying employee bonuses and ensure all disbursements are a necessary and prudent use of public funds. In addition, ensure adequate supporting documentation is retained for all disbursements. 2.2 Solicit competitive bids and proposals for all applicable purchases in accordance with the city ordinance. If competitive bids are not feasible, the reason should be documented.
Bank Reconciliations	The City Council ensure monthly bank reconciliations are prepared for the Emergency Account.
Utility System Controls and Procedures	The City Council ensure monthly reconciliations are performed of utility amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and investigate significant differences.
Police Department Commuting Miles	The City Council comply with Internal Revenue Service (IRS) guidelines for reporting fringe benefits related to personal and commuting mileage. The City Council should require complete and detailed mileage records for all city owned vehicles and review the records periodically.
Sunshine Law	The City Council record all closed session minutes with sufficient detail. In addition, when entering closed session, cite the correct section of law and discuss only allowable topics to be in compliance with the Sunshine Law.
Electronic Data Security	The City Council: 7.1 Require each employee to only use their individual user account and password and prohibit the sharing of user accounts and passwords.

7.2 Ensure city computers lock after a certain period of inactivity.

Electronic Communication Policy	The City Council develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.
Capital Assets	The City Council ensure complete and detailed capital asset records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. The City Council should also ensure city personnel properly tag, number, or otherwise identify all applicable city property, conduct an annual physical inventory, and compare this inventory to detailed records.