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CITIZENS SUMMARY

Findings in the audit of the City of Marshfield

Financial Condition	The General Fund balance has plummeted from almost \$1.4 million in 2008 to just over \$200,000 in 2012, and the Board of Aldermen was not aware of the severity of the General Fund's financial condition. The city used General Fund monies to cover costs which could have been paid from other funds, borrowed monies from restricted funds to cover unrelated costs, and has operated the Park Fund and bus transportation service at a loss without evaluating whether park fees charged are appropriate or conducting a cost-benefit analysis to determine whether the bus service provided is beneficial.
Financial Activity	The city does not properly account for restricted monies. The city commingles monies from various funds into one "pooled cash" bank account, from which it makes disbursements without considering the availability of monies for each fund, and it improperly used other restricted monies to cover deficits. The city has not implemented many of the recommendations made by its independent auditor, and the City Accountant was able to make adjusting journal entries without an independent review or approval.
Real Estate Purchases and Leases	The city owns several properties which it leases for minimal or no rental fees and holds several other properties for possible future use by a non-profit organization. The city entered a 10-year lease with one not-for-profit for \$1 per year plus free water and sewer services and holds three additional properties for possible future construction for this entity. The city leases four additional properties to other entities, two of which pay no rent, one which pays \$1 per year, and one which pays \$1 per month. Given the city's poor financial condition, it should conduct a cost-benefit analysis to determine whether it is in the city's best interest to continue owning these properties and/or leasing them at minimal rental rates.
Budgets and Financial Statements	City budgets do not include all the information required by state law, and the Board of Aldermen does not adequately monitor budget to actual receipts and disbursements. The city has not published semiannual financial statements, as required by state law, for at least 3 years.
Accounting Controls and Procedures	The city does not always issue receipt slips for monies received, use prenumbered receipt slips, restrictively endorse checks upon receipt, document the method of payment, or deposit monies received timely and intact. The city does not reconcile business licenses and permits issued to fees collected and amounts deposited and does not always charge fees in compliance with the Municipal Code. The city did not timely prepare invoices for park facilities rental, and six of the eight invoices reviewed contained errors causing the city to undercharge renters \$268. The city did not refund some overpayments timely.
Payroll Controls and Procedures	The city does not adequately segregate or supervise payroll duties, timesheets were not signed by most employees or supervisors, the city personnel manual does not address some significant issues, and the city has not adopted ordinances to establish the compensation of city officials and employees.

Written Contracts and Contract Compliance	The city does not always enter into written contracts with vendors and did not always effectively monitor contracts. The city has paid over \$50,000 for an updated comprehensive plan, but the document remains incomplete.
Disbursements	The list of bills approved by the Board is not complete, and the Board does not review or approve bank account closings or transfers. The city does not effectively monitor fuel use or verify the accuracy of fuel billings. Some city officials had conflicts of interest; former Alderman Noland also serves as Deputy Fire Chief but sometimes voted to approve disbursements for the city Fire Department, and the Public Works Superintendent approved purchases from a company owned by his cousin. The city did not competitively bid some purchases, did not always receive or retain documentation to support disbursements or show compliance with grant agreements, and did not timely pay several invoices. The city vendor list contained 18 duplicate vendor names, resulting in a duplicate payment to at least one vendor.
Computer Controls and Procedures	The city needs to improve its computer controls. Prior to January 2013, the City Accountant had unlimited access to information recorded in the accounting and utility billing system. In a three month period, the City Accountant accessed the administrative module containing all user identifications, passwords, and user rights 48 times with no apparent business need to do so.
Utility Controls and Procedures	The city did not investigate significant discrepancies between the gallons of water billed to customers and gallons of water pumped and does not track city water usage. In May 2012 alone, the city pumped 6.6 million more gallons of water than it billed to customers. As of October 2012, the city was holding deposits totaling \$3,770 on 50 inactive customer accounts and \$1,105 in customer overpayments on 39 inactive accounts.
Capital Asset and Insurance Procedures	The city lacks procedures to identify capital asset purchases and dispositions throughout the year, property is not tagged or numbered, and an annual physical inventory is not performed for items at city hall. The city has not obtained property insurance coverage for all city-owned property and does not require entities leasing city buildings to provide certificates of liability insurance.

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

*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.