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CITIZENS SUMMARY

Findings in the audit of the City of Bolivar

Financial Monitoring	The Board of Aldermen failed to adequately monitor the financial condition of the city. The city's Park Fund is subsidized by other funds, approximately \$500,000 in restricted Street Funds were inappropriately used, and the cash balance in the city's General Fund represents less than one month's operating expenses. The city also appears to be facing significant future costs for mold remediation, wastewater treatment facility upgrades, and defending an age discrimination lawsuit.
Aquatics Center	Under current financing arrangements, the city will pay \$16.8 million for the \$6.3 million aquatics center. The city did not adequately monitor construction costs, which significantly exceeded estimates, and failed to adequately estimate operating costs. The city estimated annual operating costs would be between \$120,000 and \$180,000, but they were \$200,000 for the first 6 months. Revenues during 2012 were \$89,000, of which the city received \$26,000 per its agreement with the YMCA.
Restricted Funds	The city uses restricted funds to improve the financial condition of the city's General Fund. Administrative transfers into the General Fund have increased significantly and exceeded the amount of applicable expenses. The city transfers money from the Water and Sewer Fund to the General Fund as payments in lieu of taxes, but there is not an authorizing ordinance. The city does not properly track and record various restricted receipts.
Disbursements	The city does not always solicit bids or proposals, as required by city policy and did not always document its evaluation and selection of engineering services. The city disbursed \$6,545 in federal grant funds in January 2011 for weapons it still has not received, and there is no documentation to support why the city paid \$70,000 for land appraised at \$25,863. The Mayor's signature stamp is not adequately controlled, checks are signed in advance, and the City Treasurer is not bonded. The city has incurred late fees and finance charges for not timely depositing payroll taxes or paying bills, and the city does not always file forms 1099-Misc as required.
Employee Leave Records and Procedures	The city converted to a new leave policy, and the Board did not approve payouts of some leave balances. The city owes over \$67,000 in accumulated sick leave payments, some high level city employees accumulate more leave than authorized, and computerized leave records do not always agree with manual leave records.
Accounting Records and Procedures	The City Clerk's accounting records contained inaccuracies and many journal entries are posted without independent review or posted several months after the accounting period ends. Bank reconciliations are not performed timely, and some transfers between funds posted to the financial records were not approved by the Board of Aldermen, while some transfers approved by the Board were not posted to the financial records.
Controls and Oversight	The City Clerk's duties are not segregated or adequately reviewed, and access to monies is not sufficiently limited. Passwords are not kept confidential or periodically changed, and information in the computerized accounting records did not always agree with the actual checks issued.

Payroll and Related Matters	The city did not properly tax and/or report some employee compensation and benefits, and some employees are improperly paid as independent contractors. The city did not submit required commissioning/employment documentation when former Police Chief Hamilton was appointed, there is no independent review of automatic payroll-related deposits, and supervisors do not always sign timesheets.
City Procedures and Written Agreements	The city lacks adequate procedures to follow up on unpaid business licenses; audit staff found 120 out of 500 licenses remained unpaid as of February 14, 2013. The city waived \$7,422 in building permit inspection fees without approval by the Board of Aldermen, and the city does not always enter into written agreements and paid the airport contractor \$20,148 in fuel commissions although not provided for in the written agreement.
Budgets and Financial Reporting	The Board of Aldermen does not adequately monitor budget-to-actual receipts and disbursements, and the city exceeded budgeted appropriations for some city funds. Budget documents do not contain all elements required by law, and the city does not publish financial statements or submit annual financial reports to the State Auditor's office, as required by law.
Utility System Controls	The city increased sewer rates without preparing a statement of costs, as required by law. The city lacks adequate controls over utility adjustments and does not reconcile customer utility deposits to the accounting records.
Property Controls and Records	City property records are not complete, and the city does not properly monitor fuel and vehicle usage. The police department does not maintain a complete control log of evidence and seized property, and it is holding numerous property items that should be disposed.
Ordinances and Sunshine Law Issues	The city does not follow some city ordinances and charges some fees not authorized by city ordinance. The city charges inconsistent fees for record requests and charges research fees which exceed the stated rate, and the Board discussed and voted on some topics in closed board meetings which were not allowable under the Sunshine Law.

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.

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