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CITIZENS SUMMARY

Findings in the audit of the City of Leeton

Accounting Controls and Procedures	The Board of Aldermen has not segregated duties or provided adequate reviews of the work performed by the former City Clerk. The former City Clerk did not timely deposit monies received, did not issue receipt slips for some monies received, did not use official prenumbered receipt slips, and did not always designate the composition of receipts on receipt slips. The former City Clerk did not maintain book balances for 7 bank accounts and bank reconciliations were not performed for these accounts. The city could consolidate some of its 11 bank accounts to reduce record keeping and the potential for service charges. At the end of 2013, the city was holding \$52,700 of gross receipt taxes that should have been turned over to the Unclaimed Property Fund held by the State Treasurer. Only one signature is required for disbursements from the City Collector account, and the Mayor, Mayor Pro-Tem, and City Superintendent have access to city funds but are not covered by a bond.
Restricted Revenues	The former City Clerk commingled restricted monies with general purpose monies rather than accounting for them in separate funds, so the city could not determine what portion of the General Fund represents restricted monies and could not demonstrate disbursements were made as allowed by law, ballot, and/or ordinance. The former City Clerk allocated personnel salaries between funds but failed to allocate some corresponding personnel costs, such as health insurance and taxes. In addition, the city lacked documentation to support its allocation of workers compensation and property and liability insurance between the General, Water, and Sewer Funds for 2013.
Water and Sewer System Controls and Procedures	The former City Clerk adjusted off penalties for 3 customers for reasons not allowed by city ordinances and also made changes to a school district account and a fire district account so penalties were not assessed for late payments. The former City Clerk did not monitor delinquent utility accounts, and as of March 2014, city records showed 303 active and inactive accounts (totaling \$19,791) were over 60 days delinquent, including 188 (totaling approximately \$13,000) that were more than 5 years old. The former City Clerk did not follow the city's ordinances regarding late penalties and shutoff procedures and allowed some customers to make partial payments for utilities without the Board of Aldermen's approval. The former City Clerk did not adequately follow-up on bad checks received and did not prepare a monthly list of utility deposits on hand to reconcile to the bank account. The city does not have a meter on its bulk water dispenser, so it cannot reconcile bulk water sales to monies received. The city does not obtain annual audits of its Water and Sewer Funds as required by state law.
Payroll	The city paid significant overtime, including \$30,554 to the former City Superintendent and \$8,636 to the former City Clerk, and it overpaid the former City Clerk for 52 hours of vacation leave (\$684) and the former City Superintendent for 62 hours of vacation leave (\$1,001). The city paid incentive payments in 2012 to city employees and a contract laborer, in apparent violation of the Missouri Constitution, and it has not updated its compensation ordinances since 1984.

Disbursements	The Board of Aldermen does not retain a list of bills approved, does not document its approval of individual invoices, and does not approve some non-payroll disbursements prior to payment. The city does not have a formal bidding policy and did not solicit bids for any goods or services purchased during 2012 and 2013, and the Board of Aldermen does not adequately monitor its activities for conflicts of interest. The city paid \$1,000 to Mayor Gary King's repair business without soliciting bids and paid Alderman Binder's son for contract labor with no documentation of Board approval. The city has not clearly determined Alderman Binder's son's employment classification and did issue 1099-MISC forms to applicable contractors. City personnel did not reconcile vending machine sales to purchases to ensure all monies and beverages were accounted for, and the city lost \$1,776 on the sale of beverages because it was not charging enough. The city paid \$900 in credit card service costs and transaction fees in 2013 but few utility customers paid their bills with credit cards, making it questionable whether the city should continue to accept credit card payments. The city does not always enter into written contracts or retain and update contracts, and it does not review and evaluate the reasonableness of vehicle usage and does not reconcile fuel usage to billings.
Sunshine Law	The Board of Aldermen's open meeting minutes did not always record a roll call vote to enter into closed session and did not always document the reason for closing the meeting, as required by the Sunshine Law.
Budgets	City budgets do not include all elements required by law and are not accurate. In addition, the City Clerk reported more labor costs than actually incurred for the Water Fund and Sewer Fund and recorded some checks as 2013 disbursements that were not signed until 2014.
Capital Assets	The city does not maintain records for its capital assets, does not tag assets for specific identification, and does not conduct an annual physical inventory, leaving city assets susceptible to loss, theft, or misuse.

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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