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# CITIZENS SUMMARY

## Findings in the audit of the Village of Country Club

### Street Repair and Funding

Village streets are in poor condition, and village officials have not established a separate fund for, nor have they separately tracked the balance of, restricted street monies. During the 6 years ended December 31, 2013, the village received \$456,000 in motor vehicle-related fees from the state and \$293,000 in sales tax revenue. The Missouri Constitution limits state motor vehicle-related revenues to road and street purposes, and it is unclear whether the sales tax is restricted to street improvement. The village deposits these revenues in the General Fund and does not identify or restrict the unspent portions. In response to residents' concerns, the village prepared spreadsheets, with assistance from its independent auditor, to show how these restricted revenues were spent. Only \$213,000 of the nearly \$750,000 was clearly spent on street-related expenses. The balance (over \$530,000) appears to have been allocated in an unallowable and/or unreasonable manner. For example, 65 percent of salaries, fringe benefits, insurance, training, and other costs related to the police department are allocated to these restricted revenues, and other expenses were allocated with no justification for the percentages used or how they were street-related. Complicating matters, the village did not retain the original ballot supporting passage of the 1/2 cent sales tax from April 1999, so it is unclear what the voters actually approved. Minutes from one board meeting indicate the sales tax was to be restricted for road improvements, but minutes from another meeting make no mention of such a restriction, and the ordinance signed by the Board does not contain a restriction. The proposed ballot language published in the newspaper in January of 1999 does not mention a restriction, but the language published in March and April of 1999 says the tax is to be limited to street repairs. Finally, the village should develop a formal annual maintenance plan for village streets.

### Wastewater System

As of December 31, 2013, the village had spent \$150,164 from the General Revenue Fund to pay wastewater treatment plant project expenses, but the village does not have a payment plan or time frame for repayment of this loan. Village officials did not properly monitor construction costs and overpaid a contractor \$25,664, and the Board did not approve a change totaling \$146,455. The village has not developed adequate procedures regarding handling and accounting for delinquent wastewater accounts, and the delinquent account balances continue to grow monthly. Village ordinance states the village will contact the provider to shut off services if bills are more than 30 days past due, but the village has not initiated shut off procedures for any delinquent customers nor attempted to collect on the \$116,973 in amounts delinquent over 30 days as of January 31, 2014. The village adds a \$10 surcharge to wastewater bills but does not track these monies (\$51,443 in 2013) and cannot determine if they are spent for sewer maintenance in accordance with the village ordinance.

Disbursements	The village does not have a written contract with, or charge a fee to, the local fire protection district for services provided, and does not have written contracts with some service providers. The village has not always solicited bids as required by village ordinance and paid some disbursements electronically without Board approval. The village did not obtain adequate documentation to support some disbursements, including \$596 per month to reimburse the Police Chief for health insurance, \$500 to reimburse the Police Chief for ammunition, and \$2,500 to a home owners' association for road repair. Procedures were not adequate to prevent duplicate payments, late fees and finance charges, and unnecessary payment of sales taxes on purchases.
Accounting Records and Procedures	The Board has not segregated accounting duties, and there was not adequate independent oversight of the work of the Village Clerk. The Village Clerk kept inaccurate records, did not perform bank reconciliations, and did not maintain a running balance of accounts. There is no independent review of the credit card statements or supporting documentation to ensure purchases are reasonable, and the village needs to improve its receiving and depositing procedures.
Budgets	The 2014 and 2013 budgets were missing elements required by law, and the village did not hold a public hearing on the adoption of the budgets. The Wastewater Treatment Plant Fund was budgeted as part of General Fund operations for 2014, and no budget was prepared for this fund in 2013.
Ordinances and Sunshine Law Issues	The Board Secretary or a Board member did not sign some minutes, and no one prepared minutes for some committee meetings. Some topics discussed in closed meetings were not allowable or were not subsequently disclosed in open meetings. In a closed meeting, the Board voted to change the village hall office hours, approved a pay increase for a police officer, and retroactively recognized the Police Chief as a full-time employee. The Board also voted and approved a settlement agreement with an employee in a closed meeting and did not subsequently make the settlement agreement public.

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.