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# CITIZENS SUMMARY

## Findings in the audit of the City of Kimberling

Accounting Controls and Procedures	<p>The city had significant turnover in the positions of Accounting Clerk, Administrative Assistant, City Treasurer, and City Clerk during 2013 and 2014. During this period, the Board of Aldermen did not perform adequate oversight of the work performed by city personnel, and established segregation of duties were not always followed. Bank reconciliations were not performed timely during 2013. The city does not always use the actual date of receipt when recording payments received, and does not account for the numerical sequence of receipt numbers assigned by the computerized system. In addition, city personnel do not always deposit receipts intact or sufficiently document reasons why cash is withheld from deposits. City personnel also do not maintain documentation to support the allocation of administrative expenses, such as salaries and related benefits, between various city funds. Further, city officials who are authorized signers on city bank accounts, and employees with access to receipts and city funds are not covered by a bond.</p>
Payroll	<p>The Board of Aldermen agreed to a retirement proposal with the former Police Chief and paid him additional compensation totaling \$25,000 in 2013, for services performed during the 3 years prior to his retirement, violating the state constitution. The Board also paid the police department detective additional compensation totaling \$423.50 in 2014 for temporarily serving as the Acting Police Chief in 2013, without authorizing the extra compensation prior to the performance of the extra duties. In addition, the City Clerk did not ensure payroll taxes were accurate and deposited timely, resulting in the assessment of \$1,929 in penalties and interest by the IRS.</p>
Bond Refinancing and Procurement	<p>The city did not solicit competitive proposals for its bond underwriter and did not use an independent financial advisor when selling \$3,755,000 in refunding revenue bonds in May 2013. In addition, the city did not solicit competitive bids for several expenditures exceeding \$5,000 as required by city code; including insurance; legal services; and computer software, license fees, and installation and training services. In November 2013 the city appointed a new City Treasurer, and then immediately rescinded a contract award for auditing services, and instead awarded the contract to the new City Treasurer's former accounting firm, creating the appearance of a conflict of interest. Because the City Treasurer is a former partner of the accounting firm, it is unclear if the firm can complete the audits in an independent and unbiased manner. Further, the city does not have written contracts with some service providers and certain outside parties as required by state law.</p>
Budgets, Financial Statements and Excess Revenue Monitoring	<p>The city did not comply with state law regarding city budgets, annual financial statements, or the monitoring for excess revenue from traffic violations. Annual budgets did not include a budget message and actual amounts for the 2 preceding years, and the Board did not approve the 2014 budget until April 2, 2014. The Board does not adequately monitor budget-</p>

to-actual receipts and disbursements, resulting in amendments to the 2013 budget near the end of the fiscal year and after actual disbursements exceeded amounts budgeted. Financial statements for the 6 months ending June 30, 2013, and December 31, 2013, did not include full and detailed accounts of receipts and disbursements. Further, the city did not calculate the percent of annual general operating revenue from fines and court costs related to traffic violations, determine whether the city should distribute any excess revenues to the state Department of Revenue, and provide an accounting of the percent in its annual financial report as required by state law.

Utility Controls and Procedures	The city does not periodically reconcile customer utility deposit balances reported in the city accounting records to the total deposit amount held in the customer deposits bank account. As of May 31, 2014, records indicated a shortage of \$10,794. According to city personnel, this is most likely due to utility deposits being made to the wrong bank account. In addition, the city does not have procedures in place to compare actual adjustments posted to the utility system to adjustment forms approved by the Board or the Mayor to make sure adjustments made by the Accounting Clerk are proper. Also, city personnel are not following the city's ordinance regarding late payment penalties for delinquent utility accounts.
Sunshine Law	Some topics discussed and voted on by the Board of Aldermen in closed meetings were not allowable under the Sunshine Law, and the Board did not always make public personnel decisions made in closed meetings in compliance with state law. In addition, the city does not timely respond to public record requests, and the City Clerk does not maintain a log of requests or routinely document the date requests are received.
Capital Assets	The city does not maintain records of its capital assets, capital assets are not tagged for specific identification, and an annual physical inventory is not performed.

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.

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