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CITIZENS SUMMARY

Findings in the audit of the City of Viburnum

Missing Monies	Utility, property tax, and municipal division receipts totaling at least \$4,413 were received but not transmitted to the City Treasurer for deposit or deposited in the municipal division bank account and are missing. In addition, the former City Clerk (who was also the City Collector and Court Clerk) made approximately 1,800 unauthorized utility account adjustments resulting in reductions to utility account balances totaling approximately \$104,000, and it is likely these monies are also missing. The former City Clerk did not pay her utility bills and made adjustments to reduce her utility account balance to zero.
Accounting Controls and Procedures	The city has not adequately segregated the duties of receiving and recording monies and preparing transmittals, and there are no documented supervisory or independent reviews of the detailed accounting records. The city's procedures for receipting, recording, and transmitting were poor. As a result, there is no assurance all monies collected were properly receipted, recorded, or transmitted. The former City Clerk/Collector did not (1) always issue receipt slips for monies received; (2) record the method of payment on manual receipt slips, billing stubs, tax statements or in the city's utility and tax system; or (3) record or transmit receipts timely. Many city records were not properly retained. Manual utility receipt books containing receipt slips issued prior to March 2016, paid tax statements, and some water deposit receipt slips cannot be located by the city.
Utility System Controls	The former City Clerk made numerous unauthorized adjustments to customer utility accounts in order to conceal missing monies. City officials do not reconcile the total gallons of water billed to customers to the gallons of water pumped, and were unaware of significant water losses. Reports of delinquent utility accounts were not prepared and provided to the Board of Aldermen for review. In addition, penalties have not been assessed and utility service always shut off in accordance with city ordinances. Refundable utility deposit monies posted to the utility system are not reconciled to the balance of the Water Deposit Fund.
Property Tax Collections	A list of delinquent taxes is not prepared and approved by the Board of Aldermen. The former City Collector did not always assess or collect the correct penalty on delinquent taxes.
Municipal Division	Manual receipt books used prior to March 2015 and case files could not be located by the municipal division. Neither the municipal division nor city personnel performed adequate supervisory or independent reviews of accounting functions and records. The municipal division's procedures for receipting, recording, and depositing were poor. As a result, there is no assurance all municipal division receipts are accounted for properly. The former Court Clerk did not always issue manual receipt slips for monies received and did not record the method of payment on receipt slips issued. Bank records obtained showed several payments deposited, but not receipted. The former Court Clerk did not disburse fines and court costs timely, submit a monthly caseload summary report to the city, or submit timely reports of court activity to the Office of the State Courts Administrator. The former Court Clerk did not maintain a book balance for the municipal division bank account, and there is no documentation to show

bank reconciliations were performed and monthly listings of liabilities prepared. Neither the Police Department nor the municipal division has developed adequate procedures to account for the numerical sequence or ultimate disposition of tickets issued.

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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