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CITIZENS SUMMARY

Findings in the review of the City of Winona

Missing Monies	The audit identified at least \$42,546 recorded utility and miscellaneous receipts that were not deposited between January 1, 2015, and March 29, 2017. Recorded cash receipts totaling at least \$34,689 and recorded check payments totaling at least \$7,245 were not deposited between January 1, 2015, and March 21, 2017, and our March 28, 2017, cash count and review of the subsequent deposits identified additional cash shortages of \$612. A review of April 2017 deposits identified questionable cash deposits and utility account postings occurring 10 days after the cash count.
Oversight, Segregation of Duties, and Annual Audits	The Board of Aldermen have not provided adequate oversight of the City Clerk and the Utility Clerk positions or obtained required annual audits.
Cash Handling Procedures and Bank Accounts	Significant weaknesses exist with the city's cash handling procedures and bank accounts. The city's procedures for receipting, recording, and depositing monies are poor. The City Clerk and Utility Clerk improperly recorded vendor payments and third party checks to customer utility accounts, and the Utility Clerk does not deposit receipts intact or timely or reconcile the composition of receipts to the composition of deposits. Checks for utility payments were held at the request of customers; the clerks cashed checks totaling over \$168,000 for city employees, family members, and utility customers; unrecorded checks were substituted into deposits for missing recorded cash receipts; and utility payments for the Mayor and Board of Aldermen were improperly recorded in the utility system. The city maintains an excessive number of bank accounts, and it is unclear whether the city had the legal authority to maintain an annuity. Non-sufficient fund checks are improperly handled and recorded, the city change fund is not maintained at a constant amount, and procedures regarding the city's Shop With a Cop program need improvement.
Restricted Funds, Allocations, and Excess Sales Tax	The city has not established adequate procedures to ensure restricted revenues are credited to the appropriate fund or to ensure restricted monies are used only for intended purposes. The city has imposed 2 general sales taxes, totaling 1.5 percent, which exceeds the statutory maximum allowed for general sales taxes by 1/2 percent.
Utility System Controls and Procedures	Utility system controls and procedures need improvement. Current water, sewer, electric, and trash rates are not supported by a cost study or other documentation showing how the rates were determined. City personnel do not prepare proper reconciliations related to utility services. The Utility Clerk posted adjustments to customer accounts without obtaining independent approvals or maintaining adequate documentation to support the reason for many adjustments. The City Clerk did not reconcile the list of refundable utility deposits to the balance of the utility deposit bank account. Some customers were allowed to pay a monthly flat fee for utility services without the Board's approval. City procedures do not comply with city ordinances when assessing penalties, discontinuing services, and calculating usage. City personnel were not proactive in following up on inactive utility account balances.
Payroll and Related Matters	Significant improvement is needed with timesheets and leave records, and

some employees may have been overpaid. The city's personnel policy does not adequately address compensatory time, holidays, overtime, or the employment and supervision of related employees, and city employees have not always followed established policies. The city inappropriately claims an overtime exemption for police department employees, and as a result, did not pay police officers for overtime. Improvement is needed in the city's handling of employee benefits, additional compensation, and the withholding and reporting of compensation.

Disbursements	The city's disbursement review and documentation procedures need improvement. The city made several unreasonable and/or unnecessary purchases. The city does not have a formal bidding policy and has not established policies for the selection of vendors providing professional services. The city does not reconcile fuel usage to fuel purchases.
Budgets and Financial Reporting	The city does not prepare complete and accurate annual budgets, publish accurate semiannual financial statements, and file annual financial reports timely.
Park Board	We noted significant weaknesses in the Park Board's controls, policies, and procedures. Park Board members indicated board meetings have not been held for a considerable period of time. The Park Board does not have current bylaws and does not operate in accordance with bylaws, city ordinance, or the operating agreement between the Park Board and the city. Various Park Board members collect park monies and do not always issue receipt slips or maintain records of monies received. Adequate supporting documentation was not retained for approximately \$3,300 of the \$9,400 spent by the Park Board during 2016.
Sunshine Law and Ordinances	City officials did not always ensure compliance with the Sunshine Law regarding closed sessions and city ordinances need improvement.
Electronic Data Security	Controls over some city computers are not sufficient to prevent unauthorized access, and sufficient plans and processes are not in place for recovering systems and data.
Capital Assets	The city does not maintain records of its capital assets including buildings, utility system infrastructure, vehicles, equipment, and other property. City personnel do not tag, number, or otherwise identify assets or perform annual physical inventories.

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.

