



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the Audit of the City of Seymour

Utility System Controls and Procedures	The Board of Aldermen has no documentation of any discussions held or the basis for determining the amounts to be transferred from each of the city's three utility funds to the General Fund. Periodic formal cost studies of utility rates have not been performed and rates have not been increased or decreased for any utility services for the past several years. The city does not reconcile customer utility deposit balances reported in the utility system to the city's accounting records. The city's utility customers that qualify as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code are not billed for sewer service, and the city is not open and/or transparent when awarding certain economic incentives in the form of reduced or waived electric charges. Controls over non-monetary adjustments posted to customer utility accounts need improvement. The city did not perform monthly reconciliations of total amounts billed, payments received, and amounts unpaid for any of the city's utility services. City officials do not have any procedures to determine electric losses, and do not review and investigate significant water losses.
Monitoring Financial Condition	The Board has not been monitoring the financial condition of the city, is not receiving detailed information showing cash balances for each fund, and has relied on transfers from utility funds to balance the city's budget.
Budgets and Financial Reporting	Annual budgets do not contain a budget message, the actual beginning and estimated ending cash balance for each fund, or a budget summary as required by state law. The Board unknowingly approved deficit budgets for the General Fund and Library Fund for the fiscal year ended June 30, 2017, in violation of state law. The Board does not adequately monitor budget-to-actual receipts and disbursements. The Board needs to evaluate its relationship with the Missouri Joint Municipal Electric Utility Commission (MJMEUC), including the Mid-Missouri Municipal Power Energy Pool, a power pool managed by the MJMEUC, to determine proper disclosures about the relationship in the city's financial statements.
Nepotism	During the February 22, 2018, Board meeting, Alderwoman Nadine Crisp voted to approve the appointment of her daughter, Sheila Sturdefant, to a 2-year term on the newly created Seymour Electric Rate Utility Commission.
Disbursements	Some disbursements paid from the Electric Fund should have been paid from the General Fund. The city does not have written contracts with some service providers and certain outside parties. The city does not always solicit competitive bids or proposals for goods and services as required by city code. The city does not require documented supervisory approval for purchases. Mileage records are not reviewed for reasonableness and bulk fuel purchases are not reconciled to bulk fuel dispensed. The Board was aware of two planned projects that resulted in the city using public resources for private gain, but it took no action to stop these projects.
Closed Meetings	Some topics discussed and voted on in closed meetings by the Board were not related to the reasons cited for closing the meeting listed in the open meeting minutes. In addition, the Board discussed some items in closed meetings that were not allowable under the Sunshine Law.

Payroll Controls and Procedures	The Board approved year-end payments to all full-time city employees in violation of the Missouri Constitution. The city does not require time records be prepared or maintained for salaried employees, the city's procedures for calculating overtime are not compliant with city policies and federal regulations, and employees are paid based on estimated instead of actual hours. The city's computerized system only allows employees to accrue 200 hours of vacation leave instead of the maximum of 320 hours allowed by personnel policy due to a programming error. At the Emergency Services Coordinator's request, the city changed the Coordinator from an independent contractor to an employee starting in January 2016. The city did not document the reasons for the change or document how it determined what the proper classification was for this position. The city does not have ordinances establishing the compensation of city officials and employees as required by city code. The city is not complying with city code or personnel policy when giving pay raises to appointed officers.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured documented supervisory or independent reviews of work performed by city office personnel are performed. The city is not properly tracking and recording some restricted monies. The city has not established procedures to routinely follow up on outstanding checks. The Board members, who sign checks and have access to monies held in bank accounts, are not covered by a bond. Also, the Utility Clerk's bond does not provide adequate coverage.
Planning and Zoning	The City of Seymour does not have a city plan or comprehensive plan to guide planning and zoning activities.

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.