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Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the City of Hamilton

Street Maintenance and Restricted Street Funds	The Board of Aldermen has not developed a formal maintenance plan to adequately maintain and repair city streets, as streets are currently in various states of disrepair.
Disbursements	The Board does not adequately monitor its activities for conflicts of interest. Competitive bids were not solicited for 2 separate construction projects performed by Alderman Trospers company and public notice was not given as required by state law. Personal financial disclosure forms filed by the Mayor with the Missouri Ethics Commission were inaccurate due to not reporting amounts paid to his wife, and Alderman Trospers did not file his personal financial disclosure form for 2017. The Board did not ensure an affidavit of compliance certifying prevailing wages were paid on the sidewalk construction project was filed timely by Alderman Trospers company for the project performed for the city during fiscal year 2017. Several city employees perform tasks related to multiple city functions, but the city has no documentation to justify the allocation of salaries and fringe benefit expenses to various funds. Numerous payments by cashier's check were made to the contractor on the swimming pool renovation project instead of a city check. In addition, these transactions did not go through the normal disbursement process. The Board does not require invoices to be marked paid or otherwise canceled.
Utility Controls and Procedures	The city's utility billings were not consistent with city ordinances pertaining to outside city limits connections. The Board has violated bond covenants for its water system bonds by transferring surplus water revenues to the General Fund since at least 2012. City personnel allowed some customers to avoid utility shut off by entering into promise to pay agreements without the Board's approval. Controls over adjustments posted to customer utility accounts need improvement. A listing of refundable customer water deposits held in the Water Fund is not prepared and the city does not maintain records of the deposit amounts being held in the Water Fund. City officials have not metered the treatment plant and do not perform monthly reconciliations of total gallons of water billed to gallons of water pumped.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured documented supervisory or independent reviews of work performed by city personnel are performed. The city's procedures for receipting and depositing are poor.
Sunshine Law	The Board did not comply with state law regarding closed meetings. Open meeting minutes did not document the specific reasons or section of law allowing the meetings to be closed for any of the 16 closed meetings held between July 1, 2016, and June 13, 2018. Some issues discussed in closed meetings were not allowable under the Sunshine Law. The Park Board failed to prepared minutes for 4 of the 8 open meetings held during the year ended June 30, 2018.

Electronic Data Security	The City Administrator and City Clerk share the user identification and password for a shared computer used for issuing receipt slips from the accounting system. Security controls are not in place to lock computers after a certain period of inactivity.
Budgeting Practices	City budgets do not include all statutorily required elements and the Park Fund was deficit budgeted in 2019.
City Library	Property taxes received by the city for the library are not distributed timely to the Library Board and the library's annual report for the year ended June 30, 2017 was not filed timely with the city.

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.