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CITIZENS SUMMARY

Findings in the audit of the Village of Ferrelview

Financial Condition	The village's General Fund is in poor financial condition. Budgets are not prepared timely, payroll costs increased significantly during 2016 and 2017, and transfers from the Water and Sewer and Street Funds have kept the General Fund from having a negative fund balance.
Utilities	Financial information in the village's utility system is not complete and accurate. The village is not following its service shut off ordinance and has not developed adequate procedures to monitor and collect delinquent water accounts. A written policy regarding partial payments by customers who have delinquent accounts has not been developed and customers are allowed to make partial payments without entering into a written payment agreement and Board approval. Adequate procedures are not in place to pursue collection of accounts receivable and monthly reconciliations of total amounts billed, payments received, and amounts unpaid for any of the utility services are not performed. Controls over non-monetary adjustments posted to customer utility accounts need improvement. Refundable utility deposits held in the Water and Sewer Fund account exceeded the bank balance as of February 28, 2018, and are not accounted for properly. The Board could not provide documentation that a formal review of utility rates had ever been performed, and as a result there is less assurance the utility rates are set at an appropriate level. The village has not obtained annual audits of its combined waterworks and sewage system as required by state law.
Budgets, Financial Planning, and Reporting	The village did not prepare a budget for 2016 or 2017 and the budget prepared for 2018 lacked some information required by state law and was not approved timely. Budget to actual reports were not prepared provided to the Board for review. The village has not developed formal written long-range plans for streets or utilities. The financial statement submitted to the State Auditor's Office for 2017 was not adequate and the statement filed for 2016 had to be resubmitted several times due to errors.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured documented supervisory or independent reviews of work performed by village personnel is performed. Receipts slips are not issued for most payments received by the village. A restricted \$15,000 certificate of deposit in the Water and Sewer Fund was cashed in October 2017 and the proceeds deposited in the General Fund. Village officials indicated this transfer was part of a repayment of a liability to the General Fund and that an additional \$6,550 is still owed, but it is unclear if this amount is accurate based on records provided.
Payroll Controls and Procedures	Payroll functions are not segregated and there is not a sufficient review of time records and payroll functions. The village did not have ordinances to address some significant issues and did not always comply with established ordinances. Wages paid to the Police Chief included significant overtime pay in 2016 and 2017, even though not required by federal wage laws. Total payroll costs for the village increased significantly from 2014 to 2017, and reached a high of approximately \$113,000 in 2016. Police payroll totaled approximately \$95,000 during 2016 and 2017, accounting for approximately 45 percent of General Fund spending.

Disbursements	The Board's approval process for disbursements is not adequate and Board meeting minutes did not mention bills approved for payment. The Board has no documentation of any discussions held or the basis for determining the amounts paid from the Water and Sewer Fund and Street Fund to the General Fund. During 2016 and 2017, approximately \$103,000 was paid from the Water and Sewer Fund to the General Fund and approximately \$15,000 from the Street Fund to the General Fund. Documentation is not maintained to support the amounts paid and a method for allocating administrative costs has not been developed. The village was required to repay \$5,102 in grant funding due to noncompliance with the grant agreement. The Village Treasurer does not maintain a petty cash ledger or adequate documentation to support petty cash transactions. The village does not have written contracts with some service providers and certain outside parties.
Capital Assets	The village does not maintain records of its capital assets including buildings, land, vehicles, equipment, and other property. A police vehicle was sold to a Board member for less than the minimum amount established by the Board and without Board approval, giving the appearance of a conflict of interest and in violation of the Missouri Constitution. The village has not developed a policy for disposing of property items.
Ordinances and Sunshine Law	Village ordinances are not organized, complete, or up to date. Village personnel do not maintain adequate records of requests for records to show compliance with state law. The village did not comply with state law regarding closed sessions. Minutes for monthly Board meetings are neither signed by the Village Clerk as the preparer, nor the Board Chairperson or another Board member to indicate Board approval.
Electronic Data Security	Controls over village computers are not sufficient to prevent unauthorized access, and sufficient plans and processes are not in place for recovering systems and data.

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.