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# CITIZENS SUMMARY

## Findings in the audit of the City of Miller

Utilities	<p>There are significant weaknesses in the city's utility operations. Despite a water and sewer rate increase in February 2016, water and sewer rates charged are still not sufficient to pay for the costs of services provided, and as a result, the city is using the General Fund to subsidize the Proprietary Fund to avoid a deficit cash balance in the Proprietary Fund. The city has repeatedly violated the Missouri Clean Water Law and city officials have not taken sufficient corrective action to correct the sewer treatment facility issues. City personnel do not prepare reconciliations related to utility services. The former City Clerk and the Board were not proactive in following up on utility accounts receivable.</p>
Payroll Controls and Procedures	<p>Timesheets are not always signed by the employee or his/her supervisor to document approval of time worked and leave used, some overtime hours are not reported on maintenance employees' timesheets, and leave records are not always maintained. Employees estimate hours to be worked for some days on their timesheets because some payroll payments occur prior to the end of the pay period, and documentation is not available to indicate a comparison is performed between actual hours worked to the reported estimated hours. City employees have not always followed established overtime policies, and the Board has not established personnel policies addressing the calculation of overtime and employment and supervision of related employees. There was no documented cost-benefit analysis or discussion by the Board concerning the cost-effectiveness of providing health insurance stipends to employees instead of continuing to provide health insurance coverage.</p>
Accounting Controls and Procedures	<p>The Board has not established adequate segregation of duties or supervisory reviews over some of the financial accounting functions performed by the City Clerk and/or Deputy City Clerk positions. The city's procedures for receipting and recording payments, and making deposits need improvement. The city does not maintain the change fund at a constant amount and uses it for petty cash expenses.</p>
Restricted Funds and Disbursements	<p>The city has not established adequate procedures to ensure restricted revenues are recorded into the appropriate fund or to ensure the funds are used only for intended purposes. The city has not established adequate procedures to ensure disbursements were properly allocated or expended only for intended purposes. The city's procurement procedures do not always comply with the city code, and professional services are obtained without benefit of a competitive selection process. Controls and procedures over credit cards need improvement. The city's procedures to account for fuel use are not adequate. City public works employees removed a tree stump from a citizen's private residence.</p>
Budgets and Published Financial Statements	<p>The city's budgets do not contain all statutorily required elements and were not accurate. The Board budgeted a deficit cash balance in the Proprietary Fund and does not adequately monitor budget-to-actual receipts and disbursements. The former City Clerk did not prepare and publish complete and accurate financial statements as required by state law.</p>

Board Qualifications and Sunshine Law	The city does not have procedures in place to ensure information regarding a person who may be unqualified to run for or hold elected office is timely reported to the appropriate authority, such as the Department of Revenue for unpaid tax issues as provided in Section 115.306, RSMo. Some issues discussed in closed meetings held were not allowable under the Sunshine Law.
Electronic Data Security	The city has not established adequate password controls to reduce the risk of unauthorized access to computers and data. Security controls are not in place to lock computers after a certain period of inactivity. The city has not developed a formal, written contingency plan for resuming normal business operations and recovering computer systems and data in the event of a disaster or other extraordinary situations. The city does not periodically test backup data to ensure essential data can be restored.
Capital Assets	The city's capital asset records did not include land, buildings, some vehicles, and other personal property and are not updated timely when purchases and dispositions occur. City personnel do not always tag 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.