



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Bel-Ridge

Financial Condition	The Board of Aldermen is not adequately monitoring the city's financial condition, is not receiving detailed information showing financial data for each fund, and has poor budgeting procedures. These practices have allowed the fund balance of the General Fund to decline in recent years.
Budgets and Financial Reporting	The Board does not have adequate procedures to prepare or monitor budgets. The city has not published financial statements for the year ended December 31, 2018. The city did not timely file an annual financial reports with the State Auditor's Office as required by state law.
Tax Increment Financing	The city has taken no action on the Tax Increment Financing (TIF) project redevelopment plan since its approval and has not assessed the status of the project or distributed any surplus TIF revenues collected. The city has not repaid amounts due to the TIF Fund, Park Fund, and Storm Water Fund from TIF revenues commingled among the General, TIF, Park, and Storm Water Funds, and the city has not established separate accounts for payments in lieu of taxes and economic activity taxes. City officials did not file annual reports for the TIF project for the year ended December 31, 2010, 2012, or 2016, with the Missouri Department of Revenue, and the annual reports filed were not always accurate. The city has not held public hearings every 5 years for the project as required by state law.
Restricted Revenues	The city is not properly tracking the balance of some restricted monies. As a result, the city could not determine at a point in time what portion of the General Fund represented restricted monies.
Disbursements	City disbursements were not properly supported or approved, some disbursements were questionable, and some bills were not paid timely resulting in late fees and finance charges. In addition, the city did not properly bid several purchases and did not always obtain written contracts.
Officials' Compensation	The city did not annually fix salaries for officers and employees of the city by ordinance as required. Additionally, the city executed a multi-year contract with the Chief of Police that conflicts with city ordinances, and approved compensation to a former Alderman that was not allowable.
Receipting Controls and Payroll Procedures	The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over receiving and depositing monies is performed. Receipt slips are not always issued for monies received, the numerical sequence of receipt slips is not accounted for, receipts are not reconciled to deposits, and checks/money orders are not restrictively endorsed immediately upon receipt. Employment records for employees are not complete. Payroll duties are not properly segregated and payroll records are not properly reviewed.
Management Practices and Procedures	The city has not properly monitored the status of a promissory note due the city. The Board has not documented an evaluation of the license fees for businesses/occupations and merchants, and has no support for the basis for changes made to license fees for businesses/occupations.

Sunshine Law and Ordinances	Minutes for several open and closed Board meetings could not be located, the City Clerk had not signed some minutes as the preparer, and the Board had not timely approved some minutes. The Board did not always comply with the Sunshine Law regarding closed meetings. Meeting notices and agendas were not provided for some meetings. The city does not properly account for all ordinance numbers and could not locate ordinances for 7 ordinance numbers skipped during 2018, or provide any documentation indicating these ordinances had been presented to or approved by the Board.
Capital Assets and Insurance Procedures	The city does not maintain records of its capital assets and has not developed procedures to identify capital asset purchases and dispositions throughout the year. In addition, the city does not tag, number, or otherwise identify most property items as belonging to the city, or perform annual physical inventories. Also, the city's property insurance policy did not include loss coverage for 4 residential properties owned by the city or for improvements at a city park.

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.



Recommendations in the audit of the City of Bel-Ridge

Financial Condition	The Board of Aldermen ensure detailed financial data is received monthly, perform immediate and long-term planning, and closely monitor and take necessary steps to improve the city's financial condition.
Budgets and Financial Reporting	<p>The Board of Aldermen:</p> <ol style="list-style-type: none">2.1 Prepare accurate annual budgets that contain all information required by state law, designate a budget officer, discontinue deficit budgeting, and ensure the budgets are adequately monitored and properly amended. Additionally, the Board should evaluate funding needs of the city parks and consider reducing future taxes, and if plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the budget document.2.2 Ensure the city's semiannual financial statements are published as required by state law and city ordinance.2.3 Timely submit annual financial reports to the State Auditor's Office as required by state law.
Tax Increment Financing	<p>The Board of Aldermen:</p> <ol style="list-style-type: none">3.1 Review the current status of the TIF project and assess the city's position whether to proceed with the redevelopment plan or dissolve the TIF district and return all surplus funds to the proper taxing authorities.3.2 Ensure payments in lieu of taxes (PILOTS) and economic activity taxes (EATS) are separately accounted for, determine whether 2018 expenses charged to the TIF Fund should be repaid to the TIF Fund, and develop plans to repay the amounts due to the TIF Fund, Park Fund, and Storm Water Fund.3.3 Ensure accurate annual reports are filed with the state for each TIF.3.4 Ensure public hearings are held on TIF redevelopment plans as required by state law and city ordinance.
Restricted Revenues	The Board of Aldermen determine the amount of restricted monies in the General Fund and establish separate funds or a separate accounting of the restricted monies, including the balances.

Disbursements	The Board of Aldermen:
	<p data-bbox="568 157 1484 262">5.1 Maintain adequate supporting documentation for all disbursements and ensure invoices are adequately reviewed and approved.</p> <p data-bbox="568 262 1484 367">5.2 Ensure all disbursements are necessary and prudent uses of public funds.</p> <p data-bbox="568 367 1484 535">5.3 Periodically solicit proposals for professional services, establish formal bidding policies and procedures, and ensure bids are obtained when applicable. Also, the Board should enter into written contracts defining services provided and benefits received.</p> <p data-bbox="568 535 1484 619">5.4 Implement procedures to ensure bills are paid timely.</p>
Officials' Compensation	The Board of Aldermen ensure salaries and compensation for city officers and employees are in accordance with city ordinances and state law.
Receipting Controls and Payroll Procedures	<p data-bbox="568 724 1484 787">The Board of Aldermen:</p> <p data-bbox="568 787 1484 913">7.1 Segregate the accounting duties. If proper segregation cannot be achieved, ensure documented independent or supervisory reviews are performed.</p> <p data-bbox="568 913 1484 1081">7.2 Ensure receipt slips are issued for all monies received, ensure the numerical sequence of all receipts slips is accounted for, and reconcile receipts to deposits. In addition, the Board should ensure checks are restrictively endorsed upon receipt.</p> <p data-bbox="568 1081 1484 1186">7.3 Ensure employment records are maintained and complete for all employees.</p> <p data-bbox="568 1186 1484 1344">7.4 Segregate the payroll duties. If proper segregation cannot be achieved, ensure documented independent or supervisory reviews are performed.</p>
Management Practices and Procedures	<p data-bbox="568 1344 1484 1407">The Board of Aldermen:</p> <p data-bbox="568 1407 1484 1501">8.1 Determine the status of the promissory note and take steps to collect any amounts currently due.</p> <p data-bbox="568 1501 1484 1617">8.2 Review the fairness of the business/occupation license fees and maintain documentation of the basis for the various rates.</p>
Sunshine Law and Ordinances	<p data-bbox="568 1617 1484 1680">The Board of Aldermen:</p> <p data-bbox="568 1680 1484 1806">9.1 Maintain complete and accurate minutes for all meetings and ensure meeting minutes are signed by the preparer and approved by the Board timely.</p> <p data-bbox="568 1806 1484 1925">9.2 Ensure specific reasons for closing a meeting are documented in the open minutes, and ensure only topics allowed by state law are discussed in closed Board meetings.</p>

- 9.3 Ensure notices and agendas are provided to advise the public of public meetings and are retained.
- 9.4 Properly account for all ordinances.

Capital Assets and Insurance
Procedures

The Board of Aldermen ensure complete and detailed capital asset records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location and subsequent disposition. The Board should also ensure city personnel properly tag, number, or otherwise identify all applicable city property and conduct and document an annual inventory, and ensure all city assets are properly insured.