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CITIZENS SUMMARY

Findings in the audit of the City of Edgar Springs

Budgets and Financial Reporting	City officials did not prepare complete annual budgets in accordance with state law or monitor budgets appropriately. They also did not prepare and maintain accurate financial statements and accounting records. City officials did not publish complete and accurate financial statements as required by state law, and did not file an accurate and timely financial report with the State Auditor's Office. The city has not obtained annual audits of its sewer system as required by state law.
Sewer System Controls and Procedures	Current sewer rates are not supported by a cost study or other documentation showing how the rates were determined. The city does not maintain a listing of refundable customer deposits held in the Wastewater Treatment bank account. The city's procedures for collecting delinquent sewer charges do not comply with city ordinance, sewer user contracts, or state law. In addition, the city ordinance does not agree with some requirements of the sewer user contract. The City Clerk makes adjustments to customer accounts without obtaining independent approval or maintaining any documentation supporting the adjustments. In addition, the Board does not review and approve all adjustments. The city did not retain sewer user contracts for some customers.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured documented supervisory or independent reviews of work performed by city officials are completed. The city's procedures for receipting and depositing monies are poor.
Disbursements	The Board's review and approval process for disbursements is not adequate. The city does not have a bidding policy and has not established policies for the selection of vendors providing professional services. In addition, written contracts were not always obtained for professional services. City officials could not provide supporting documentation for all disbursements.
Ordinances and Sunshine Law	City ordinances are not organized, complete, or up to date. The Board has not adopted a written policy regarding public access to city records as required by state law. City officials do not maintain adequate documentation of requests for records to show compliance with state law, and did not respond to requests timely. The city did not comply with state law regarding closed meetings. Minutes were not prepared for all meetings and minutes are not signed by the preparer or the Board.
Ticket Accountability	The police department has not developed adequate procedures to account for the numerical sequence of tickets and the ultimate disposition of tickets issued.
Excess Revenues	The city did not prepare and submit the financial report addendum containing excess revenues calculations to the State Auditor's Office as required by state law.

Electronic Communication
Policies

The city has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.

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 Edgar Springs

Budgets and Financial Reporting

The Board of Aldermen:

- 1.1 Prepare annual budgets that contain all information required by state law and ensure budgets are properly monitored.
- 1.2 Prepare financial statements and accounting records that accurately reflect the financial activity of the city. In addition, the Board should establish monthly procedures to compare reconciled bank account balances to ending fund balances on the financial statements, and ensure accounting transactions are properly recorded.
- 1.3 Ensure the city's published financial statements are complete, accurate, and contain all statutorily-required elements.
- 1.4 Submit annual financial reports to the State Auditor's Office as required by state law.
- 1.5 Obtain annual audits of the sewer system as required by state law.

Sewer System Controls and Procedures

The Board of Aldermen:

- 2.1 Ensure a statement of costs is prepared to support sewer rate increases and document formal reviews of sewer rates periodically to ensure revenues are sufficient to cover all costs of providing these services.
- 2.2 Determine the amount of customer deposits held in the Wastewater Treatment bank account and develop procedures to track the balance of those funds. Ensure a list of customer deposits is prepared and reconciled to the balance of deposits held monthly and promptly investigate any differences.
- 2.3 Ensure procedures for delinquent sewer collection comply with city ordinance, sewer user contracts, and state laws. In addition, ensure the requirements of the city ordinance and the sewer user contract are in agreement.
- 2.4 Review and approve all adjustments made to customer accounts and periodically compare adjustments posted to adjustments approved.
- 2.5 Retain sewer user contracts in accordance with state law.

Accounting Controls and Procedures

The Board of Aldermen:

- 3.1 Segregate the accounting duties. If proper segregation cannot be achieved, ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.

- 3.2 Ensure the drop slot is secured, require issuance of receipt slips for all monies received, account for the numerical sequence of receipt slips issued, reconcile receipt records to deposit records, and restrictively endorse checks and money orders at the time of receipt.

Disbursements

The Board of Aldermen:

- 4.1 Review and document approval of all disbursement listings and retain with Board minutes. In addition, ensure an independent review of supporting documentation is performed before payment is made and reconcile approved disbursements to payments issued.
- 4.2 Establish formal bidding policies and procedures, periodically solicit proposals for professional services, and ensure the solicitation for bids and proposals and the evaluation and selection of vendors is documented. In addition, enter into written contracts for services received.
- 4.3 Require adequate, detailed supporting documentation be retained for all disbursements.

Ordinances and Sunshine Law

The Board of Aldermen:

- 5.1 Ensure ordinances are maintained in a complete and well-organized manner, and establish an index of all ordinances passed and rescinded. The Board should establish, by ordinance, the terms and compensation of all city officials and employees, and policies and procedures for employee travel, conflict of interest, credit and debit card use, and city hall rental.
- 5.2 Develop a written public access policy.
- 5.3 Ensure requests for information are responded to timely and maintain a public request log or other documentation to help ensure compliance with state law.
- 5.4 Ensure the specific section of law allowing the meeting to be closed is announced publicly and recorded in the minutes, discussion is limited to business directly related to the specific reason announced, and votes taken in closed session are recorded by roll call.
- 5.5 Ensure minutes are maintained for all meetings, and ensure meeting minutes are signed by the preparer and the Mayor or a Board member after approval.

Ticket Accountability

The Board of Aldermen ensure tickets are entered timely into the electronic record system. In addition, the Board should work with the City Prosecutor to ensure the numerical sequence and ultimate disposition of all tickets (including voided tickets) are accounted for properly.

Excess Revenues

The Board of Aldermen ensure the addendum is prepared annually and submitted to the State Auditor's Office by the statutory due date.

Electronic Communication
Policies

The Board of Aldermen develop written records management and retention policies to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division Electronic Communications Guidelines.