



CITIZENS SUMMARY

Findings in the audit of the City of Forsyth

Financial Condition	The General Fund balance decreased by 55 percent during the 3 years ended August 31, 2011, and the Board of Aldermen failed to monitor the budget and cash balances. In 2007, the city purchased property to construct a community center with a safe room, but the related bond issue failed and the city has no alternative means to finance this project. The land has not been developed and remains vacant.
Real Estate Purchases	The city spent \$160,000 to purchase property in October 2008, but all it needed was an easement for a road. Moreover, the city did not have a funding source in place to construct the road, and the road has not yet been built. The city rents the house on the property for \$700 per month, but it incurred over \$8,000 in additional expenses to do so. The city financed the purchase even though it had the funds necessary to buy it, and as of October 2011, the city has paid more than \$24,000 in interest costs.
Restricted Revenues	State motor vehicle-related revenues, Police Officer Standards Training (POST) fees, and Law Enforcement Training (LET) fees are deposited into the General Fund, and the city does not track the balance of state motor vehicle related revenues or the revenues and expenditures for POST and LET fees. As a result, the city cannot determine what portion of the General Fund represents restricted street or training monies. Salaries of employees who perform multiple functions are allocated among restricted funds without supporting documentation, and some debt service payments allocated to the Park Fund should be allocated to the utility funds.
Utility Controls and Procedures	The gallons of water pumped exceeded gallons billed by approximately 900,000 gallons (11 percent) in June 2011 and by approximately 2.8 million gallons (28 percent) in August 2011, but no investigation was conducted to determine if these differences were due to unauthorized use or leaks. The city has not performed monthly reconciliations of total amounts billed, payments received, and the amount unpaid for utility services since May 2011, making it more difficult to ensure transactions are properly recorded and errors and discrepancies are detected. The City Clerk and Utility clerk write-off amounts they determine to be uncollectible, and the same Utility Clerk prepares utility bills and authorizes and posts adjustments to customer accounts. Utility deposits for new customers are not reconciled to the deposit payable balance in the general ledger, and the ledger balance is \$2,601 less than the list of utility deposits. The list of deposits was incomplete and inaccurate. The city does not consistently require deposits for vacant rental properties, and the city does not properly assess penalties on delinquent water accounts.
Accounting Controls and Procedures	Receipt slips are not issued for some monies, the method of payment is not always documented for utility payments and park fees, checks are not restrictively endorsed immediately, some fees are not posted to the utility system, and receipts are not always deposited timely and intact. Business licenses are not pre-numbered or reconciled to fees collected and deposited,

and receipt slips are not issued for these monies. The City Clerk does not prepare complete bank reconciliations.

Expenditures	The city did not follow its bid policy for several purchases. The list of bills approved by the Board each month is not complete, and no reconciliation of this list to approved invoices and actual checks written is performed. The Board does not review or approve transfers between restricted funds or transfers between bank accounts. The Fire Chief was paid \$1,158 in additional compensation for responding to fires during the 2011 calendar year with no explanation as to why responding was not within his normal job duties. The City Attorney was paid \$150 per hour for a special project, but city ordinance only authorizes \$100 per hour, and invoices totaling \$2,800 for additional work during fiscal year 2011 did not contain sufficient detail. The city did not maintain adequate supporting documentation for some credit card transactions.
Payroll Controls and Procedures	The city paid the former Police Chief \$12,600 for consulting services in 2011 without timesheets or other supporting documentation. Employee timesheets are not always reviewed or signed by supervisors to ensure accuracy. Compensatory time records maintained by the City Clerk are not accurate, and leave balances were understated by a total 105 hours.
Budgets and Ordinances	City budgets are missing elements required by state law. The Board of Aldermen does not adequately monitor budget to actual revenues and expenditures, and the Water and Sewer Fund expenditures for the year ended August 31, 2011, exceeded budgeted appropriations by \$123,322, despite more than \$130,000 in late budget amendments. The city has not adopted ordinances to establish the specific compensation of the city Prosecuting Attorney and the Municipal Judge as required by state law.

In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act (Federal Stimulus)	The City of Forsyth did not receive any federal stimulus monies during the audited time period.
--	---

*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.