



Findings in the audit of the City of Cuba

Utility Transfers	The city has not established adequate procedures to ensure transfers from utility funds are reasonable and used for intended purposes. The city's audited financial statements report transfers from the Electric and Natural Gas Funds to the General Fund of \$1.8 million and \$1.7 million for the years ended June 30, 2020, and 2021, respectively.
Budgets	City budget documents approved by the Board for the years ended June 30, 2022, 2021, and 2020, do not reflect the anticipated fund balances, reducing the effectiveness of the budget as a tool for monitoring or controlling disbursements. In addition, the Board does not receive budget-to-actual information or actual cash and fund balance information, which are necessary to monitor the city's financial condition.
Procurement Procedures and Contracts	The city has not periodically solicited proposals for various contracted and professional services, did not always enter into written contracts when required, and did not have procedures to monitor contracts. The city entered into contracts with multiple and/or indefinite renewal periods and did not have procedures in place to identify expired contracts. As a result, the city did not periodically evaluate the services provided and determine if soliciting proposals was in the city's best interest.
City Planning	The city has not updated its required comprehensive plan since its adoption in 2003 and, as a result, this plan may not reflect the current needs of the city.
Worker Classification	The city did not adequately document why it classified the Waste Water Treatment Plant Manager as an independent contractor. Upon the Waste Water Treatment Plant Manager's retirement in March 2016, the Board entered into a written agreement for the individual to perform the same duties he performed before retirement until it hired and trained a new employee. The city did not hire anyone to fill the manager position, and the individual continues to perform the work as of March 2023.
Visitor Center	City officials sold merchandise at the city visitor center without Board knowledge or approval and circumvented city accounting controls and procedures. As a result the Board could not properly oversee these operations.
Electronic Communication Policy	The city has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms. Additionally, the city has not always retained text messages in accordance with requirements.

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

*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.

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Recommendations in the audit of the City of Cuba

Utility Transfers	The Board of Aldermen discontinue transferring money from the Electric and Natural Gas Funds to the General Fund unless such transfers support the utilities and are properly justified, documented, and authorized.
Budgets	The Board of Aldermen prepare annual budgets that contain all information required by state law and provide reasonable estimates of anticipated ending fund balances. The Board should also ensure it receives detailed financial data to adequately monitor budgets and the city's financial condition.
Procurement Procedures and Contracts	The Board of Aldermen update the city code to include competitive selection for professional services, and ensure city code complies with statutory provisions. In addition, the Board should solicit competitive bids or proposals for contract and professional services on a periodic basis, develop procedures to identify expiring contracts, and enter into written agreements as required.
City Planning	The Board of Aldermen update the city's comprehensive plan and use it to guide future decisions regarding development of the municipality.
Worker Classification	The Board of Aldermen ensure all persons hired by the city are properly classified as employees or contract employees in compliance with state and federal laws and regulations. In addition, the Board should resume contributions for retired employees who are reemployed in a position covered by the Missouri Local Government Employees Retirement System as required by state law.
Visitor Center	The Board of Aldermen: 6.1& 6.2 Review visitor center sales and determine if it is an appropriate function of the city. If so, the Board should implement proper oversight and accounting controls and procedures including requiring receipt slips and inventory tracking, and enter into written contracts with consignment vendors.
Electronic Communication Policy	The Board of Aldermen develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines. In addition, retain electronic communication in accordance with these policies.