



## Findings in the audit of the Village of Mineral Point

### Misappropriated Money and Unsupported Payments

During the year ended December 31, 2022, disbursements totaling \$350 were misappropriated, and disbursements totaling \$1,197.50 were unsupported. Two checks totaling \$292 were issued to the Village Clerk with unknown Board member signatures, and a check for \$58 was issued by the Village Clerk to herself, also featuring an unknown signature. No documentation was provided to support \$394.29 in reimbursements issued to the former Board Treasurer. The Board also issued a check for \$577.39 to the Utility Operator for vacation pay even though the village has no policies or ordinances allowing for vacation leave or pay. Additionally, the Village Clerk received an additional \$225.82 when a check issued to her was deposited and processed through the bank twice. In addition, the village could not provide sufficient records or data, including resident account balances and activity, and could not provide any records of money received. This lack of records prevented us from obtaining sufficient, appropriate audit evidence to determine if we identified all money misappropriated from the village.

### Financial Condition

The village is in poor financial condition and prior Boards did not adequately monitor or take effective action to improve the condition. As of January 1, 2022, the balances of all village bank accounts totaled \$112,925. During 2022, disbursements exceeded receipts by \$40,504, resulting in ending balances at December 31, 2022, totaling \$72,741. These total ending balances are further strained because the village (1) has a significant amount of unpaid bills, (2) obligated \$37,000 to meet matching requirements for 2 grants received by the village, and (3) may be required to return \$4,037 due to non-compliance with a third grant received by the village.

### Utility Data and Operations

The village's computer-based utility data, which includes previous billings to village residents, account balances, and other information, has not been accessible since approximately July 2022, and manual records were not sufficient. As a result, the State Auditor's Office could not determine if billings were calculated accurately and if receipts were correctly applied to account balances. The village did not periodically back up its utility data and store the backup data at a secure off-site location, and due to the data at village hall being inaccessible, the village has not been able to bill for utility services. As a result of not billing, the village failed to collect an estimated \$35,407 from May through December 2022, which also contributed to the village's poor financial condition. In addition, the village could not provide up-to-date utility ordinances or documentation of its most recent formal review of water and sewer rates, and has not contracted for an annual utility audit. It also could not provide documentation that it reduced residents' outstanding account balances to comply with a state grant.

### Oversight, Documentation, and Accounting Controls and Procedures

The prior Boards did not establish adequate oversight or segregation of duties over various financial accounting functions. The village did not always maintain adequate accounting records over its financial activities and decisions. Additionally, the village's procedures for receipting, recording, and depositing money, as well as its disbursement review and approval process, need improvement. The village also failed to consistently prepare bank reconciliations and did not adequately monitor balances to prevent bank account fees or ensure bills were paid timely.

Payroll Controls and Procedures	The village does not have personnel ordinances and policies to address topics such as compensation for village officials and employees, and employee hiring, work schedules, termination, vacation and sick leave, overtime, compensatory time, or other arrangements. The village did not always retain or review village employees' weekly timesheets and violated the Missouri Constitution by issuing 3 pay advances totaling \$220 and a \$500 bonus payment to the Village Clerk.
Budgets and Financial Reporting	The village did not prepare budgets and did not file complete and accurate financial reports with the State Auditor's Office as required by state law. The village also does not publish or post semiannual financial statements as required by state law.
Sunshine Law	The village did not always prepare or retain meeting minutes and meeting minutes that were prepared were not always formally approved by both the preparer and at least 1 Board member. The Board has not adopted a written policy regarding public access to village records as required by state law, and the village does not maintain a log of records requests.
Electronic Communication Policy	The village has not developed a records management and retention policy that includes electronic communication 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.



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**Recommendations in the audit of Village of Mineral Point**

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Misappropriated Money and Unsupported Payments	The Board of Trustees take necessary action to recover the misappropriated and unsupported payments. In addition, the Board should prevent individuals from reimbursing themselves, and ensure all checks include 2 authorized signatures.
Financial Condition	The Board of Trustees perform immediate and long-term planning, and closely monitor and take necessary steps to improve the village's financial condition.
Utility Data and Operations	<p>The Board of Trustees:</p> <ol style="list-style-type: none"><li>3.1 Reestablish utility billings on a monthly basis.</li><li>3.2 Determine if the utility data can be recovered.</li><li>3.3 Require utility data to be backed up regularly, tested periodically, and stored in a secure off-site location.</li><li>3.4 Ensure the village maintains complete, consistent, and updated ordinances documenting utility operations.</li><li>3.5 Ensure a statement of costs is prepared to support utility rate increases and document formal reviews of utility rates periodically to ensure revenues are sufficient to cover all costs of providing these services.</li><li>3.6 Obtain annual audits of the water and sewer system as required by state law.</li><li>3.7 Work with the Missouri Department of Social Services regarding this grant and comply with its recommendations.</li></ol>
Oversight, Documentation, and Accounting Controls and Procedures	<p>The Board of Trustees:</p> <ol style="list-style-type: none"><li>4.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.</li><li>4.2 Maintain and retain adequate accounting records.</li><li>4.3 Ensure pre-numbered receipt slips are issued in numerical sequence for all money received, the numerical sequence of receipt slips is accounted for, receipt slips indicate the method of payment, and checks and money orders are restrictively endorsed upon receipt. In addition, the Board should ensure deposits are made timely and intact, the composition of receipts and deposits is reconciled, and money is kept in a secure location until deposited.</li></ol>

- 4.4 Ensure complete lists of payments to be made are prepared and the Board's approval is documented and retained. In addition, the Board should compare the approved list of payments to supporting documentation to ensure disbursements are appropriate and adequately supported, and review bank statements for possible concerns over disbursements.
- 4.5 Ensure monthly bank reconciliations are prepared for all bank accounts; checkbook registers, book balances, and lists of disbursements are maintained; and checks are issued in numerical sequence with the sequence properly accounted for.
- 4.6 Implement procedures to monitor bank account balances to prevent bank account fees and ensure bills are paid timely to prevent late fees.

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**Payroll Controls and Procedures**

The Board of Trustees:

- 5.1 Ensure the village maintains complete, consistent, and updated ordinances and policies documenting personnel expectations, including establishing the compensation of all village officials and employees.
- 5.2 Ensure timesheets are retained and properly signed and approved, and reviews of timesheets are performed to ensure the propriety of payroll payments.
- 5.3 Discontinue the practice of providing pay advances to employees.
- 5.4 Discontinue paying employee bonuses.

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**Budgets and Financial Reporting**

The Board of Trustees:

- 6.1 Prepare annual budgets that contain all information required by state law, and ensure the budgets are adequately monitored.
- 6.2 Submit complete and accurate annual financial reports to the State Auditor's Office as required by state law.
- 6.3 Publish or post semiannual financial statements as required by state law.

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**Sunshine Law**

The Board of Trustees:

- 7.1 Ensure all meeting minutes are prepared, retained, and formally approved by the preparer and at least one Board member.
- 7.2 Develop a written public access policy.
- 7.3 Maintain a public request log or other documentation to help ensure compliance with state law.

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**Electronic Communication Policy**

The Board of Trustees 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.