



CITIZENS SUMMARY

Findings in the audit of the City of Dixon

Financial Condition	<p>The financial condition of the city's General Fund has declined, and the Board of Aldermen is not adequately monitoring the city's financial condition, is not always receiving detailed information showing financial data for each fund, and has poor budgeting procedures. During the years ended September 30, 2021, and 2022, disbursements exceeded receipts for the General Fund, and the fund balance has decreased during the 2-year period from \$94,714 on October 1, 2020, to negative \$20,701 on September 30, 2022. For the year ended September 30, 2023, the city projected the General Fund balance to decrease further based on the budgeted receipts and disbursements. In addition, the Board approved a transfer of \$100,000 from the Water Fund to the General Fund that was originally intended as a temporary loan to help maintain the cash balance of the General Fund, although the bond covenants for the city's water and sewer system bonds do not allow earnings from the operation of the system to be diverted to the general governmental functions of the city.</p>
Budgeting and Planning	<p>City officials did not include all the statutorily required elements in the city budgets prepared for the years ending September 30, 2023, and 2022. The Board budgeted deficit fund balances for the General Fund for the years ending September 30, 2023, and 2022. When considering the beginning fund balance and the budgeted receipts and disbursements, the city projected ending fund balances for the General Fund of negative \$116,776 and negative \$61,843 for the years ending September 30, 2023, and 2022, respectively. The Board does not adequately monitor budget-to-actual receipts and disbursements, and actual disbursements exceeded budgeted disbursements for 5 of the 8 city funds during the year ended September 30, 2022. Additionally, city officials have not developed a formal annual maintenance plan for city streets.</p>
Water and Sewer Services	<p>City personnel do not perform monthly reconciliations of total gallons of water billed to gallons of water pumped. A comparison of water usage to water pumped for March 2022, and September 2022, noted an unidentified difference of approximately 39 and 45 percent, respectively, with more water pumped than used (billed). The city has not obtained timely annual audits of its waterworks and sewerage systems as required by state law.</p>
Disbursements	<p>The city has not established policies for the selection of vendors providing professional services, and does not have a formal bidding policy. The city did not always solicit bids or proposals for goods or services received, and did not always obtain written contracts for services received. The city purchased a house and small lot for \$21,000 without obtaining an appraisal to ensure the city paid a reasonable and approximate fair market value for the property.</p>
Payroll and Related Matters	<p>The city's personnel policy does not address how overtime hours are to be calculated and does not specify which employees are entitled to payment for city holidays. The city's payroll processing procedures were insufficient to ensure employees were compensated for overtime in compliance with the Fair Labor Standards Act and to ensure employees were compensated for holidays consistently. Also, the city does not have ordinances establishing the amount for compensation of city officials and employees.</p>

Meeting Minutes, Vacancies of Aldermen, and Personal Financial Disclosures	The Board did not document in the open meeting minutes the specific sections of law allowing the meeting to be closed, discussed some issues in closed meetings that were not allowable under the Sunshine Law, and did not prepare minutes for some closed meetings. The city has not filled the vacant Ward One Alderman position, and Board members did not always file personal financial disclosure statements with the city and the Missouri Ethics Commission as required by state law.
Electronic Data Security	The city does not periodically back up the financial and utility systems data, and did not disable user accounts of terminated city employees.
Capital Assets	The city does not maintain records of its capital assets including buildings, utility system infrastructure, equipment, and other property, and has not developed procedures to identify capital asset purchases and dispositions throughout the year. In addition, city officials do not tag, number, or otherwise identify assets as property of the city, or perform an annual physical inventory of city property.
Electronic Communication Policy	The city 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.
City Library	The city library is governed by the Board of Aldermen because the city does not have a functioning Library Board. Additionally, annual reports have not been filed by the library as required by state law.

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 Dixon

Financial Condition	The Board of Aldermen closely monitor the balances of the city's funds, perform immediate and long-term planning, ensure detailed financial data is received monthly, and take necessary steps to improve the financial condition of the General Fund. In addition, the Board of Aldermen should discontinue subsidizing the General Fund with utility money, and make plans to repay the loan from the Water Fund.
Budgeting and Planning	<p>The Board of Aldermen:</p> <ul style="list-style-type: none">2.1 Prepare annual budgets that contain all information required by state law and city code, discontinue deficit budgeting, and ensure the budgets are adequately monitored and properly amended.2.2 Establish a formal annual street maintenance plan.
Water and Sewer Services	<p>The Board of Aldermen:</p> <ul style="list-style-type: none">3.1 Ensure all properties are metered and monthly reconciliations are performed of gallons of water billed to gallons of water pumped and significant differences are investigated and resolved.3.2 Obtain timely annual audits of the waterworks and sewerage system as required by state law.
Disbursements	<p>The Board of Aldermen:</p> <ul style="list-style-type: none">4.1 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 defining services provided and benefits received.4.2 Ensure appraisals are performed for any property considered for purchase.
Payroll and Related Matters	<p>The Board of Aldermen:</p> <ul style="list-style-type: none">5.1 Adopt detailed personnel policies for overtime and holiday pay and develop procedures to ensure payroll payments are consistent with those policies and compliant with the requirements of the Fair Labor Standards Act (FLSA).5.2 Establish the compensation of all city officials and employees by ordinance.

Meeting Minutes, Vacancies of Aldermen, and Personal Financial Disclosures	<p>The Board of Aldermen:</p> <p>6.1 Ensure specific reasons for closing a meeting are documented in the open minutes, and only topics allowed by state law are discussed in closed meetings. In addition, the Board should ensure meeting minutes are prepared for all closed meetings.</p> <p>6.2 Fill the vacant alderman position as required by city code.</p> <p>6.3 Ensure personal financial disclosure statements are filed annually by all Board members.</p>
Electronic Data Security	<p>The Board of Aldermen require data to be backed up regularly, tested periodically, and stored in a secure off-site location; and ensure user accounts are disabled timely for employees who no longer work for the city.</p>
Capital Assets	<p>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 physical inventory, and compare this inventory to detailed records.</p>
Electronic Communication Policy	<p>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.</p>
City Library	<p>The Board of Aldermen ensure a Library Board is appointed to govern the library and an annual report is filed with the city and State Library as required by state law.</p>