



Thomas A. Schweich

Missouri State Auditor

Village of Altamont



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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Village of Altamont

<p>Water, Sewer, and Trash</p>	<p>Significant weaknesses exist in control procedures for the water, sewer, and trash services. The Board increased water, sewer, and trash rates in a November 29, 2011, closed meeting, but the analysis did not include any consideration of future costs of maintaining the water and sewer systems, so it is not clear whether the utility rates charged are appropriate. Additionally, setting utility rates is not an allowable topic for discussion in a closed meeting. The village does not always properly assess late fees on delinquent accounts, follow-up actions on delinquent accounts are not documented, and the Board treated the list of delinquent accounts as a closed record without demonstrating such treatment complies with state law. The village lacks a formal policy detailing when a payment plan may be authorized, and it does not always obtain a signed written payment agreement. The village does not reconcile the balance of the utility deposit bank account to the customer utility deposits held, and the majority of the \$13,729 in the account could not be linked to specific customers.</p>
<p>Accounting Controls and Procedures</p>	<p>The duties of the Village Clerk are not adequately segregated, and the Board does not adequately review or supervise the Clerk's work, making it difficult to ensure all transactions are accounted for properly and assets are properly safeguarded. Receipt slips are not issued for most monies received, and the composition of receipts is not always documented on the receipt slips. Receipts are not reconciled to the amount of monies deposited and are not always timely deposited. The Board does not sign the detailed list of bills approved for payment.</p>
<p>Accounting Records and Financial Reporting</p>	<p>The village's financial accounting system needs improvement. Monthly receipt and disbursement ledgers are not prepared, and the monthly financial report provided to the Board of Trustees is not complete. The village does not properly track and record restricted monies and is not properly allocating some payments for services and expenses to various funds. For example, the Village Clerk was fully paid from the Water and Sewer Fund even though she performs some duties unrelated to the water and sewer system, and \$3,554 for property and liability insurance coverage was paid from the General Fund even though some of the coverage relates to assets of the Water and Sewer Fund and the Street and Road Fund. The village does not prepare annual budgets or publish or post semiannual financial statements, as required by law. In addition, the village does not submit annual financial reports to the State Auditor's office, as required by law.</p>
<p>Ordinances and Nepotism</p>	<p>The village has not adopted some ordinances needed to govern village employees, and village ordinances are not complete, organized, and up to date. It is unclear why the current Village Clerk is classified as an independent contractor rather than a village employee, and there is no written contract between the village and the Village Clerk outlining each party's rights and responsibilities. The sister-in-law of the then-Board</p>

Chairman, Andrew Lollar, was hired as Village Clerk, but the minutes do not indicate whether a vote was taken to approve her hiring or if the Chairman abstained from voting. Article VII, Section 6, Missouri Constitution, provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office. Moreover, the entire Board was present when interviews were conducted, but no minutes were maintained, as required by the Sunshine Law.

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

American Recovery and
Reinvestment Act
(Federal Stimulus)

The Village of Altamont 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.

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Village of Altamont

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THOMAS A. SCHWEICH

Missouri State Auditor

To the Honorable Chairperson
and
Members of the Board of Trustees
Village of Altamont, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Altamont. We have audited certain operations of the village in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2012. The objectives of our audit were to:

1. Evaluate the village's internal controls over significant management and financial functions.
2. Evaluate the village's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the village, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in our audit of the village.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Altamont.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor: Harry J. Otto, CPA
Director of Audits: Regina Pruitt, CPA
Audit Manager: Randall Gordon, M.Acct., CPA, CGAP
In-Charge Auditor: Lori Bryant

Village of Altamont

Management Advisory Report

State Auditor's Findings

1. Water, Sewer, and Trash

There are significant weaknesses in control procedures related to water, sewer, and trash services, and some Sunshine Law issues were noted. The village collected approximately \$76,000 in water, sewer, and trash fees for the year ended June 30, 2012.

1.1 Utility rates/closed meeting

There was inadequate documentation to support increases in water, sewer, and trash rates approved by the Board of Trustees at a November 29, 2011, closed meeting. The documentation available to support the rate increases consisted of estimated monthly total costs for providing water, sewer, and trash service, which was divided by the number of connections to the village water system. The analysis did not include any consideration of future costs of maintaining the water and sewer systems. Without maintaining sufficient documentation to support utility rate reviews and increases, the village cannot demonstrate whether utility rates charged to customers are set at a level consistent with the ongoing costs and maintenance of providing the related services. In addition, setting utility rates is not an allowable topic for discussion in a closed meeting.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of the costs, which shows the increase is necessary to cover costs of providing the service. Utility rates should be set to cover the cost of providing the related services and maintain reserves adequate to sustain the system. In addition, the Sunshine Law, Chapter 610, RSMo, lists the topics which may be discussed in closed meetings.

1.2 Delinquent accounts

Late fees are not always properly assessed on delinquent water, sewer, and trash accounts and the May 20, 2012, Board meeting minutes indicated the list of delinquent accounts is not for public record. The water/sewer user agreement states any payment not received by the 15th of the month after billing is delinquent. A late fee of 10 percent is to be added to each delinquent bill; however, the late fee was not charged for some customers with delinquent bills or if a partial payment had been made after the 15th, the late fee was calculated on the remaining unpaid balance instead of the unpaid balance as of the 15th. A review of the utility billings spreadsheet maintained for the December bills indicated late fees had not been assessed on three accounts for the November billing which had not been paid by November 15, 2011. In addition, there were five accounts where either the total payment or the final payment was made after December 15, 2011, but no late fees were added to the January bill. Also, there was one account where a partial payment was made after the due date, but the late fees assessed on the January bill were calculated on the unpaid balance after the late payment rather than the unpaid balance on the 15th. For the instances noted, a total of \$63 in additional late fees should have been assessed. Furthermore, the list of delinquent accounts provided to the Board each month is not retained nor are the actions approved by the Board documented on the listing or routinely detailed in meeting minutes. The Village Clerk



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Management Advisory Report - State Auditor's Findings

does keep a copy of the list on the computer on which she notes if the Board approved a payment agreement, granted an extension to pay, or ordered the meter to be pulled; however, she does not document the follow up actions taken on delinquent accounts. Additionally, the minutes of the May 20, 2012, Board meeting indicate the Board reviewed delinquent accounts, but the list of delinquent accounts is not for public record. Without demonstrating how these records are considered closed, the village cannot show compliance with state law.

To ensure all customers are treated in a fair and equitable manner, late fees should be assessed properly on all delinquent accounts and the documentation of actions taken on delinquent accounts should be maintained. Also, Section 610.022.5, RSMo, indicates public records shall be presumed to be opened unless otherwise exempt pursuant to the provisions of this chapter (Chapter 610 - Sunshine Law), and there is no exemption for delinquent utility accounts.

1.3 Payment plans

The village sometimes allows customers with delinquent amounts on water, sewer, and trash bills to make alternative payment arrangements; however, signed written agreements are not always obtained and the Board's approval of payment agreements is not always documented. In addition, no formal policy has been developed documenting the process for authorizing payment plans and amounts.

To ensure all customers are treated in a fair and equitable manner, a formal policy should be established documenting the process to determine when payment plans are allowed, how the payment amount is established, and the approval process for these plans. A written and signed payment agreement is necessary to indicate the intent of the customer to pay the outstanding balance and to aid in accounting for and collecting the amounts due to the village.

1.4 Utility deposits

The balance of the utility deposit bank account is not reconciled to a list of customer utility deposits held. Per the July 1, 2012, utility billings spreadsheet, utility deposits totaled \$5,840. The utility deposit bank account balance was \$13,729 as of June 30, 2012, indicating that the majority of the utility deposits are not identified.

A complete list of customer utility deposits and periodic reconciliation to the utility deposit bank account balance is necessary to ensure sufficient funds are on hand to cover potential utility deposit liabilities and provide a record of monies held for individual customers.



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Recommendations

The Board of Trustees:

- 1.1 Review utility rates periodically to ensure receipts are sufficient to cover all costs of providing these services and maintain reserves adequate to sustain the system. In addition, the Board should maintain sufficient documentation supporting these reviews and any resulting rate increases. Also, the Board should limit discussions in closed meetings to only those specifically allowed by law.
- 1.2 Ensure late fees are assessed on delinquent water, sewer, and trash accounts in accordance with village ordinances. In addition, the list of delinquent accounts provided to the Board should be retained and actions taken to collect on delinquent accounts should be documented. The Board should ensure all village records are available to the public unless they are specifically allowed to be closed by the Sunshine Law.
- 1.3 Establish a formal policy that documents procedures and requirements for customers to be allowed to pay outstanding water, sewer, and trash balances over a period of time and obtain signed written payment agreements.
- 1.4 Ensure adequate records of utility deposits are maintained and periodically reconciled to the bank account, with any differences investigated and resolved.

Auditee's Response

The Board of Trustees provided the following written responses:

- 1.1 *Utility rates are to be reviewed no less than each six months. Review will account for future costs including but not limited to water tower maintenance/repair and water main maintenance/repair. Any discussion of this review and any proposed rate increase will be held in an open meeting. Appropriate documentation of rate calculation will be provided for review and retained for records. The next utility rate review will take place no later than December 30, 2012. All closed meetings will be held in accordance with the law.*
- 1.2 *Excel spreadsheets used for billing will be adjusted to reflect an additional column for account balance as of the 15th. This will ensure the late fee assessed will be accurate. The Board is changing policy concerning delinquent accounts. Utilities will still be due on the 15th of each month, with a 10% late fee accrued thereafter. However, bills unpaid by the 20th will be shut-off. This will eliminate board review of delinquent accounts at each month's meeting with the exception of payment arrangements which will still*



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be considered for extenuating circumstances. Work orders will continue to be prepared for shut-offs due to non-payment and retained for records after completion. When discussion is held concerning a specific account or account holder, names will not be used in open meetings for privacy reasons, however, documentation (meeting minutes) will show account numbers and be available for public record. This procedure will be implemented no later than December 30, 2012.

1.3 The Board will implement a formal policy for payment arrangements. The policy will outline the criteria and special circumstances required for which arrangements will be considered. Account holders must request payment arrangement prior to the 20th at the monthly open board meeting in person or by formal written submission to the board for consideration. Requests made outside of the board meeting will not be considered. In the event that a payment arrangement is approved by the board, documentation outlining the specifics of the arrangement must be signed by account holder and the Chairman and thereafter be kept on file. This policy will be implemented no later than December 30, 2012.

1.4 Meter Deposit Fund balance will be reconciled with deposit list spreadsheet monthly, with any differences investigated and resolved immediately. This policy will be implemented no later than December 30, 2012.

2. Accounting Controls and Procedures

Accounting controls and procedures need improvement.

2.1 Segregation of duties

The duties of the Village Clerk are not adequately segregated, and the Board does not provide adequate supervision or review of the work performed by the Village Clerk. The Village Clerk is responsible for receipting, recording, and depositing monies; preparing utility bills; preparing checks; performing bank reconciliations; and preparing financial reports. Bank statements are provided to the Board for review; however there is no documentation of this review.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory or independent reviews of the records should be performed and documented.



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Management Advisory Report - State Auditor's Findings

2.2 Receipts and deposits

Receipts and deposits procedures are inadequate.

- Receipt slips are not issued for most monies received and the method of payment is not always documented on the receipt slips. Receipt slips are only issued for cash payments or if requested. However, the method of payment is indicated for utility receipts on the utility billings spreadsheet.
- Monies deposited are not reconciled to receipt records. Water, sewer, and trash monies collected are posted to the utility billings spreadsheet; however, amounts deposited into the bank account are not reconciled with payments noted on the spreadsheet.
- Receipts are not always deposited in a timely manner. For example, a \$1,539 check, dated November 14, 2011, was not deposited until February 22, 2012, and the May 1, 2012, deposit included more than \$1,400 which was received prior to April 16, 2012.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipt slips should be issued and maintained for all monies received, the numerical sequence of receipt slips should be accounted for properly, receipt records including the composition should be reconciled to deposits, and deposits should be made on a timely basis.

2.3 Disbursements

The Board does not sign the detailed list of bills approved for payment. While checks require two signatures from Board members, only the Village Clerk is reviewing the invoices for many of the expenses. As a result, it is not clear which disbursements were reviewed or approved since the official meeting minutes simply indicate the Board approved the payment of bills.

To adequately document Board review and approval, a complete list of all bills (including each check number) to be paid should be prepared and retained. The list should be signed after review by the Chairman to provide an independent attestation that the disbursements are a correct record of the village's financial obligations. Failure to properly review all invoices and supporting documentation, and to document authorization, increases the possibility of inappropriate disbursements occurring.

Recommendations

The Board of Trustees:

- 2.1 Segregate accounting duties to the extent possible. If proper segregation of duties cannot be achieved, an independent review of the work performed is necessary.
- 2.2 Require receipt slips be issued for all monies received and the numerical sequence should be accounted for properly. Receipt



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records including the composition should be reconciled to deposits. Additionally, all monies should be deposited in a timely manner.

- 2.3 Sign the detailed list of bills approved for payment and ensure the signed copy is retained.

Auditee's Response

The Board of Trustees provided the following written responses:

- 2.1 *Review of Clerk duties performed will be performed monthly. Review will include but is not limited to Clerk duty performance, bank statements and reconciliation, bank deposits, filing system, billing spreadsheets and paperwork recently filed with state organizations. Review will be conducted by one board member monthly. Board members will conduct review on a rotating schedule (ex. Chairman in October, Board Member #1 in November, Board Member #2 in December etc.). Documentation of review will be kept on file and will include date of review, signature of reviewing board member, signature of Clerk and materials, performance or procedures that were reviewed. Review will occur at City Hall on a date convenient for both Clerk and the reviewing board member. This policy will be implemented no later than October 31, 2012.*
- 2.2 *Receipt slips will be issued for all monies received when mail is opened with method of payment indicated and the numerical sequence of the receipt slips will be accounted for properly. Receipt totals will be reconciled to deposits as well as deposit composition. Deposits should occur weekly. This policy will be implemented no later than October 31, 2012.*
- 2.3 *Expense report provided for board review at monthly meetings will be adjusted to include check numbers for disbursements. Expense report will be signed by Chairman. In the event that additional disbursements are required to be made outside of monthly meeting, such disbursement will be documented in the same form and signed by Chairman and one additional board member. Expense reports will be kept with corresponding meeting minutes. Invoices will be periodically reviewed by the Board. This policy will be implemented no later than October 31, 2012.*

3. Accounting Records and Financial Reporting

Significant improvements are needed in the preparation of accounting records and financial reporting practices.



Village of Altamont
Management Advisory Report - State Auditor's Findings

3.1 Fund accounting

The village does not have an adequate and complete financial accounting system.

- Monthly receipt and disbursement ledgers are not prepared. In addition, the monthly financial report provided to the Board of Trustees does not include the receipt and disbursement activities of each fund and consists only of the reconciled bank balances in the five checking accounts, and does not include certificates of deposit (CDs) balances until the CDs have been redeemed and deposited into one of the checking accounts. At June 30, 2012, CDs totaled \$10,295.

Fund ledgers and summary reports showing receipt sources and disbursement types should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of village operations. Complete and organized accounting records are necessary to provide accurate financial information to village officials upon which effective management decisions may be made.

- The village is not properly tracking and recording various restricted monies and is not properly allocating some payments for services and expenses to various funds. For the year ended June 30, 2012, the village received approximately \$76,000 in water, sewer, and trash fees. While these monies are restricted for specific purposes, they were deposited into the Water and Sewer Fund and the related disbursements or balances were not tracked separately. As a result, the village cannot determine at a point in time what portion of the Water and Sewer Fund represents restricted water, sewer, or trash monies. In addition, payments totaling \$6,870 to the Village Clerk for her services during the year ended June 30, 2012, were paid from the Water and Sewer Fund although she performs some duties unrelated to the water and sewer system. Also, \$3,554 for property and liability insurance coverage was paid from the General Fund even though some of the coverage relates to assets owned by the Water and Sewer Fund and the Street and Road Fund.

Receipts, disbursements, and the accumulated balance associated with specific activities should be recorded in separate funds or maintained in a manner to account for those activities. Proper allocations of expenses and recognition of all receipts and disbursements are important to ensure operations can be properly measured and rates periodically evaluated for reasonableness and sufficiency. Documentation should be maintained to support the percentages used for allocating the various expenses.



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3.2 Budgets

Annual budgets are not prepared for village funds. Section 67.080, RSMo, provides that no expenditure of public monies shall be made unless it is authorized in a budget. Additionally, Section 67.010, RSMo, requires the preparation of an annual budget which shall represent a complete financial plan for the ensuing budget year, and also sets specific guidelines for information to be included in the budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of village operations. It also assists in setting tax levies and utility rates and informing the public about village operations and current finances.

3.3 Financial statements

Semiannual financial statements have not been published or posted as required by state law. The publication or posting of semiannual financial statements is intended to provide complete and accurate information to citizens regarding the financial activity and condition of the village. Section 80.210, RSMo, requires the Board prepare and publish semiannual financial statements in a local newspaper, or if there is no local newspaper, to post semiannual financial statements in at least six of the most public places in the village.

3.4 Financial reporting

Annual financial reports are not submitted to the State Auditor's office. Section 105.145, RSMo, requires each political subdivision to file annual reports of its financial transactions. In addition, 15 CSR 40-3.030 requires the annual financial report to be filed within 4 months after the end of the political subdivision's fiscal year if an unaudited financial report is filed and within 6 months after the end of the political subdivision's fiscal year if an audit report prepared by a certified public accountant is filed.

Recommendations

The Board of Trustees:

- 3.1 Ensure a complete financial accounting system is established. Summaries should be prepared documenting monthly receipt sources and disbursement types including interest earned and balances of CDs. Separate funds should be established or records maintained in a manner to account for the receipts, disbursements, and accumulated balances of the separate water, sewer, and trash activities. Additionally, expenses should be properly allocated to the applicable funds or activities.
- 3.2 Prepare annual budgets which include all information required by state law.
- 3.3 Publish or post semiannual financial statements as required by state law.



Village of Altamont
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- 3.4 Submit an annual financial report to the State Auditor's office as required by state law.

Auditee's Response

The Board of Trustees provided the following written responses:

- 3.1 *Ledgers will be prepared for all accounts. Financial summaries will be prepared monthly. Financial reports provided for board review at monthly meetings have already been adjusted to reflect interest earned, CD balances, CD maturity dates, CD interest rates, loan balance and loan maturity date. Financial reports will further be adjusted to reflect total deposits, total disbursements and reconciled balance for each account. A new bank account will be opened for the purpose of sewer monies. Balances will be kept separate for water and trash even though they are going to be kept in the same fund. Upon utility payments, all monies will be initially deposited into the Waterworks bank account. Deposit forms will be adjusted to provide a breakdown of payments to reflect water, sewer, trash and other money totals in addition to the grand total. We will ensure expenses will be properly allocated. These policies will be implemented no later than November 30, 2012.*
- 3.2 *Budgets for each account will be prepared annually and will include all information required by law. Budgets will be reviewed/adjusted every 6 months thereafter. Annual budget will be completed by end of each fiscal year for the next fiscal year. Fiscal year ends June 30. This policy will be implemented no later than June 30, 2013.*
- 3.3 *Semiannual financial statements will be published/posted in accordance with state law. This policy will be implemented no later than January 30, 2013.*
- 3.4 *Annual financial reports will be submitted to the State Auditor's office in accordance with state law. This policy will be implemented no later than July 31, 2013.*

4. Ordinances and Nepotism

Village ordinances need improvement and the Village Clerk classification as an independent contractor needs to be reevaluated. Also, an instance of nepotism occurred.

4.1 Ordinances and employment classification

Village ordinances are not complete, organized, and up to date. Additionally, the village has not adopted ordinances needed to govern individuals employed by the village with regard to job duties, work hours, compensation, etc. The village has not documented reasons for classifying the Village Clerk as an independent contractor rather than an employee.



Village of Altamont
Management Advisory Report - State Auditor's Findings

- The board has copies of ordinances, but the ordinances are very old and are not filed in an orderly manner, thus hindering the village's ability to locate specific ordinances. Also, an index of all ordinances passed and rescinded is not maintained which makes it difficult for the village to determine which ordinances are still active and which have been rescinded.
- The village has not adopted ordinances to establish the duties and compensation of the village clerk. Also, the village did not document reasons for classifying the current Village Clerk as an independent contractor instead of a village employee, while the previous Village Clerk was treated as a village employee. In addition, the Village Clerk uses equipment owned by the village, and there is no written contract between the village and current Village Clerk outlining each party's rights and responsibilities.

Section 80.240, RSMo, allows the Board to appoint certain officials, prescribe their duties, and fix their compensation. Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount of compensation village officials are to receive. Payments to the Village Clerk were reported to the Internal Revenue Service (IRS) on 1099 forms. Section 105.300, RSMo, defines an elected or appointed officer or employee of a political subdivision as an employee for Social Security and Medicare tax purposes. For employees, the IRS requires employers to report compensation on W-2 forms and withhold and remit income and payroll taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. State and federal laws require employers to pay the employer's share of Social Security and Medicare on the compensation paid to employees.

Since ordinances represent legislation which has been passed by the Board of Trustees to govern the village and its residents, it is important ordinances be maintained in a complete, well-organized, and up-to-date manner. Proper classification of employees is necessary to ensure compliance with various state and federal laws and regulations.

4.2 Nepotism

The August 14, 2011, meeting minutes indicate the sister-in-law of Board Chairman, Andrew Lollar, was hired as Village Clerk; however, the minutes do not indicate a vote was taken to approve her hiring. The entire Board was present when job interviews were conducted on August 10, 2011, but no minutes were maintained. As a result, it is unclear when or if a vote was taken regarding her hiring or if the Chairman abstained from voting. Andrew Lollar is no longer on the Board as his term expired in April 2012.



Village of Altamont
Management Advisory Report - State Auditor's Findings

Article VII, Section 6, Missouri Constitution, provides that any public official who names or appoints to public office or employment any relative within the fourth degree shall forfeit his office. Because of the serious consequences which result by appointing a relative, the Board should ensure its members abstain from any decision to appoint a relative and ensure that action is fully documented in the meeting minutes. Discussions and decisions concerning situations where potential nepotism or conflicts of interest exist should be completely documented so the public has assurance no village official has benefited improperly. In addition, any time a quorum of board members meet and transact public business, such as voting to hire the Village Clerk, it is subject to the Sunshine Law, including the requirement to keep minutes of such meetings.

Recommendations

The Board of Trustees:

- 4.1 Ensure ordinances are maintained in a complete, well-organized, and up-to-date manner and new ordinances are passed when appropriate. In addition, the Board should establish an index of all ordinances passed and rescinded. Furthermore, the Board should ensure all persons hired by the village are properly classified as employees or contract employees in compliance with state and federal laws and regulations, and all compensation paid is subject to income and payroll taxes and properly reported.
- 4.2 Ensure Board members abstain from voting when a relative's appointment is involved. In addition, the Board should ensure minutes are maintained for all meetings of the Board of Trustees.

Auditee's Response

The Board of Trustees provided the following written responses:

- 4.1 *A complete review and update of Village Ordinances will be conducted. The Village of Altamont will hire an individual/company to do so or join the Small Town Cooperation Board. Membership includes a full review and update of ordinances over a period of time. Ordinances will be organized by establishing an index. This process will begin no later than November 30, 2012 and be completed no later than November 30, 2013. Existing and new persons hired by the village will be clearly documented as employees or contract laborers. Contracts will be drafted and kept up to date on all employees and contract laborers. This policy will be implemented no later than March 30, 2013. The Village Clerk will be treated as an employee and not contract labor. Documentation to that effect will be completed and filed where appropriate. This policy will be implemented no later than October 30, 2012.*



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- 4.2 *Nepotism did not occur. Chairman, Andrew Lollar, abstained from the vote to hire Clerk, Rachel Toney. Board members did not understand that interviews for hiring are to be treated as closed meetings with proper minutes kept. This issue has already been addressed and corrected. Minutes are kept on all meetings. Any board member related to prospective employees or contract laborers for the Village will not take part in hire discussion and will abstain from any vote to hire. A formal policy will be drafted to this effect and approved by the Board by October 30, 2012.*

Village of Altamont

Organization and Statistical Information

The Village of Altamont is located in Daviess County. The village was incorporated in 1896. The village has a Village Clerk and several other individuals work as independent contractors.

Village operations include utilities (water, sewer, and trash) and street maintenance.

Mayor and Board of Aldermen

The village government consists of a five-member board of trustees. The members are elected for 2-year terms. The chairman is appointed by the board from the members. Members of the Board of Trustees at June 30, 2012, are identified below. The Board of Trustee members receive no compensation.

Tessa Lollar, Chairman
Dorothy Black, Trustee
Dale Hunt, Trustee
Pete Guess, Trustee
Robert Stanley, Trustee

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The Village of Altamont did not receive any federal stimulus monies during the year ended June 30, 2012.

Financial Activity

A summary of the village's financial activity for the year ended June 30, 2012, follows:

Village of Altamont
Year Ended June 30, 2012

	General Fund	Street and Road Fund	Water and Sewer Fund	Community Building	Meter Deposit Fund	Total
RECEIPTS						
Property tax	\$ 4,198	1,386	0	0	0	5,584
Franchise tax	5,980	0	0	0	0	5,980
Motor fuel and vehicle fees	0	7,809	0	0	0	7,809
Water, sewer, and trash fees	0	0	76,207	0	0	76,207
Federal Emergency Management Agency grant	0	1,539	0	0	0	1,539
Utility deposits	0	0	0	0	4,310	4,310
Interest	5	17	14	0	10	46
Other	0	202	0	235	0	437
Transfers in	3,000	0	597	0	0	3,597
Total Receipts	13,183	10,953	76,818	235	4,320	105,509
DISBURSEMENTS						
Wages and payroll taxes	0	0	2,532	0	0	2,532
Independent contractors	0	0	12,220	0	0	12,220
Water purchased	0	0	30,528	0	0	30,528
Sewer lagoon operations	0	0	7,141	0	0	7,141
Trash service	0	0	9,128	0	0	9,128
Computer and software	444	0	0	0	0	444
Customer deposit refunds	0	0	0	20	333	353
Electric	655	2,679	2,051	117	0	5,502
Insurance	3,554	0	0	0	0	3,554
Loan for tractor	0	3,443	0	0	0	3,443
Maintenance and repairs	620	323	6,881	0	0	7,824
Painting water tower	0	0	33,500	0	0	33,500
Phone	677	0	0	0	0	677
Propane	1,862	0	0	0	0	1,862
Miscellaneous	1,770	0	726	0	0	2,496
Transfers out	0	0	3,000	0	597	3,597
Total Disbursements	9,582	6,445	107,707	137	930	124,801
RECEIPTS OVER (UNDER)						
DISBURSEMENTS	3,601	4,508	(30,889)	98	3,390	(19,292)
CASH, JULY 1, 2011	3,605	17,734	50,891	8,698	10,339	91,267
CASH, JUNE 30, 2012	\$ 7,206	22,242	20,002	8,796	13,729	71,975