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Missouri State Auditor

City of Otterville

Report No. 2020-019

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of City of Otterville

Oversight, Segregation of Duties, and Annual Audits	The Board of Aldermen has not established adequate oversight or adequate segregation of duties over the various financial accounting functions performed by the City Clerk. The city does not obtain annual audits of its waterworks and sewerage systems as required.
Accounting Controls and Procedures	The city officials did not prepare and maintain accurate financial statements or publish financial statements as required. The city budget prepared for the year ended December 31, 2018, did not contain all required elements. The City Clerk did not timely prepare, and the Board did not timely approve, budget amendments for the year ended December 31, 2018. The city's procedures for receipting, recording, and depositing monies need improvement. The city's procurement procedures do not always comply with city code, and professional services are obtained without the benefit of a competitive selection process. The city does not maintain fuel logs to reconcile fuel used to fuel purchased. The City Clerk did not prepare and file 1099-MISC forms with the Internal Revenue Service, as required. The city does not have a written policy regarding proper and improper use of city credit cards.
Payroll and Related Matters	Timesheets were not prepared for the Police Chief and were not signed by the Police Chief or a supervisor documenting approval of time worked and leave used. Overtime hours are not consistently documented on timesheets for employees. Leave records maintained are inaccurate and do not adequately track the number of hours of vacation, sick, or compensatory time earned and used, and any remaining balances. The city does not have written personnel policies that address compensatory time and overtime. The City Clerk did not properly monitor employee health insurance incentives and failed to report employee income.
Ordinances	Ordinances are not comprehensive or maintained in an organized manner, and the city has not always established ordinances as appropriate.
Capital Assets	The city does not maintain adequate records of capital assets, including buildings, vehicles, equipment, and other property. Additionally, city personnel do not tag, number, or otherwise identify assets or perform adequate annual physical inventories.

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.

City of Otterville

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Otterville, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Otterville. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2018. The objectives of our audit were to:

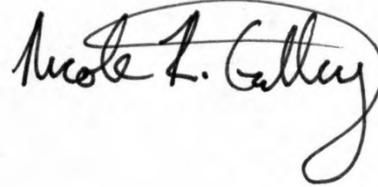
1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 applicable contract, grant agreement, 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 city's management and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (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 City of Otterville.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Steven J. Barton
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City of Otterville

Management Advisory Report

State Auditor's Findings

1. Oversight, Segregation of Duties, and Annual Audits

The Board of Aldermen has not provided adequate oversight of the City Clerk/City Administrator,¹ established adequate segregation of duties, or obtained annual audits as required by state law.

1.1 Oversight and segregation of duties

The Board has not established adequate oversight or segregation of duties over the various financial accounting functions performed by the City Clerk.

The City Clerk is responsible for the record-keeping duties of the city including posting transactions into the accounting system, preparing invoices for payment, receipting, maintaining payroll records, preparing and distributing payroll and disbursement checks, preparing monthly bank reconciliations, transferring monies between bank accounts, preparing financial reports for Board meetings, and preparing budgets and financial statements. In addition, several checks issued during the year ended December 31, 2018, were only signed by the City Clerk.

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, documented independent or supervisory reviews of accounting and bank records should be performed. Good management practices require extensive and detailed oversight by the Board. According to City Code Section 130.110, transactions over \$250 require authorization by the Board including co-signature by the Mayor. Dual authorized signatures help provide assurance that checks represent payment for legitimate city disbursements. Failure to require dual signatures on all checks is a significant control weakness and could allow for improper checks and overpayments to occur.

1.2 Annual audits

The city does not obtain annual audits of its waterworks and sewerage systems as required. The last audit of the city finances was completed on October 16, 2019, for the year ended December 31, 2015. The city has contracted for audits of the subsequent years, but the audits were not completed as of February 29, 2020.

Section 250.150, RSMo, requires the city to obtain annual audits of the combined waterworks and sewerage system, and the cost of the audit is to be paid from the revenues received from the system. The city is also required to obtain annual audits as a condition of its bond covenants.

¹ The city refers to the City Clerk as City Administrator. For report purposes, the title City Clerk is used.



Recommendations

The Board of Aldermen:

- 1.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures. In addition, the Board should require dual signatures on all checks.
- 1.2 Ensure statutorily-required annual audits of the waterworks and sewerage system are obtained timely.

Auditee's Response

- 1.1 *An administration policy, Mayor Responsibilities to Ensure Duty Separation, was adopted on December 11, 2019. Although the procedures were in place prior to this date, the city did not have a written policy. Of the 283 checks written in 2018, 11 had only one signature. The invoices for these 11 checks were approved during Board meetings. Not signing prior to issuing the check was an oversight by the Mayor.*
- 1.2 *The annual audits have been behind since 2011. With the completion of several major infrastructure projects, the City Clerk's time available for annual audits is limited. We are planning on working with a CPA firm to complete 2 audits per year until we are current. This process will take a minimum of 2 years. The city has set a goal for the City Clerk to ensure completion of all outstanding audits by April 30, 2022.*

2. Accounting Controls and Procedures

Accounting controls and procedures need improvements.

2.1 Financial statements

The city officials did not prepare and maintain accurate financial statements or publish financial statements as required. The semiannual financial statements prepared by the City Clerk did not include activity related to the Otterville Community Betterment Society Fund and the Property Management Fund. For example, revenues earned from a property sale placed in the Property Management Fund were not reported on the published financial statements, and the sale was not documented timely in the city's accounting system. City officials indicated they entered a transaction to record the sale from the Property Management Fund in the system after getting guidance from the CPA firm contracted to perform their audit. In addition, the financial statements were not always published in the city's newspaper semiannually as required by statute. The semiannual financial statements were published annually in the newspaper and semiannually posted in the city at the bank, post office, and city hall.



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Management Advisory Report - State Auditor's Findings

To be of maximum assistance to the Board and to adequately inform the public, the city's financial statements should accurately report financial activity and account balances. Section 79.160, RSMo, requires the Board to publish financial statements semiannually that include a full and detailed account and statement of the receipts, disbursements, and indebtedness of the city.

2.2 Budget

The city budget prepared for the year ended December 31, 2018, did not contain all required elements. The budget document did not include a budget message, actual or budgeted amounts for the 2 preceding years, the actual beginning and estimated ending cash balance for any funds, or a budget summary.

Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget year and sets specific guidelines for the 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 city operations. It also assists in setting the tax levy, utility rates, and informing the public about city operations and current finances.

2.3 Budget amendments

The City Clerk did not timely prepare, and the Board did not timely approve, budget amendments for the year ended December 31, 2018. The Board amended the budget on November 14, 2018, only after disbursements exceeded the total amount budgeted. After the amendment, the city still overspent the General Fund and the Sewer/Water Fund.

Section 67.040, RSMo, requires political subdivisions to keep disbursements within amounts budgeted and allows for budget increases, after the governing body officially adopts a resolution setting forth the facts and reasons. To ensure compliance with state law, the Board should properly monitor actual disbursements compared to budgeted amounts and formally amend the budgets before the related disbursements are incurred.

2.4 Receipting, recording, and depositing

The city's procedures for receipting, recording, and depositing monies need improvement.

- The City Clerk did not issue receipt slips for most monies received. The City Clerk only issued receipt slips when an individual was paying a utility bill and did not submit the bill with payment.
- The City Clerk did not always properly indicate the methods of payment in the computer system, and did not reconcile the composition of the payments recorded in the computer system to the composition of the deposits.



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- The Mayor did not document that he had reviewed deposits prior to depositing them at the bank.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of funds will go undetected.

2.5 Procurement procedures and contracts

The city's procurement procedures do not always comply with city code, and professional services are obtained without the benefit of a competitive selection process.

During the year ended December 31, 2018, the city did not solicit bids or proposals for professional services including grant writing services totaling approximately \$25,000. Additionally, a written contract was not obtained for auditing services or for water used by the Fire Department during the year ended December 31, 2018.

City Code Sections 130.170 and 130.180 authorize the Board to receive bids for the performance of services or work or both. In addition to being authorized by city code, the routine use of a competitive procurement process for major purchases ensures the city has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in city business. Complete documentation should be maintained of all bids received and justification for awarding the bid. Also, periodically soliciting proposals for professional services helps ensure all parties are given an equal opportunity to participate in city business, helps provide a range of possible choices, and allows the Board to make better informed decisions to ensure necessary services are obtained from the best qualified provider, taking expertise, experience, and/or cost into consideration. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

2.6 Fuel use

The city does not maintain fuel logs to reconcile fuel used to fuel purchased. As a result, fuel used is not accounted for, invoices for fuel purchased are not verified as correct, and misuse cannot be detected promptly. The city purchased \$7,111 in automobile and diesel fuel for the Police Chief and the maintenance employee during the year ended December 31, 2018.

Procedures for reviewing fuel used and reconciling use to fuel purchases are necessary to ensure the reasonableness and propriety of fuel use and disbursements.

2.7 1099-MISC forms

The City Clerk did not prepare and file 1099-MISC forms with the Internal Revenue Service (IRS), as required, for applicable individuals or non-incorporated businesses. At least one individual received payments from the city meeting the criteria requiring preparation of these forms.



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Sections 6041 through 6050W of the Internal Revenue Code require non-wage payments of at least \$600 in one year for professional services or for services performed as a trade or business by non-employees (other than corporations, except for medical and legal services), be reported to the federal government on 1099-MISC forms. To ensure compliance with IRS requirements, the city should ensure 1099-MISC forms are issued in all applicable instances.

2.8 Credit card use

The city does not have a written policy regarding proper and improper use of city credit cards. One of the city's credit cards was used to make purchases exceeding the city's purchasing ordinance that requires 2 signatures for any purchase exceeding \$250. For example, an adjustable standing desk was purchased on January 25, 2018, for \$495. This credit card was also used to make other purchases without obtaining the Board's approval. In addition, a city employee used the credit card to make personal purchases. For example, the credit card was used to make a purchase from Walmart totaling approximately \$200. The city employee repaid the city for personal items purchased. Additionally, some credit card invoices were paid late, resulting in the accrual of late fees and interest.

Credit card purchases are inherently more risky than other purchases because these purchases are or can be made prior to proper approval. That risk and the potential for fraud or misuse increases even more when internal controls and proper procedures are lacking. Credit card policies and procedures are necessary to ensure all credit card purchases are appropriate and in compliance with city purchasing policies, and to reduce the risk of unauthorized purchases occurring.

Recommendations

The Board of Aldermen:

- 2.1 Ensure financial statements include all activities of the city and are published semiannually.
- 2.2 Prepare annual budgets that contain all information as required by state law.
- 2.3 Prepare and approve budget amendments prior to incurring the related disbursements.
- 2.4 Require issuance of receipt slips for all monies received, record the composition of receipts in the city's accounting system, and reconcile the composition of receipts to the composition of deposits. In addition, documented reviews of deposits should be performed prior to depositing.



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- 2.5 Follow formal bidding policies and procedures, periodically solicit proposals for professional services, and enter into written contracts for such services.
- 2.6 Ensure a documented periodic reconciliation of fuel purchased to fuel used is performed with any significant differences investigated.
- 2.7 Ensure payments totaling greater than \$600 to non-employees and businesses are properly reported to the IRS. The city should file amended 1099-MISC forms for past years.
- 2.8 Establish a written policy regarding proper and improper use of city credit cards and ensure compliance with the policy.

Auditee's Response

- 2.1 *Semiannual financial statements will be published in the city paper semiannually instead of just posting at the bank, post office, and city hall going forward. For the semiannual financial statement ending June 30, 2020, the City Clerk will work with the CPA firm to ensure accuracy.*
- 2.2 *Prior to 2019, budgets were prepared reflecting only one year of history information. The budget worksheet for the 2019 budget and going forward was and will be prepared using 2 years of actual numbers. For the 2021 budget, debt and asset amounts will be included along with the additional information required by state law.*
- 2.3 *The needed budget amendments were due to major city projects. Although all 5 major projects were voted on and approved by the Board, budget resolutions were not passed. Going forward any approved project will have a budget resolution for the monies spent. The current year revenue and expenditure budget, excluding the major projects, came in very close to expectations. If a project is voted upon and approved by the Board, a budget resolution must be also voted upon.*
- 2.4 *The majority of utility payments are made by check and received in the mail. The canceled check serves as the customer receipt slip. Approximately 8 percent are cash payments. The customer, if paying in person, receives the customer portion of the bill stamped paid. The city portion of the bill is retained and attached to the list of items deposited. For payments received in the mail, the Mayor and the City Clerk open the mail together and receipt the payments in the accounting system. The City Clerk will make a more conscious effort to indicate the correct method of payment in the computer so the composition of receipts can be reconciled to the composition of the deposit. Although the Mayor does 99 percent of the banking tasks and*



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always has, he had not initialed every deposit slip. The Administrative Policy, Banking, was adopted on September 4, 2019. This policy requires all deposits be initialed by the Mayor and taken to the bank by the Mayor or the Police Chief.

- 2.5 *A bid was solicited for grant writing in 2016 for the 2017 sewer collection system project. The lowest bidder was selected. In order to continue forward progress, an additional \$3,000 discount was given to the city by the vendor for the 2017 application for the 2018 street project. If the city was required to start from scratch, the city would not have made the deadline for the 2018 project. The city will ensure that all contracts/agreements entered into are written.*
- 2.6 *The city has changed our fuel purchases to a fleet account. Purchases are now separated by driver and require the odometer reading of the vehicle. The fleet account was set up in November 2019. Fuel use and fleet charges will be reviewed and reconciled monthly and irregularities will be immediately resolved.*
- 2.7 *The City Clerk did not clarify if the vendor was incorporated and did not file a 1099-MISC form. This will not happen again.*
- 2.8 *The Administrative Policy, City Credit Account Charges, was adopted November 13, 2019. Purchases are not paid until approved at the next Board meeting. The policy requires any charge deemed not of legitimate business use must be personally paid immediately by the person authorizing the charge. The adjustable desk was purchased to accommodate a work area as a requirement of the American Disabilities Act. The purchase at Walmart was made in error by a family member who had the City Clerk's wallet and was immediately reimbursed. Credit card late fees occur when the Board does not meet and approve expenses in a short time frame, which causes a late fee. The city now pays the credit card in multiple payments throughout the month instead of paying once later in the month to avoid late fees.*

3. Payroll and Related Matters

Controls and procedures over payroll and related matters need improvement. The city disbursed approximately \$99,000 in wages during the year ended December 31, 2018.

3.1 Timesheets and leave records

Improvement is needed with timesheets and leave records.

Timesheets

Timesheets were not prepared for the Police Chief and were not signed by the Police Chief or a supervisor documenting approval of time worked and leave



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used. In addition, overtime hours are not consistently documented on timesheets for employees.

Leave records

Leave records maintained are inaccurate and do not adequately track the number of hours of vacation, sick, or compensatory time earned and used, and any remaining balances. The report generated from the city's accounting system does not show accurate leave accruals or uses for employees. The City Clerk indicated she had to manually change compensatory time balances due to improperly calculating the balances and not properly entering them into the accounting system. We reviewed the changes and identified errors including compensatory time earned and not recorded in the accounting system, compensatory time not granted at time and a half, and system records not showing compensatory time used as stated on timesheets.

Conclusion

Without adequate timesheets or a record of leave taken, the city cannot ensure hours worked and leave earned and taken by employees are properly documented. To ensure the accuracy of the hours worked and leave taken, timesheets should be signed by the employees and reviewed and approved by the supervisor. Leave records also aid in determining final compensation for employees leaving city employment. In addition, the Fair Labor Standards Act (FLSA) requires employers maintain accurate records of actual time worked by employees.

3.2 Personnel policies

The city does not have written personnel policies that address compensatory time and overtime.

The city does not have a written policy allowing the accrual and use of compensatory time. The city also does not have a written policy for overtime to address the hours (nonworking time) to be considered when calculating overtime.

Written personnel policies and strict compliance with those policies is necessary to ensure equitable treatment of employees, prevent misunderstandings, and ensure employees are properly compensated.

3.3 Health incentives

The City Clerk did not properly monitor employee health insurance incentives and failed to report employee income. The city provided health insurance incentives to employees that totaled \$7,800 for the year ended December 31, 2018. The compensation is tax free pursuant to the employees purchasing their own insurance and providing documentation to show the cost of the health insurance purchased was more than the incentive received. The incentive was provided instead of increasing wages. The city failed to obtain documentation from the City Clerk and the maintenance employee regarding their premium costs. When we requested the documentation, the insurance for the maintenance employee was less than the incentive received from the



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city. The difference was not included on the employee's W-2 form, resulting in wages being understated.

To ensure incentives are handled properly, the city should require employees to provide documentation of their insurance premiums to determine if any amounts should be reported as income on W-2 forms. The failure to properly report payroll for employees makes the city potentially subject to additional tax liabilities along with penalties and interest.

Recommendations

The Board of Aldermen:

- 3.1 Ensure timesheets are adequately prepared, and properly signed and approved; employee leave balances are properly tracked and monitored; and reviews of timesheets are performed to ensure the propriety of payroll payments.
- 3.2 Establish a written personnel policy and ensure compliance with the policy.
- 3.3 Ensure health insurance incentives are properly documented and reported and subjected to proper withholdings. In addition, the Board should ensure previous years' W-2 forms are amended, as appropriate.

Auditee's Response

3.1 *Timesheets – The Police Chief will turn in signed timesheets for the Mayor to review and sign. The maintenance employee and the City Clerk's timesheets have always been reviewed and signed by the Mayor. The Police Chief began recording time in August 2019.*

Leave records – Going forward all compensatory time hours will be logged monthly at the rate of 1.5 hours per hour, rather than the 1 hour written on the time log.

3.2 *The city plans to write a personnel manual.*

3.3 *The City Clerk did not obtain proof of health insurance cost from the maintenance employee. Once the taxable portion of the health insurance was identified, an adjustment was made to payroll to make 100 percent of health insurance stipends taxable until the shortfall was covered, as recommended by the city's CPA firm. Going forward, anyone with a health stipend will be required to yearly provide proof of cost.*



4. Ordinances

Ordinances are not comprehensive or maintained in an organized manner, and the city has not always established ordinances as appropriate.

- Ordinances are poorly maintained. The City Clerk maintains multiple ordinance books, ordinances are not maintained in numeric order, and many ordinances are old and not updated. In addition, an index of all ordinances passed and rescinded by the city is not maintained, making it difficult to determine which ordinances remain in effect.
- The city has not adopted an ordinance to establish the current commercial water fees.

Because ordinances passed by the Board to govern the city and its residents have the force and effect of law, it is important ordinances be complete and organized.

Recommendation

The Board of Aldermen ensure ordinances are maintained in a complete and well-organized manner, establish an index of all ordinances passed and rescinded, and ensure an ordinance for commercial water fees is established.

Auditee's Response

The city agrees the last complete review of ordinances was in 1999. For the past several years a complete ordinance review and updates have been discussed. With an estimated cost of \$15,000 and time pressures of the City Clerk, it has been delayed to the next year for several years. Updating the Municipal Code is on the City Clerk and Mayor's to-do list. Current ordinances and resolutions passed between 2014 to current are in number and date order in a separate binder. A commercial water charge of \$3 had been billed for decades. After lengthy search, no ordinance was ever located. At the August 2019 Board meeting a motion was made to immediately remove the commercial charge of \$3. No additional commercial rate was approved.

5. Capital Assets

The city does not maintain adequate records of capital assets, including buildings, vehicles, equipment, and other property. Additionally, city personnel do not tag, number, or otherwise identify assets or perform adequate annual physical inventories.

The Mayor and the maintenance employee annually perform a physical inventory and prepare a handwritten capital asset inventory list for insurance records. The city does not use the previous year's list when creating the current list. The most recent list did not include the cost of items, some items of significant value did not appear on the list, and some items of insignificant value were included. For example, the city's computer used by the City Clerk was not included on the list. In addition, the city does not update the list for purchases made during the year. No items were tagged by the city; however, all large equipment and vehicles' serial numbers were documented on the asset listing.



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Adequate capital asset records and procedures are necessary to provide controls over city property; to safeguard city assets that are susceptible to loss, theft, or misuse; and to provide a basis for proper financial reporting and insurance coverage.

Recommendation

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 adequate annual inventory that documents all capital assets with the pertinent information.

Auditee's Response

The Mayor and maintenance employee do the inventory yearly. The City Clerk's responsibility is to ensure that large assets are reported to insurance with legal description, such as Vehicle Identification Number (VIN) or serial number, and covered on the city's insurance. Going forward, a tag system will be implemented. The tag number and description will need to be entered into the inventory spreadsheet. Prior to the 2020 inventory and yearly going forward the list can be printed and updated with additions and deletions.

City of Otterville

Organization and Statistical Information

The City of Otterville is located in Cooper County. The city was incorporated in 1878 and is currently a fourth-class city. The city employed 3 full-time employees and 1 part-time employee on December 31, 2018.

City operations include utility services (water, sewer, and trash), police, parks, and maintenance of streets.

Mayor and Board of Aldermen

The city government consists of a mayor and 4-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen, at December 31, 2018, are identified below. The Mayor and Board of Aldermen receive no compensation.

Jon Hibbs, Mayor
Cara Conner, Alderwoman
Richard Mulvey, Alderman (1)
Tyler Johnson, Alderman (2)
Vacant (3)

(1) Replaced by Julie May, who was elected in April 2019.

(2) Vacated seat March 2020, and seat is currently vacant.

(3) Vacant seat filled by Tim Gish, who was elected in April 2019.

Other Principal Officials

The City Clerk/City Administrator and Police Chief are appointed positions. The city's principal officials at December 31, 2018, are identified below:

Judy Bailey, City Clerk/City Administrator
Bill Smith, Police Chief

Financial Activity

A summary of the city's financial activity, prepared using the city's bank statements, for the year ended December 31, 2018, follows:

City of Otterville
Schedule of Receipts, Disbursements, and Changes in Cash Balances
Year Ended December 31, 2018

	General Fund	Sewer/ Water Fund	Sewer Grant Fund	General Savings Fund	Street Savings Fund	Water Tower Savings Fund	Replacement Extension Sewer Savings Fund	Well Pump Fund
(1) RECEIPTS	\$ 225,039	469,125	595,820	92	60,045	1	87	45
(1) DISBURSEMENTS	201,171	476,941	609,671	0	60,000	0	17,472	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,868	(7,816)	(13,851)	92	45	1	(17,385)	45
CASH BALANCE, JANUARY 1, 2018	19,778	22,225	13,851	36,924	61,705	113	47,882	18,145
CASH BALANCE, DECEMBER 31, 2018	\$ 43,646	14,409	0	37,016	61,750	114	30,497	18,190

	Property Management Fund	Police Fund	Police Training Fund	Nichols Memorial Park Fund	Otterville Community Betterment Society (OCBS) Fund	OCBS Street Fair Fund	Construction Fund	Street Bond Fund	Total (all funds)
(1) RECEIPTS	\$ 351	8	9	1	74,722	28,789	2,639	570,796	2,027,569
(1) DISBURSEMENTS	283	0	0	0	75,101	22,964	1,098	446,566	1,911,267
RECEIPTS OVER (UNDER) DISBURSEMENTS	68	8	9	1	(379)	5,825	1,541	124,230	116,302
CASH BALANCE, JANUARY 1, 2018	24,505	3,174	3,597	2,174	1,456	16,886	2	0	272,417
CASH BALANCE, DECEMBER 31, 2018	\$ 24,573	3,182	3,606	2,175	1,077	22,711	1,543	124,230	388,719

(1) Receipts and disbursements presented include transfers between funds.