



# Scott Fitzpatrick

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## Missouri State Auditor

### City of Chula

Report No. 2025-094

November 2025

[auditor.mo.gov](http://auditor.mo.gov)



**Scott Fitzpatrick**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the City of Chula

### Oversight and Accounting Controls and Procedures

The Board of Aldermen has not established adequate oversight over various financial accounting functions, such as (1) receipting and depositing money, (2) reviewing and approving bank reconciliations, (3) following up on outstanding checks, (4) reviewing and approving financial reports, and (5) reviewing and approving annual budgets timely. The Board overlooked the existence of a city bank account, and related certificate of deposit, that was established prior to April 2014 for the city's community center operations. As a result, activity and operations within this account occurred without oversight from the board. The city did not file annual financial reports with the State Auditor's Office as required by state law for each of the 7 years ended June 30, 2024. As a result, information regarding the city's financial activity and condition is not available to citizens, and a daily fine is actively accruing on the city. According to the Department of Revenue (DOR), the city's total fine is \$1,159,000 through June 30, 2025. Because the city does not impose a sales or use tax, the DOR has not recouped any money from the city, but indicated if the city imposes such a tax in the future, the DOR would begin recouping the fine from any tax distributions the DOR would make to the city. The city has not obtained annual audits of its combined waterworks and sewerage system as required by state law. The city does not publish or post semiannual financial statements as required by state law.

### Sunshine Law

The Board did not always comply with Sunshine Law requirements for closed meetings. During the fiscal year ended June 30, 2024, the board held 2 closed meetings. Minutes for both closed meetings did not include sufficient detail to ensure topics discussed were allowable, and included little or no description of the topics discussed. The board did not always document the reasons to enter closed meetings in open meeting minutes as required. In addition, the cited reasons were not always relevant, based on the limited detail available in the closed minutes, and topics discussed in closed meetings were not always allowable under the Sunshine Law. Additionally, the board has not adopted a written policy regarding public access to city records as required by state law. A written policy regarding public access to city records would establish guidelines for the city to make records available to the public.

### Board Meeting Without Quorum

During the January 15, 2024, open meeting, the attending board members did not constitute a quorum, but approved a new ordinance under the mistaken belief a quorum was present.

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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. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

In the areas audited, the overall performance of this entity was <b>Fair</b> .*
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\*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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# City of Chula

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**SCOTT FITZPATRICK**  
MISSOURI STATE AUDITOR

To the Honorable Mayor Pro-Tem  
and  
Members of the Board of Aldermen  
City of Chula, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Chula. 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 June 30, 2024. The objectives of our audit were to:

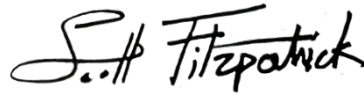
1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 performing sample testing using judgmental selection. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We also obtained an understanding of city operations as they relate to citizen concerns significant to our objectives including open records (Sunshine) law compliance, budgets and financial statements, receipts, expenditures, and oversight by the Board of Aldermen. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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 Chula.

A handwritten signature in black ink, reading "S. Fitzpatrick". The signature is stylized with a large, looped "S" and a cursive "Fitzpatrick".

Scott Fitzpatrick  
State Auditor

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# City of Chula

## Management Advisory Report

### State Auditor's Findings

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#### **1. Oversight and Accounting Controls and Procedures**

The Board of Aldermen has not established adequate oversight over city accounting functions. In addition, significant weaknesses exist in the city's accounting controls and procedures.

##### **1.1 Oversight**

The Board of Aldermen has not established adequate oversight over various financial accounting functions, such as (1) receipting and depositing money, (2) reviewing and approving bank reconciliations, (3) following up on outstanding checks, (4) reviewing and approving financial reports, and (5) reviewing and approving annual budgets timely. Weaknesses identified throughout this report are significant and demonstrate a lack of proper oversight by the Board.

Proper segregation of duties helps ensure transactions are accounted for properly and assets are adequately safeguarded. Since there is only 1 part-time employee, the City Clerk, to handle all of the city's financial responsibilities, proper segregation of duties is not possible; therefore, timely supervisory or independent reviews of work performed and investigation into unusual items and variances is necessary. Good management practices require extensive and detailed oversight by the board. The Mayor indicated the board was relying solely on the City Clerk, because they trusted her to perform her job functions.

##### **1.2 Chula Community Center account and operations**

The Board of Aldermen overlooked the existence of a city bank account, and related certificate of deposit, that was established prior to April 2014 for the city's community center operations. As a result, activity and operations within this account occurred without oversight from the board. During the year ended June 30, 2024, account activity included \$33,416 in receipts and \$21,502 in disbursements for an ending balance of \$49,869, and covered the city's annual street fair, periodic community center rentals, and other utility and maintenance costs of the community center. The certificate of deposit had a balance of \$2,347 at June 30, 2024.

Several factors contributed to the board overlooking the existence of the accounts. The bank account, established in one of the city's current banks, was titled "Chula Community Center, Inc." for a "Corporation - Non-Profit" purpose, and was not registered under the city's tax ID. This classified it as an entity separate from the city and its other bank accounts at the same bank, which are titled "City of Chula" for "State Political" purposes. It is unclear why the city chose this classification. The Board of Aldermen indicated the decision may relate to the city's prior use of a separate community center board to oversee the account and operations, which dissolved at least 10 years



## City of Chula Management Advisory Report - State Auditor's Findings

ago. The bank account's signature card was most recently updated in April 2014.

The Board of Aldermen also stated that after the dissolution, the City Clerk single-handedly managed the operations and accounts, without regular communication with the Board regarding the account or activity. In addition, the activity in this account was not included in the city's budgets, and there were no related discussions documented in the board meeting minutes for the year ending June 30, 2024. However, all checks that cleared the bank during that period were signed by 2 board members, and the only current board member who was also on the board at that time indicated he remembered signing checks for this account. It is unclear why board members would sign checks but not incorporate the account into city budgets, or provide related oversight.

Auditors used the transaction information available to review the account activity for the year ending June 30, 2024, and such activity appeared reasonable for community center operations. However, supporting documents such as receipts slips or invoices were not available because the City Clerk did not create, retain, or comprehensively provide such documents. This outcome, and other auditor observations of the City Clerk's handling of the account, are similar to (and/or contribute to) concerns raised over the city's standard operations noted throughout the remainder this finding.

The isolation of the city's community center operations and accounts, and the absence of board oversight, reduces assurance that account activity is appropriate, necessary, supported, and aligned with the board's expectations.

### 1.3 Receipting and depositing

The city's procedures for receipting and depositing money need improvement. As a result, there is reduced assurance all money collected is properly receipted and deposited.

When receiving payments for water and sewer bills, the City Clerk does not always give receipt slips or deposit money timely. Payments are made at city hall in a drop box, by mail, or sometimes dropped off at the City Clerk's residence. The City Clerk is a part-time employee and has a separate full-time job, causing inconsistencies in timing of deposits.

#### Receipt slip concerns

The City Clerk did not issue receipt slips for all money received. We reviewed all 1,037 cash, check, money order, and online payments for utility bills entered in the city's utility system from July 1, 2023, through June 30, 2024.<sup>1</sup> For the 826 payments made by cash, check, or money order, the City Clerk

<sup>1</sup> Specific details such as receipt counts, check counts, and dollar amounts discussed in this finding, as well as sections 1.4, and 1.9, do not cover the Chula Community Center account discussed in section 1.2.





## City of Chula Management Advisory Report - State Auditor's Findings

only issued 21 receipt slips (less than 3% of such payments). These receipt slips were not always issued in numerical sequence, and did not always indicate the method of payment. The remaining 211 receipts reviewed were online payments, which do not require the City Clerk's physical handling, and therefore, do not require the City Clerk to issue a receipt slip.

**Receipts not deposited timely** The City Clerk did not make deposits timely. We used the city utility system's daily deposit reports and bank statements to trace the 1,037 receipts to 103 bank deposits. The following table summarizes the number of days between a given receipt batch and the subsequent deposit. Of the 103 deposits, 41 deposits, or approximately 40%, were not deposited within 1 week of receipt.

Days Between Receipt and Deposit	Count	Percent
0 days (same day deposit)	9	9
1 - 7 days	53	51
8 - 30 days	25	24
31 - 60 days	11	11
61 - 90 days	2	2
91 - 120 days	0	0
Over 120 days	3	3
Totals	103	100

### Conclusion

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of money will occur and increases the likelihood that errors will go undetected.

### 1.4 Outstanding checks

The city has not established procedures to follow up on outstanding checks. As of June 30, 2024, at least 192 checks totaling \$63,919<sup>2</sup> were outstanding for up to 18 years with dates ranging from August 28, 2006, to June 10, 2024. These checks are summarized below and reflected approximately 11% of the city's bank balances as of June 30, 2024. The City Clerk performs monthly bank reconciliations and maintains lists of outstanding checks, but did not provide either to the board or act on these checks. The City Clerk indicated she did not realize she should be providing these lists to the board. It is also unclear why the City Clerk did not act on the outstanding checks.

- The majority of the outstanding checks, 138 checks totaling \$58,232, were issued to the City Clerk. According to the City Clerk and the Mayor Pro-Tem, most of these checks were payroll checks, with occasional payments reflecting reimbursements for supplies or other tasks. In addition, the City Clerk indicated she did not cash all checks because she

<sup>2</sup> This includes an entry for negative \$388 in the City Clerk's bank reconciliation support to correct an unspecified error occurring prior to 2019.



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## City of Chula Management Advisory Report - State Auditor's Findings

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has a separate full-time job, she lost track of their accumulation over time, and she no longer possesses all of the checks.

- The city issued 25 checks totaling \$1,562 to the City Clerk's family members from 2010 to 2017 that remain outstanding. According to the City Clerk and the Mayor Pro-Tem, these were payroll checks for periods in which the family members performed city tasks such as taking water samples and reading water meters. In addition, the City Clerk indicated she did not ensure family members cashed all checks because she lost track of their accumulation over time, and they no longer possess all of the checks.
- The outstanding checks included 29 checks totaling \$4,513 to various third parties, including individuals, companies, and other governmental organizations, for various services. The City Clerk and the Mayor Pro-Tem indicated the city had not been contacted by these third parties for re-issuance of the checks.

Procedures to routinely follow up on and reissue outstanding checks, as appropriate, are necessary to prevent the accumulation of money in the account and to ensure funds are disbursed to the appropriate payees or as otherwise provided by state law. Section 447.532, RSMo, provides that any funds held by a political subdivision that remain unclaimed for more than 3 years should be turned over to the Missouri State Treasurer's Unclaimed Property Division.

### 1.5 Financial reporting

The city did not file annual financial reports with the State Auditor's Office (SAO) as required by state law for each of the 7 years ended June 30, 2024. As a result, information regarding the city's financial activity and condition is not available to citizens, and a daily fine is actively accruing on the city. The Department of Revenue (DOR) indicated the city's total fine is \$1,159,000 through June 30, 2025, which began accruing on February 25, 2019. Because the city does not impose a sales or use tax, the DOR has not recouped any money from the city. The DOR further indicated if the city imposes such a tax in the future, the DOR would begin recouping the fine from any tax distributions the DOR would make to the city.

The City Clerk indicated her part-time employment, prioritization of monthly responsibilities, and other difficulties managing the city's accounting ledgers left her unable to prioritize the annual financial reports. A similar condition was noted in a previous audit report.<sup>3</sup>

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<sup>3</sup> Report No. 2011-21, *City of Chula*, issued in May 2011.



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City of Chula  
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Section 105.145, RSMo, requires each political subdivision to file annual reports of financial transactions with the SAO. Section 105.145.5, RSMo, prohibits elected officials from continuing to receive compensation or processing disbursements after the deadline to submit the financial statement and until the financial statement is submitted to the SAO. Section 105.145.9, RSMo, requires political subdivisions to be fined \$500 per day for missing filing deadlines. In addition, 15 CSR 40-3.030, requires each political subdivision to file annual reports within 6 months of the end of the subdivision's fiscal year.

## 1.6 Annual audits

The city has not obtained annual audits of its combined waterworks and sewerage system as required by state law. The Board of Aldermen and City Clerk indicated they were unaware audits were required, even though a similar condition was noted in a previous audit report.<sup>4</sup>

Section 250.150, RSMo, requires the city to obtain annual audits of the combined waterworks and sewerage system with the cost of the audit to be paid from revenues received from the system.

## 1.7 Published financial statements

The city does not publish or post semiannual financial statements as required by state law. As a result, information regarding the city's financial activity and condition is not available to citizens. The City Clerk indicated her part-time employment, prioritization of monthly responsibilities, and other difficulties managing the city's accounting ledgers left her unable to prioritize the semiannual financial statements.

Section 79.160, RSMo, requires the city to prepare and publish semiannual financial statements in a local newspaper.

## 1.8 Budgets

The city did not timely prepare and approve a budget for the fiscal year ended June 30, 2024. The budget was presented to the board and approved on December 14, 2023, almost 6 months after the fiscal year started. The City Clerk indicated she forgot to create the budget and the city operated on the previous fiscal year's budget. Board members were not aware the budget was past due. Not having a budget prepared and approved timely can limit the city's ability to plan for the future and effectively allocate resources based on community needs.

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's operations. It also informs the public about city operations and current finances. Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget

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<sup>4</sup> Report No. 2011-21, *City of Chula*, issued in May 2011.



## City of Chula Management Advisory Report - State Auditor's Findings

year and sets specific guidelines for the information to be included in the budget. In addition, Section 67.080, RSMo, provides that no expenditures of public money should be made unless it is authorized in the budget. Proper monitoring of budgeted amounts to actual results is necessary for the budget to be an effective management tool.

### 1.9 Check sequence

The city did not always write checks in numerical order. Out of 112 checks issued during the year ended June 30, 2024, there were 6 skipped checks whose disposition (unused, voided, outstanding, etc.) could not be determined. The City Clerk used checks from multiple checkbooks at once, which created sequence gaps in the check numbers or made it appear checks were issued out of order. The City Clerk indicated she sometimes used different checkbooks on the basis of convenience, and did not want to waste older checkbooks. In other instances, it is unclear why the City Clerk issued checks out of the most current checkbook out of order.

Issuing checks out of sequence and using multiple checkbooks increases the risk of disbursements that are unauthorized or unaccounted for. Issuing checks in numerical sequence and accounting for the numerical sequence of checks issued would help to properly account for all disbursements and reduce the risk of unauthorized transactions.

## Recommendations

The Board of Aldermen:

- 1.1 Establish oversight over the city's financial accounting functions to the extent possible and implement appropriate reviews and monitoring procedures.
- 1.2 Establish oversight for the city's community center operations and accounts, and include them in the city's standard operations and accounts, including annual budget efforts, as appropriate.
- 1.3 Ensure pre-numbered receipt slips are issued in numerical sequence for all money received, the numerical sequence of receipt slips is accounted for, and receipt slips indicate the method of payment. In addition, the board should ensure deposits are made timely.
- 1.4 Establish procedures to routinely detect and investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If payees cannot be located, the funds should be disposed of in accordance with state law.
- 1.5 Submit annual financial reports to the State Auditor's Office as required by state law.



City of Chula  
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- 1.6 Obtain annual audits of the combined waterworks and sewerage system as required by state law.
- 1.7 Publish semiannual financial statements as required by state law.
- 1.8 Timely prepare and approve annual budgets, and ensure budgets are adequately monitored.
- 1.9 Ensure checks are issued in numerical sequence with the sequence properly accounted for.

## Auditee's Response

*The Board's written response indicates it will act on the recommendations. The Board's full response is included in the Appendix.*

## 2. Sunshine Law

The Board of Aldermen did not always ensure compliance with the Sunshine Law.

### 2.1 Closed meetings

The board did not always comply with Sunshine Law requirements for closed meetings. During the fiscal year ended June 30, 2024, the board held 2 closed meetings, on August 21, 2023, and May 1, 2024.

#### Insufficient detail

Minutes for both closed meetings did not include sufficient detail to ensure topics discussed were allowable, and included little or no description of the topics discussed. The August 21, 2023, closed minutes only mention the closing of a street "for liability reasons." The City Clerk and Mayor Pro-Tem later explained to auditors the board was concerned over the possibility of litigation because a company was building a permanent truck scale exit on a city street. The May 1, 2024, closed minutes only mention "Discussion was held with their [the board's] attorney" and it is unclear what the discussion covered, or if any decisions were made. The board indicated it was not aware greater detail in the closed meeting minutes was needed.

#### Reasons for closed meetings

The board did not always document the reasons to enter closed meetings in open meeting minutes as required. In addition, the cited reasons were not always relevant, based on the limited detail available in the closed minutes. The Mayor indicated the board was not aware it was required to document its reasons in the open meeting minutes, and did not realize it was citing irrelevant reasons.

The August 21, 2023, open meeting minutes did not include the reason for the motion and vote to enter a closed meeting. The board only communicated the reasons for entering a closed meeting in the publicly posted agenda for the open meeting.



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City of Chula  
Management Advisory Report - State Auditor's Findings

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The board cited, Sections 610.021(1), (2), and (3), RSMo, in the August 21, 2023, open meeting agenda, and the May 1, 2024, open meeting minutes as reasons to close both meetings. Of these reasons, none were relevant for the August 21, 2023, meeting, and only Section 610.021(1), RSMo, was relevant for the May 1, 2024, meeting: "Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys." The board's attorney was present for that meeting, but not the August 21, 2023, closed meeting. The remaining citations, Sections 610.021(2) and (3), RSMo, allow closed meeting discussions over "Leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefor," as well as "Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded." However, because the board does not appear to have actually discussed these subjects during either closed meeting, the board should not have cited them as reasons.

#### Allowable topics

Based on the information documented in the August 21, 2023, closed minutes, that meeting's topic was not allowable under the Sunshine Law. There is not a section within Section 610.021, RSMo, allowing the board to close meetings for street closures, which was the basis for the closure of this meeting. In addition, the board's attorney did not attend this closed meeting, and the Sunshine Law does not include a provision for possible litigation. The board indicated its decision to enter this closed meeting was an oversight because it does not often close meetings.

#### Conclusion

Section 610.020.7, RSMo, requires meeting minutes to be maintained as a record of business conducted and to provide an official record of the board's actions and decisions. Section 610.021, RSMo, provides that the discussion topics and actions in closed meetings are limited to only those specifically allowed by law. Section 610.022.1, RSMo, requires public bodies to announce the specific reasons allowed by law for going into a closed meeting and to enter the vote and reason into the minutes. Sufficiently detailed meeting minutes are necessary to demonstrate compliance with statutory provisions and support decisions made.

Failure to sufficiently document the proceedings of closed meetings, document within open meeting minutes the relevant reasons for entering closed meetings, or discuss only allowable topics in closed meetings limits the usefulness of minutes and limits the public's ability to know and understand decisions.

## 2.2 Public access policy

The board has not adopted a written policy regarding public access to city records as required by state law. A written policy regarding public access to city records would establish guidelines for the city to make records available



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City of Chula  
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to the public. Such policies typically identify a person to contact, provide an address to mail such requests, and establish fees that may be assessed for providing copies of public records.

Section 610.023, RSMo, lists requirements for making records available to the public. Section 610.026, RSMo, allows the city to charge fees for providing access to and/or copies of public records and provides requirements related to fees. Section 610.028, RSMo, requires a written policy regarding release of information under the Sunshine Law. The Mayor indicated the board was not aware of these requirements.

## Recommendations

The Board of Aldermen:

- 2.1 Ensure closed meeting minutes are sufficiently detailed, only relevant reasons for entering closed meetings are provided and documented in the open meeting minutes, and only topics allowed by state law are discussed in closed meetings.
- 2.2 Develop a written public access policy.

## Auditee's Response

*The Board's written response indicates it will act on the recommendations. The Board's full response is included in the Appendix.*

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### 3. Board Meeting Without Quorum

During the January 15, 2024, open meeting, the attending board members did not constitute a quorum, but approved a new ordinance under the mistaken belief a quorum was present. As a result, this approval was invalid. The board held 10 open meetings during the fiscal year ended June 30, 2024.

The January 15, 2024, open meeting minutes noted 2 aldermen were absent, with only 2 aldermen and the mayor present. The minutes stated there was a quorum, but 2 of the 4 aldermen did not constitute a quorum. The board approved a budget increase of \$2,000 for a code enforcement program and approved an ordinance to enter into a memorandum of understanding with a local commission for code enforcement services at this meeting. The Board of Aldermen and City Clerk stated they believed, since the mayor was also present, they had achieved a quorum.

In *Reynolds County Telephone Co. v. City of Piedmont*, 133 S.W. 141 (Mo. App. 1911), the court addressed whether 2 city aldermen and a city mayor constituted a quorum for the purpose of transacting official city business when the city had a total of 4 aldermen and a city mayor. The court held that 2 aldermen and the mayor did not constitute a quorum because the mayor did not have the full voting rights of an alderman and only could cast a vote in the event of a tie. Section 79.120, RSMo, in pertinent part, states, "[t]he mayor shall have a seat in and preside over the board of aldermen, but shall not vote on any question except in case of a tie[.]"



## City of Chula Management Advisory Report - State Auditor's Findings

Section 79.130, RSMo, states no ordinance shall be passed except by bill, and no bill shall become an ordinance unless on its final passage a majority of the members elected to the board of aldermen shall vote for it, and the ayes and nays be entered on the journal. It was not possible for the majority of the board's members to vote, because the board did not achieve a quorum.

### Recommendation

The Board of Aldermen ensure a quorum is present before holding an open meeting and voting on city business. In addition, the board should determine if additional votes need to be held for previous votes taken that lacked a quorum.

### Auditee's Response

*The Board's written response indicates it will act on the recommendation. The Board's full response is included in the Appendix.*

## 4. 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. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.<sup>5</sup>

Development of a written policy to address the use of electronic communications is necessary to ensure all documentation of official business of the city is retained as required by state law. The Board indicated it was unaware of the record retention requirements and the electronic communications guidelines.

### Recommendation

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.

### Auditee's Response

*The Board's written response indicates it will act on the recommendation. The Board's full response is included in the Appendix.*

<sup>5</sup> Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed July 21, 2025.



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# City of Chula

## Organization and Statistical Information

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The City of Chula is located in Livingston County. The city was incorporated in 1885 and is currently a fourth-class city. The city employed 1 City Clerk and 1 maintenance employee as of June 30, 2024. The city's population was 195 in 2020, according to the U.S. Census Bureau.

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

### 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, and votes only in the case of a tie. The Mayor and members of the Board of Aldermen, at June 30, 2024, are identified below. The Mayor and Board of Aldermen receive no compensation.

Vacant, Mayor (1)

Benny Simpson, Alderman North Ward, Mayor Pro-Tem (2)

Randy Hamilton, Alderman North Ward

Kyle Gramenz, Alderman South Ward

Jeremy Bru, Alderman South Ward

- (1) Vacant position since the April 2024 election results were certified on May 16, 2024. John Graves, the previous Mayor, did not run for reelection, and there were no other candidates for Mayor.
- (2) Benny Simpson was appointed Mayor Pro-Tem by the Board of Aldermen at the Board's June 10, 2024, meeting.

### Financial Activity

A summary of the city's financial activity for the year ended June 30, 2024, follows.

City of Chula  
Schedule of Receipts, Disbursements, and Changes in Cash  
Year Ended June 30, 2024

	Sewer & Water Account (1)	Sewer Replacement/ Extension Account	Water Replacement/ Extension Account	Water & Sewer Account	General Account	Park Account	Street Account	Waterworks Account	Chula Community Center (1)	Certificates of Deposit	Total
RECEIPTS	\$ 137,292	12	12	12	0	0	21,380	0	33,416	367	192,491
DISBURSEMENTS	157,809	0	0	0	604	0	1,001	3,039	21,502	0	183,955
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,517)	12	12	12	(604)	0	20,379	(3,039)	11,914	367	8,536
CASH, JULY 1, 2023	345,326	1,016	1,016	1,074	11,749	3,160	163,937	22,851	37,955	40,716	628,800
CASH, JUNE 30, 2024	\$ 324,809	1,028	1,028	1,086	11,145	3,160	184,316	19,812	49,869	41,083	637,336

(1) The city used these accounts for all manual receipts and disbursements; other accounts were limited to automated electronic fund transfers.



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City of Chula  
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Tel: 660-247-1356

Date: 31 October 2025  
To: Missouri State Auditor's Office Jefferson City, Missouri

**Subject: Response to State Audit's Findings**

**1.1. Establish oversight over the city's financial accounting functions to the extent possible and implement appropriate reviews and monitoring procedures.**

**Auditee's Response to 1.1.**

**1. To further strengthen internal control over the city's financial accounting functions, the City continues to implement oversight procedures following the audit.**

However, as a small fourth-class city with limited administrative staff, oversight of the City's financial accounting functions is structured within the capacity of the **City Clerk** and the **Board of Aldermen**.

The City Clerk serves as the primary custodian of financial records and is responsible for maintaining accounting books, preparing financial statements, and reconciling bank accounts. Oversight will be provided by the Board of Aldermen through regular review and approval processes.

Key oversight measures include:

- **Council review of financial reports:** The City Clerk prepares monthly and year-to-date financial statements and bank reconciliation summaries for review at regular Board of Aldermen meetings.
- **Formal approval of expenditures:** All disbursements and vendor payments are reviewed and approved by the Board of Aldermen prior to payment.
- **Budgetary oversight:** The Board of Aldermen adopts the annual budget and monitors expenditures against the approved budget throughout the year.
- **Dual review of transactions:** With every financial transaction such as transfers, check signings, and journal entries are reviewed or co-signed by at least one board member.

**2. Implementation of Reviews and Monitoring Procedures**

Given the City's size and limited staffing, the following monitoring procedures are in place following the audit to provide reasonable assurance of accuracy and compliance:



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- **Monthly bank reconciliations:** The City Clerk completes monthly bank reconciliations, which are presented to the Board of Aldermen for review and approval.
- **Regular financial reporting:** Financial statements showing revenues, expenditures, and fund balances are provided to the Board of Aldermen at least monthly.
- **Budget monitoring:** The Board of Aldermen reviews budget-to-actual comparisons to identify variances and ensure expenditures remain within approved limits.
- **Audit follow-up:** The Board of Aldermen reviews any audit findings or recommendations and directs corrective actions as needed.
- **Transparency measures:** Financial information and council meeting minutes are made available to the public, supporting accountability and transparency.

### 3. Continuous Improvement Efforts

The city is actively pursuing strengthening oversight and accountability by:

- Seeking training opportunities for the City Clerk and Board of Aldermen members on municipal accounting and financial management practices.
- Periodically reviewing internal processes to identify areas for improvement, such as enhancing documentation or expanding council review procedures.
- Consulting with external accountants or auditors as needed for technical assistance and independent verification of financial data.

#### 1.2. Establish oversight for the city's community center operations and accounts, and include them into the city's standard operations and accounts, including annual budget efforts, as appropriate.

##### Auditee's Response to 1.2.

#### 1. To further strengthen internal control over financial controls over all city accounts, including the Community Center account.

To ensure proper accountability, oversight, and compliance with Missouri statutes and sound financial practices, the following measures are being implemented:

#### 2. Board Oversight and Authorization

All Community Center revenues and expenditures will be recorded as part of the City's financial records and included in the monthly Treasurer's Report.

The Board of Aldermen will review and approve all disbursements from the Community Center accounts during regular or special meetings documented in the meeting minutes.

#### 3. Deposits and Receipts

All funds received from Community Center rentals, deposits, or other revenues will be promptly



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received using pre-numbered receipt forms or an electronic receipt system.  
Deposits will be made weekly.

#### **4. Disbursement Controls**

All disbursements will be made by check or electronic payment supported by original invoices or other documentation.  
Two authorized signatures (typically the Mayor and City Clerk/Treasurer) will be required on all checks.

#### **5. Recordkeeping and Reconciliation**

The City Clerk/Treasurer will maintain detailed records of all Community Center receipts, disbursements, and account balances.  
Monthly bank reconciliations will be prepared and reviewed by the Mayor and presented to the Board for verification.

#### **6. Use of Funds**

Community Center funds will be used solely for the operation, maintenance, and improvement of the Community Center, as approved by the Board of Aldermen.

#### **7. Policy Adoption and Review**

The Board of Aldermen will formally adopt these internal control procedures as part of the City's Financial Policies Manual.  
The procedures will be reviewed annually or as needed to ensure continued compliance and effectiveness.

By implementing these internal controls, the City of Chula, Missouri, ensures that the Community Center account is properly managed, transparent, and subject to the same oversight as all other city funds.

**1.3. Ensure pre-numbered receipt slips are issued in numerical sequence for all money received, the numerical sequence of receipt slips is accounted for, and receipt slips indicate the method of payment. In addition, the board should ensure deposits are made timely.**

#### **Auditee's Response to 1.3.**

##### **1. Oversight and Procedures for Receipt Slips**

Following the audit, the City has implemented procedures to ensure that **all monies received are properly receipted, recorded, and deposited** in accordance with sound financial practices.

Key measures include:



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- **Use of pre-numbered receipt slips:**  
The City Clerk issues pre-numbered receipt slips for **all payments received**, whether by cash, check, or other form. The receipt book is maintained in numerical sequence to ensure all receipts are accounted for.
- **Sequential control and reconciliation:**  
The City Clerk periodically reviews the numerical sequence of receipts to verify that all receipt numbers are used in order, with no gaps or duplicates. Any voided or spoiled receipts are retained and marked "VOID" for audit purposes.
- **Documentation of payment method:**  
Each receipt slip clearly indicates the **payer's name, amount, purpose of payment, and method of payment** (cash, check, money order, etc.). This information is recorded both on the receipt and in the City's accounting records.
- **Council review:**  
The Board of Aldermen reviews receipt listings or deposit summaries, along with monthly financial reports, to confirm that receipts are being issued and recorded appropriately.

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## 2. Timely Deposits

The City has adopted a policy to ensure that all collections are deposited promptly to safeguard public funds.

- **Deposit schedule:**  
All money received is deposited into the City's official bank account **within 24 to 48 hours of receipt**, or the next business day if received on a weekend or holiday.
- **Deposit documentation:**  
Bank deposit slips are attached to corresponding receipt records and retained for reconciliation.
- **Council oversight:**  
Deposit activity is included in the monthly financial report presented to the Board of Aldermen. The Board reviews these reports to verify that deposits are made timely and correspond to recorded receipts.

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## 3. Continuous Improvement

To further strengthen internal control over collections and deposits, the City continues to:

- Periodically review receipt books and deposit records for completeness and accuracy.
- Provide training for the City Clerk and Council members on cash handling and documentation practices.
- Explore low-cost accounting software or tracking tools to assist with reconciliation and reporting.



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**1.4. Establish procedures to routinely detect and investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If payees cannot be located, the funds should be disposed of in accordance with state law.**

**Auditee's Response to 1.4.**

**1. Oversight and Review Procedures**

To further strengthen procedures to routinely detect, review, and resolve **outstanding checks** to ensure accurate financial reporting and compliance with state law.

- **Monthly review of outstanding checks:**  
As part of the monthly bank reconciliation process, the City Clerk reviews the list of outstanding checks to identify any items that remain uncleared for an extended period.
- **Investigation of old items:**  
Checks outstanding for more than **90 days** are investigated by contacting the payee, verifying mailing addresses, and confirming whether replacement is necessary. If the payee can be located, the original check is voided and a **replacement check** is issued.
- **Recordkeeping:**  
Voided checks are clearly marked and retained for audit documentation. Adjustments are recorded in the City's accounting system to ensure reconciliation with bank balances.

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**2. Disposition of Unclaimed Funds**

If payees **cannot be located** after reasonable efforts, the City will follow applicable **state unclaimed property laws** for handling those funds.

- **State compliance:**  
Funds remaining unclaimed after the statutory holding period are reported and remitted to the **Missouri State Treasurer's Unclaimed Property Division** (or the applicable state agency, if different).
- **Documentation:**  
Copies of correspondence and reports submitted to the state are retained as part of the City's financial records.

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**3. Board of Aldermen Oversight and Continuous Improvement**

The **Board of Aldermen** will receive periodic updates on the status of outstanding checks as part of the financial reporting process. This provides oversight and ensures corrective actions are taken in a timely manner.



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The City continues to strengthen its oversight and compliance by:

- Reviewing outstanding check lists during regular reconciliation reviews.
- Providing periodic training to the City Clerk and Council members on proper handling of stale-dated checks and unclaimed property procedures.
- Consulting with the State Treasurer's Office or city auditor, as needed, for guidance on compliance with reporting requirements.

**1.5. Submit annual financial reports to the State Auditor's Office as required by state law.**

**Auditee's Response to 1.5.**

**1. Compliance with Reporting Requirements**

To further strengthen compliance with **Section 105.145, RSMo**, which requires submission of the **Annual Financial Report** to the **Missouri State Auditor's Office (SAO)** within the statutory timeframe.

The City is establishing the following procedures:

- **Preparation of the annual financial report:**  
At the close of each fiscal year, the **City Clerk** will prepare the City's Annual Financial Report summarizing revenues, expenditures, fund balances, and outstanding debt in accordance with state requirements.
- **Timely submission:**  
The completed report will be submitted to the State Auditor's Office **within the required timeframe (within 30 days after the annual financial statement is presented to the governing body, and no later than 180 days after the fiscal year-end).**
- **Board of Aldermen review and approval:**  
Prior to submission, the financial report will be reviewed by the **Board of Aldermen** during a regular meeting to confirm accuracy and completeness.
- **Documentation:**  
Proof of submission (such as email confirmation or submission receipt) will be retained in the City's financial records for audit verification.

**2. Oversight and Accountability**

The **Board of Aldermen** will maintain oversight of the reporting process by requiring confirmation from the City Clerk each year that the Annual Financial Report has been filed with the State Auditor's Office.

If necessary, the City consults with the **State Auditor's Office** or external accounting professionals to ensure the report meets statutory and accounting requirements.





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### 3. Continuous Improvement

The City will strengthen compliance through the following practices:

- Maintaining a **compliance calendar** or reminder system to track key financial reporting deadlines.
- Providing **training** to the City Clerk and Board Members on state reporting requirements.
- Reviewing prior submissions for consistency and accuracy.

#### 1.6. Obtain annual audits of the combined waterworks and sewerage system as required by state law.

##### Auditee's Response to 1.6.

#### 1. Compliance with Statutory Audit Requirements

To further strengthen the requirement under **Section 250.150, RSMo**, which mandates that municipalities operating a **combined waterworks and sewerage system** obtain an **annual audit** of the system's financial statements.

To comply with this requirement, the City has established the following procedures:

- **Engagement of an independent auditor:**  
Each year, the **Board of Aldermen** will engage a qualified independent Certified Public Accountant (CPA) to perform an audit of the combined water and sewer system's financial activities for the preceding fiscal year.
- **Coordination and preparation:**  
The **City Clerk** will prepare and provide all necessary financial records, ledgers, and supporting documentation to the auditor in a timely manner to facilitate the completion of the audit.
- **Timely completion and submission:**  
The completed audit report will be presented to the **Board of Aldermen** for review and acceptance. Once accepted, the City will file the audit report with the **Missouri State Auditor's Office (SAO)** and retain a copy in the City's permanent records.

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#### 2. Oversight and Accountability

To ensure continued compliance:

- The **Board of Aldermen** will monitor the audit timeline each year and confirm that the water and sewer audit is completed and submitted as required.



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- The **City Clerk** will maintain a compliance checklist or calendar noting key deadlines for engaging the auditor, providing records, and submitting the final report.
- Audit findings or recommendations, if any, will be reviewed by the Board of Aldermen, and corrective actions will be taken promptly.

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### 3. Continuous Improvement

The City remains committed to maintaining transparency and accountability in its utility operations by:

- Reviewing audit engagement options annually to ensure cost-effectiveness and compliance with professional standards.
- Providing training or guidance to the City Clerk and Council members regarding audit requirements and reporting obligations.
- Coordinating with the State Auditor's Office for any updates to statutory or procedural requirements.

#### 1.7. Publish semiannual financial statements as required by state law.

##### Auditee's Response to 1.7.

#### 1. Compliance with Statutory Requirement

To further strengthen the requirement under **Section 79.165, RSMo**, which mandates that **semiannual financial statements** be prepared and published to inform citizens of the City's financial activities.

To ensure compliance, the City has established the following procedures:

- **Preparation of semiannual statements:**  
The **City Clerk** prepares the semiannual financial statements covering the six-month periods ending **June 30** and **December 31** of each fiscal year. These statements include all receipts, disbursements, outstanding obligations, and balances for each fund, as required by law.
- **Board of Aldermen review and approval:**  
The **Board of Aldermen** reviews and approves each semiannual statement at a regular council meeting to confirm accuracy and completeness prior to publication.
- **Publication:**  
Following approval, the City Clerk ensures the statement is **published in a local newspaper of general circulation** within the City, in accordance with statutory requirements.
- **Proof of publication:**  
A **publisher's affidavit** or proof of publication is obtained from the newspaper and retained in the City's permanent financial records for verification and audit purposes.



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## 2. Oversight and Accountability

To maintain compliance and oversight:

- The **City Clerk** will track the due dates for each semiannual statement and schedules preparation and publication in advance.
- The **Board of Aldermen** will verify publication has occurred by reviewing the affidavit or clipping during a subsequent meeting.
- Documentation of publication and Board of Aldermen approval will be retained as part of the City's financial reporting file.

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## 3. Continuous Improvement

The City will continue to strengthen its financial transparency by:

- Maintaining a compliance checklist to ensure timely preparation and publication of future statements.
- Reviewing the published statements for clarity and completeness to ensure the public can easily understand the City's financial condition.
- Providing training and reference materials for the City Clerk and Board of Aldermen members on statutory reporting and publication requirements.

### 1.8. Timely prepare and approve annual budgets, and ensure budgets are adequately monitored.

#### Auditee's Response to 1. 8..

##### 1. Compliance with Budget Preparation Requirements

To further strengthen the importance of preparing, approving, and monitoring an annual budget in compliance with **Sections 67.010–67.110, RSMo**, and applicable municipal budget laws.

To ensure timely preparation and adoption of the annual budget, the City has established the following procedures:

- **Budget preparation schedule:**  
The **City Clerk**, under the direction of **The Board of Aldermen**, prepares a draft budget each year for the upcoming fiscal year. The process begins several months prior to the start of the fiscal year to allow sufficient time for review, adjustments, and approval.
- **The Board of Aldermen review and adopt:**  
The **Board of Aldermen** reviews the proposed budget in open meetings, discusses revenue projections and planned expenditures, and makes necessary revisions. The final



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budget is formally **approved by ordinance or resolution prior to the beginning of the fiscal year**, as required by state law.

- **Documentation and filing:**

A copy of the adopted budget is maintained in the City's official records and made available for public inspection.

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## 2. Monitoring and Oversight Procedures

To ensure the budget is effectively implemented and monitored throughout the fiscal year:

- **Monthly reporting:**

The **City Clerk** will provide monthly financial reports to The Board of Aldermen showing actual revenues and expenditures compared to budgeted amounts. Also include Chula Community Center account and certificate of deposit.

- **Variance review:**

Significant variances between actual and budgeted figures will be discussed during regular Board of Aldermen meetings, and adjustments are made when necessary to maintain budgetary control.

- **Board of Aldermen oversight:**

The **Board of Aldermen** will maintain direct oversight of the City's financial performance and approves any necessary budget amendments during the year.

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## 3. Continuous Improvement

To strengthen budget management and ensure ongoing compliance, the City will:

- Maintain a **budget calendar** with key preparation and approval deadlines to prevent delays.
- Provide **training or guidance** for the City Clerk and Board of Aldermen members on municipal budgeting best practices.
- Periodically review budget policies and update them to reflect changes in financial conditions, goals, or state requirements.

**1.9. Ensure checks are issued in numerical sequence with the sequence properly accounted for.**

**Auditee's Response to 1.9.**

### 1. Oversight and Control of Check Issuance



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To further strengthen procedures to ensure that **all checks are issued in numerical sequence** and that the sequence is properly accounted for to maintain control over disbursements.

Key procedures include:

- **Pre-numbered checks:**  
The City utilizes **pre-numbered checks** through its accounting software or manual checkbook to maintain an unbroken numerical sequence.
- **Sequential control:**  
The **City Clerk** is responsible for monitoring the check sequence to ensure all checks are used in order, with no missing or duplicate numbers.
- **Voided checks:**  
Any voided or spoiled checks are clearly marked "VOID," retained in the checkbook or financial records, and documented in the disbursement log to maintain a complete audit trail.
- **Reconciliation and verification:**  
The numerical sequence of issued and voided checks is verified during the monthly **bank reconciliation process**, which is reviewed by the **Board of Aldermen** as part of regular financial oversight.

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## 2. Council Review and Oversight

Following the audit, to ensure accountability and oversight:

- A **check register** listing all issued, voided, and outstanding checks will be presented to the **Board of Aldermen** with monthly financial reports.
- The **Board of Aldermen** will review and approve all disbursements at regular meetings before payment is made.
- The Board of Aldermen will verify that check sequences are continuous and correspond with supporting invoices or payment authorizations.

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## 3. Continuous Improvement

To further strengthen control over check issuance, the City will:

- Maintain a **check log or tracking report** to document check numbers, dates, payees, and amounts.
- Periodically review check stock inventory to ensure all unused checks are accounted for and securely stored.
- Provide training to the City Clerk and Board of Aldermen members on best practices for cash disbursement controls and reconciliation procedures.



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**2.1. Ensure closed meeting minutes are sufficiently detailed, only relevant reasons for entering closed meetings are provided and documented in the open meeting minutes, and only topics allowed by state law are discussed in closed meetings.**

**Auditee's Response to 2.1.**

**1. Compliance with the Missouri Sunshine Law**

To further strengthen the requirements of **Section 610, RSMo**, governing open and closed meetings, and recognizes the importance of ensuring transparency and proper documentation when conducting closed sessions of the Board of Aldermen.

The City has established the following procedures to ensure closed meeting compliance:

- **Proper justification and documentation:**  
Before entering a closed session, the **Board of Aldermen** will publicly announce in the **open meeting minutes** the **specific statutory reason(s)** for going into closed session, citing the applicable subsection(s) of **Section 610.021, RSMo** (e.g., legal actions, personnel matters, real estate negotiations).
- **Motion and roll call vote:**  
Entry into a closed meeting is made by **motion**, seconded and approved by **roll call vote**, with each member's vote recorded in the open meeting minutes.
- **Limitation of discussion topics:**  
Discussions during the closed session are limited strictly to the **topics authorized under the cited statutory exemption(s)**. No unrelated subjects are discussed.

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**2. Preparation and Retention of Closed Meeting Minutes**

To ensure accuracy and proper recordkeeping:

- **Detailed closed session minutes:**  
The **City Clerk** will prepare **detailed but confidential minutes** of all closed meetings, including the date, time, members present, matters discussed, and any votes taken.
- **Restricted access:**  
Closed session minutes are maintained in a **secure and confidential file**, accessible only to authorized officials as permitted by law.
- **Review by The Board of Aldermen:**  
The **Board of Aldermen** will review and approve closed session minutes to confirm they accurately reflect the proceedings and comply with statutory requirements.

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**3. Oversight and Continuous Improvement**



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The City will continue to strengthen compliance and oversight through the following actions:

- **Training and awareness:**  
The **City Clerk** and **Board of Aldermen members** will receive periodic training or guidance on the **Missouri Sunshine Law**, particularly regarding closed meeting requirements.
- **Legal consultation:**  
When necessary, the City will consult with the **City Attorney** to confirm whether a topic qualifies for closed session discussion before entering a closed meeting.
- **Periodic review:**  
The Board of Aldermen will periodically review closed meeting procedures to ensure continued compliance with all applicable statutes.

**2.2. Develop a written public access policy.**

**Auditee's Response to 2.2.**

**1. Compliance with the Missouri Sunshine Law**

To further strengthen the city's obligation under **Chapter 610, RSMo (Missouri Sunshine Law)** to make public records and meetings accessible to citizens. To formalize compliance and promote transparency, the City will **develop and adopt a written Public Access Policy** outlining procedures for requesting and providing access to public records.

**2. Development and Adoption of the Policy**

The City has established the following plan to create and implement a written public access policy:

- **Drafting the policy:**  
The **City Clerk**, in consultation with the **City Attorney** (if available), will prepare a written **Public Access Policy** consistent with the Missouri Sunshine Law. The policy will specify how the public may request access to records, the types of records available, applicable response times, and any allowable fees.
- **The Board of Aldermen review and approval:**  
The **Board of Aldermen** will review the draft policy during a regular open meeting and formally **approve the policy by resolution or motion** to ensure it becomes an official city document.
- **Designation of custodian of records:**  
The **City Clerk** will be officially designated as the **Custodian of Records**, responsible for receiving, tracking, and responding to all Sunshine Law requests.



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### 3. Implementation and Availability

Once approved, the City will ensure the policy is properly implemented and publicly available:

- **Public posting:**  
A copy of the Public Access Policy will be made available at **City Hall** and posted on the **City's website or public bulletin board**, if available.
- **Documentation of requests:**  
The City Clerk will maintain a **log of Sunshine Law requests** received, noting the date, requester, nature of request, response provided, and any fees charged.
- **Timely response:**  
The City will respond to public records requests **as promptly as possible and within the timeframes required by law**.

### 4. Oversight and Continuous Improvement

To ensure continued compliance and transparency:

- The City Council will **periodically review** the Public Access Policy to confirm it remains current with statutory requirements.
- The City Clerk and Board of Aldermen will receive **periodic training** on the Missouri Sunshine Law and the City's responsibilities under the policy.
- Updates will be made as needed based on legal or procedural changes.

**3. The Board of Aldermen ensure a quorum is present before holding an open meeting and voting on city business. In addition, the board should determine if additional votes need to be held for previous votes taken that lacked a quorum.**

#### Auditee's Response to 3.

##### 1. Compliance with Quorum Requirements

To further strengthen the city's compliance, we recognize that under **Section 79.120, RSMo**, **a majority of the Board of Aldermen constitutes a quorum** for the transaction of city business, and no official action or vote should occur without a quorum being present.

To ensure compliance, the Board of Aldermen has established the following procedures:

- **Verification of quorum before each meeting:**  
Prior to the start of every regular or special meeting, the **City Clerk** conducts a **roll call** of aldermen present. The **Mayor or presiding officer** verifies that a quorum exists before calling the meeting to order or conducting any official business.





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- **Recording attendance:**  
The **open meeting minutes** clearly document which aldermen are present and absent, confirming that a quorum was established prior to votes or discussion of city matters.
- **Postponement if quorum not met:**  
If a quorum is not present, the meeting is **not convened**, and no votes or official actions are taken. The meeting may be adjourned or rescheduled in compliance with public notice requirements.

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## 2. Review and Correction of Previous Actions

To address potential issues from past meetings where votes may have been taken without a quorum:

- The **Board of Aldermen** will **review past meeting minutes** to identify any actions or votes that occurred without a quorum being recorded.
- Any such actions will be **reconsidered and re-voted upon** at a future meeting where a quorum is present, to ensure all decisions are properly validated and legally adopted.
- Documentation of these corrective actions will be maintained in the meeting minutes for transparency and audit purposes.

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## 3. Oversight and Continuous Improvement

To maintain compliance going forward, the City will implement the following oversight and improvement measures:

- The **City Clerk** will maintain a checklist for each meeting agenda to confirm quorum verification and attendance are recorded prior to discussion or voting.
- The **Mayor** or presiding officer will ensure no vote is conducted unless a quorum is verified and documented.
- The **City Clerk and Board of Aldermen members** will receive periodic training or guidance on open meeting requirements, quorum rules, and meeting documentation under the **Missouri Sunshine Law (Chapter 610, RSMo)**.

**4. 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.**

**Auditee's Response to 4.**

### 1. Compliance with State Records Management Requirements



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To further strengthen the city's obligation under **Chapter 109, RSMo**, and guidance from the **Missouri Secretary of State, Records Services Division**, to establish and maintain a proper **records management and retention policy**, including provisions for **electronic communications** such as emails, text messages, and other digital correspondence.

To comply with these requirements, the **Board of Aldermen** will develop and adopt a comprehensive written **Records Management and Retention Policy** addressing both physical and electronic records.

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### 2. Policy Development and Adoption

The following steps will be taken to develop and implement the written policy:

- **Policy drafting:**  
The **City Clerk**, in consultation with the **City Attorney** (if available) and using the **Missouri Secretary of State's Local Records Retention Schedules and Electronic Communications Guidelines**, will prepare a written **Records Management and Retention Policy** tailored to the City's size and operations.
- **Inclusion of electronic communications:**  
The policy will specifically define how **emails, text messages, and other electronic communications** that constitute public records are to be created, retained, archived, and disposed of according to state guidelines.
- **Board of Aldermen review and adopt:**  
The **Board of Aldermen** will review, revise as needed, and formally **adopt the policy by resolution or ordinance** during a regular open meeting.

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### 3. Implementation and Oversight

After adoption, the City will ensure the policy is properly implemented and followed:

- **Custodian of records:**  
The **City Clerk** will serve as the official **Custodian of Records**, responsible for maintaining both paper and electronic records in accordance with the adopted policy and state retention schedules.
- **Electronic record management:**  
The City will establish procedures for archiving and retaining emails and other digital records related to city business, including storage duration, backup methods, and authorized deletion protocols.
- **Training and compliance:**  
The **City Clerk** and the **Board of Aldermen members** will receive training on proper records handling and electronic communication retention to ensure consistent compliance with the policy and state law.



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#### 4. Continuous Review and Improvement

The City is committed to ongoing compliance and transparency by:

- Periodically reviewing the policy to reflect changes in **state guidelines or technology practices.**
- Consulting with the **Missouri Secretary of State's Records Services Division** when updates or clarifications are needed.
- Maintaining documentation of all records management actions for audit and legal reference.