



# Scott Fitzpatrick

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Missouri State Auditor

City of Elsberry

Report No. 2026-048

June 2026

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



## Findings in the audit of the City of Elsberry

<p>Utility Rates</p>	<p>City utility rates billed did not always agree to rates described in the city code, were not always fully reflected in the city code, and have not recently undergone a cost study or other review for appropriateness. A review found 1 rate type was underbilled, 3 rate types were absent from the city code, and 3 rate types featured other transparency discrepancies. The Sewer Out-of-City Residential rate was underbilled approximately \$2,100 during the year ended December 31, 2024. Because the city has not conducted an annual cost study, the annual rate increases specified in the city code may violate state law.</p>
<p>Receipting</p>	<p>When receiving payments for non-utility services, such as license fees, permit fees, and other miscellaneous receipts, city personnel do not issue prenumbered receipt slips or maintain a sequential log of each payment received. As a result, there is reduced assurance all money collected is properly receipted and deposited. Deposits reviewed included \$10,830 in non-utility services for which individual payments were either unsupported, or were only supported by unnumbered receipt slips and paper notes.</p>
<p>Ordinances and Public Participation</p>	<p>The Board of Aldermen passed all 18 ordinances newly proposed during the year ended December 31, 2024, in a manner that limited opportunities for public comment and reduced transparency. Such ordinances included city code corrections and amendments, contracts with governments and vendors, and other operational decisions.</p>
<p>Non-Interest Bearing Accounts</p>	<p>The city missed opportunities to earn additional revenue during the year ended December 31, 2024, because it maintained its average month-end balance of \$2,322,745 in 6 non-interest bearing bank accounts. Historical rates for 1-year certificates of deposit ranged from 1.90% to 2.15% during the year ended December 31, 2024. If the city had invested the above balance at an interest rate in this range, for its 6 non-interest bearing bank accounts during the year ended December 31, 2024, it could have earned approximately \$44,000 to \$50,000 in additional city revenues.</p>
<p>Seized Property</p>	<p>City Police Department personnel did not maintain complete, accurate records of seized property, and did not conduct periodic physical inventories of seized property. In addition, the city has not established procedures to periodically review cases and dispose of related seized property items. Auditors inspected the Police Department's seized property storage areas and could not initially locate any of the 25 items included in the system report. The next day, the Police Chief found the 25 items in an unmarked box on a shelf in the seized property storage area, and called auditors with descriptions of each item as confirmation. The auditors' inspection and Police Chief's call also identified an additional 75 items not included in the system list, the majority of which were guns or drug-related materials. In addition, 38 of the 75 items lacked any identifying case numbers, and 22 of these 38 items lacked any further labeling.</p>

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.

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# City of Elsberry

## Table of Contents

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State Auditor's Report	2
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Management Advisory Report - State Auditor's Findings	1. Utility Rates.....4 2. Receipting.....8 3. Ordinances and Public Participation .....10 4. Non-Interest Bearing Accounts .....12 5. Seized Property.....13
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Organization and Statistical Information	14
Schedule of Receipts, Disbursements, and Changes in Cash, Year Ended December 31, 2024 .....	15



**SCOTT FITZPATRICK**  
MISSOURI STATE AUDITOR

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

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Elsberry. We have audited certain operations of the city in fulfillment of our duties. The city engaged Botz, Deal, & Company, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended December 31, 2024. To minimize duplication of effort, we reviewed the CPA firm's audit report for the year ended December 31, 2023, since the year ended December 31, 2024, audit had not been completed. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2024. The objectives of our audit were to:

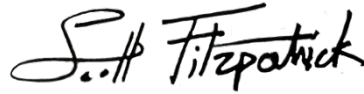
1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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; utility operations, including long-term planning efforts to construct a new wastewater treatment facility and new drinking water well; 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 Elsberry.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive style with a large, stylized "S" at the beginning.

Scott Fitzpatrick  
State Auditor

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# City of Elsberry

## Management Advisory Report

### State Auditor's Findings

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## 1. Utility Rates

City utility rates require attention from the Board of Aldermen. Rates billed did not always agree to rates described in the city code, were not always fully reflected in the city code, and have not recently undergone a cost study or other review for appropriateness. During the year ended December 31, 2024, the city billed approximately \$1.74 million and received approximately \$1.77 million in utility services across nearly 1,200 accounts.

### 1.1 Utility rates and city code

The Board of Aldermen did not always ensure utility rates billed agreed to the city code, or ensure the code reflected comprehensive information to support the rates. As a result, 1 rate type was underbilled, 3 rate types were absent from the city code, and 3 rate types featured other transparency discrepancies. The city code is a publicly accessible document intended to contain all city ordinances, including those governing utility rates.

The 7 rate types with issues were effective through the year ended December 31, 2024, and also through at least June 2025. A rate type includes either a base fee (the fee for the first 0 to 1,000 gallons of activity) plus a potential usage fee (the fee for every 1,000 gallons, after the first 1,000), or a flat fee (the fee regardless of activity). Some of the rates are detailed in the code, giving the specific rate to be charged. For 2 water rates, the code does not list precise rates, and instead displays the rates effective January 1, 2010, and city code section 110.350.4 states such rates "shall be increased by three percent (3%) annually, effective as of January 1 of each year," unless the code specifically exempts the increase for a given year, as determined by vote of the Board of Aldermen.

#### Underbilled rate

The Sewer Out-of-City Residential rate billed by the city (\$50.72 base fee, plus \$2.73 usage fee) did not match the rate listed in the city code (\$52.00 base fee, plus \$3.25 usage fee). City officials agreed this resulted in underbilling of affected customers. The City Clerk was not aware of this issue until she was notified by auditors, and indicated the incorrect rates were mistakenly entered when city officials upgraded the utility system several years ago. During the year ended December 31, 2024, the city underbilled approximately \$2,100 in services for this rate type.

#### Rate types absent from code

The Sewer Rural Development Bond rate type (\$15.00 flat fee) and the Water In-City Commercial and Water No Tax rate types (\$25.25 base fee, plus \$10.50 usage fee, each) are not included in city code. In addition, city officials were unable to find other records, such as meeting minutes, to support how much should be charged for these rate types or how and when the rates were established. Without documentation of these rates, the city cannot ensure it is billing customers appropriately.

The City Clerk believes the Sewer Rural Development Bond rate type became effective in approximately 2013 when the related U.S. Department of Agriculture (USDA) loan, which matures in 2048, was issued.



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

Other transparency  
discrepancies

The Water In-City Commercial and Water No Tax rates are the same rates as the city's separate Water Out-of-City Residential rate amounts, and it is unclear how these rates were determined. The City Clerk indicated these rates have been in effect for several years, and no further information to distinguish these rates was available.

The Water Rural Development Bond Out-of-City Residential rate billed by the city (\$9.33 flat fee) did not match the city code's rate (\$11.83 flat fee). While this creates the appearance the city is underbilling related customers, city officials indicated the billed rates were correct and the code should be updated. The Board of Aldermen's October 18, 2023, infrastructure committee meeting minutes documented a vote to recommend, to the full board, changing the out-of-city rate (then \$11.83) to match the in-city rate (then \$9.33). While city officials' subsequent handling of the rate matches this recommendation, documentation of such discussion or formally accepting the recommendation was not documented in any subsequent Board meeting minutes, or updated in city code.

The Water In-City Residential rate billed by the city (\$20.98 base fee, plus a \$10.05 usage fee) did not match the city code's rate (\$24.32 base fee, plus a \$11.69 usage fee). Similarly, the Water Out-of-City Residential rate billed by the city (\$25.25 base fee, plus a \$10.50 usage fee) did not match the city code's rate (\$29.31 base fee, plus a \$13.12 usage fee). While these create the appearance the city is underbilling related customers, city officials indicated the billed rates were correct. However, this is despite the city's supporting calculations also not matching the code. The code does not list precise rates, and instead displays the rates effective January 1, 2010, and states such rates shall be increased by three percent (3%) annually unless exempted as determined by vote of the Board of Aldermen. The city's supporting calculations exempted 8 years (2016, 2017, 2020, 2021, 2022, 2023, 2024, and 2025), whereas the code only lists exemptions for 3 years (2017, 2020, and 2025). City officials further indicated 5 years' exemptions (2016, 2021, 2022, 2023, and 2024) were not properly included in the code or documented in meeting minutes, but were agreed to by the Board.

Conclusion

The identified issues reflect city procedural and documentation issues, sometimes occurring over several years. These issues reduce assurance that all rates set in the city's utility system, and all supporting statements in the city's code, are fully up to date and in agreement to ensure equitable treatment of customers, prevent misunderstandings, and support the operation of the city's utility services.

1.2 Utility rates cost study

The Board of Aldermen has not ensured a recent review, such as a cost study, of the city's comprehensive utility rates has been performed. Without an annual cost study, the annual rate increases specified in the city code may violate state law. City code requires annual reviews of the water rates, but city



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

officials either did not perform, or could not provide documentation for, any recent reviews to support the city's annual decisions for or against increasing water rates by 3%. As a result, it is unclear whether the utility rates assessed are set at an appropriate level. The City Clerk estimated the city last performed a formal review of comprehensive utility rates in 2013, when required by the USDA, prior to issuing the loan to the city. It is unclear why annual reviews of utility rates were not performed.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs that shows the increase is necessary to cover costs of providing the service. To ensure utility rates are appropriately set, city officials should perform and document a detailed cost study of the city's utility costs, including depreciation, and set rates to cover the total cost of operations without generating excessive profits. The issues described in section 1.1 also impact the city's ability to perform an accurate cost study. In addition, city code section 110.360, Calculation of Water Rates, states, "The City shall review the User Charge system annually and revise City water User Charge rates as necessary to ensure that the water system generates adequate revenues to pay the costs of operation and maintenance, repair, including replacement, and that the system continues to provide for the proportional distribution of operation and maintenance, including replacement costs, among users and user classes."

## Recommendations

The Board of Aldermen:

- 1.1 Ensure utility rates billed agree to amounts approved and documented in the city code.
- 1.2 Document formal reviews of utility rates periodically in accordance with city code and state statute to ensure revenues are sufficient to cover all costs of providing these services without generating excessive profits and ensure a statement of costs is prepared to support any utility rate changes.

## Auditee's Response

- 1.1 *The city agrees that the Board of Aldermen should ensure that the city's billed utility rates must agree to the amounts approved and documented in the city code. The city has adopted an ordinance in January 2026 adopting several clarifications to the city's rate structures and classifications that provides greater specificity and clarity to those rates.*

*The report correctly states that no customer was ever overbilled.*

*The report states that the Sewer Rural Development Bond rate type (\$15 flat fee) and the Water No Tax rate types (\$25.25 base fee, plus a \$10.50 usage fee) are not in the code. However, those fees are in*



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

*the city code, but were not set out separately. They were a part of the main fee.*

*The report states that it is unclear how the Water In-City Commercial and Water No Tax rates were set to the same rate as the Water Out-of-City Residential rate amounts. The city simply decided that there should be no distinction between in-city and out-of-city rates. The rates are determined in the annual budget process based on usage and the costs of providing water and sewer.*

*The city has already adopted the recommendation 1.1.*

- 1.2 *The city disagrees that it does not perform an annual rate study. Each year during the budget process, a cost analysis is performed as provided in the city code. The annual costs to operate, maintain, and provide for future replacements are calculated to generate the amounts needed to cover these costs. Based on the annual budget process, the rates set by the Board of Aldermen cover these costs and do not generate excess funds. The utility fees are not transferred to the general fund for general use. The city's process comports with Section 67.042, RSMo, and the city code section 110.360.*

*The city strongly disagrees that its rates "may violate state law" or that there is any "noncompliance with legal provisions." As noted above, the city does perform annual cost rate studies. Second, the 3% annual increase is designed to cover inflation increases and to build a capital reserve for water and sewer infrastructure projects the city must undertake. The city's User Rate Structure Ordinance provides for such reserves as an expense category. This is an economically prudent practice, rather than attempting to consistently borrow funds for those projects with added interest costs. Many projects require that a certain percentage of the costs must be paid directly by the city from non-borrowed sources. The 3% fee increase helps to build reserves gradually and prevent "rate shock." The city keeps all of its water and sewer rates separate for the exclusive use in funding the water and sewer services, infrastructure, and debt. If the 3% increase is not needed in a particular year, it is waived for that year. No unnecessary surpluses are generated. In this way, the true cost of owning, renewing, and replacing infrastructure is spread out over time. The city's rates do not generate excessive revenues.*

*This practice does not violate any legal provision or state law. Other Missouri cities, such as the City of O'Fallon and the City of Golden City, implement planned, multi-year rate increases or CPI-tied rate adjustments (e.g., 3% or 6% annually) to cover rising operating costs and infrastructure upgrades.*



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

*The city agrees that it is possible to document its budgetary utility rate cost studies more explicitly.*

*The city has already adopted the recommendation 1.2.*

## Auditor's Comment

- 1.1 The Board's response indicates the report "correctly states that no customer was ever overbilled." The report does not make this statement. The report states 1 rate type was underbilled, and 2 rate types created the appearance of underbilling.

The Board response indicates the Sewer Rural Development Bond and Water No Tax rate types are in the city code as part of the "main fee" of the respective categories. However, these are distinct rate types, and neither they nor a "main fee" are specified in the city code. Further, neither the city code nor the January 2026 ordinance clearly indicate any relationship between the various rate types in the city's utility system. Finally, the Sewer Rural Development Bond rate type is a charge in addition to other standard sewer rate types. The city should include all rate types in the city code.

The Board also indicates in its response that the city decided, in setting the Water In-City Commercial and Water No Tax rate types as the same as the Water Out-of-City Residential rate type, that there should be no distinction between the in-city and out-of-city rates. However, the city distinguishes between the Water In-City Residential and Water Out-of-City Residential rate types, so it is unclear why other in-city and out-of-city rate types would not also be distinguished and there is no documentation to support the decision to not make such a distinction.

- 1.2 The response indicates "Each year during the budget process, a cost analysis is performed as provided in the city code." However, as indicated in the report, city officials either did not perform, or could not provide documentation for, any recent reviews to demonstrate such reviews occurred. City officials provided documents from recent years' budget processes, but these only listed total costs budgeted for water and sewer operations, and did not provide financial information to specify the level of individual water and sewer rate types. As a result, there is no documentation to support the Board's assertion that the utility rates assessed are set at an appropriate level.

## 2. Receipting

When receiving payments for non-utility services, such as license fees, permit fees, and other miscellaneous receipts, city personnel do not issue prenumbered receipt slips or maintain a sequential log of each payment received. As a result, there is reduced assurance all money collected is properly receipted and deposited.



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

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Auditors reviewed all deposits made by city personnel into city bank accounts during the week ended June 14, 2024. These deposits included \$25,747 in utility services for which individual payments were supported by a sequential log in the city's utility billing system. However, these deposits also included \$10,830 in non-utility services for which individual payments were either unsupported, or were only supported by unnumbered receipt slips and paper notes. The City Clerk indicated the extent of support for non-utility services observed for this week was typical of the full year ended December 31, 2024, during which time the city receipted at least \$267,000 in non-utility services.

The city's utility system maintains a sequential record of all payments received for utility services, but the city does not maintain an equivalent control for non-utility payments, and city officials indicated they had not previously considered such a need.

Issuing prenumbered receipt slips for all money received and accounting for the numerical sequence of the receipt slips prior to making deposits helps ensure all receipts are accounted for and appropriately deposited into city bank accounts. Failure to implement adequate receipting and recording procedures increases the risk that loss, theft, or misuse of money will occur and increases the likelihood that errors will go undetected.

## Recommendation

The Board of Aldermen ensure prenumbered receipt slips are issued in numerical sequence for all money received, and the numerical sequence of receipt slips is accounted for.

## Auditee's Response

*The city disagrees that it received some payments that were not documented with receipts.*

*However, the city agrees that some of its receipts are not given sequential numbers. For example, when issuing a business license, the license itself indicates that the payment was received. The city simply did not issue a second piece of paper showing the payment was received. Thus, the statement in the report that "individual payments were either unsupported, or were only supported by unnumbered receipt slips and paper notes" is inaccurate. The "unsupported" portion of the statement is not correct because documentation was provided by the City Clerk for all payments received.*

*It is important to note that the report does not state that there are any unaccounted-for payments received by the city. The report simply states that the city's receipts were just not in a form recommended by the Auditor.*

*The city has already adopted the recommendation by obtaining and using sequential receipt books for all payments received.*



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## Auditor's Comment

The Board's response indicates that "the report does not state that there are any unaccounted-for payments received by the City." This statement disregards the city's reduced assurance all money collected has been properly receipted and deposited, and the purpose of using prenumbered receipt slips to ensure all receipts have been accounted for. In other words, if there are unaccounted-for payments, the lack of prenumbered receipt slips would make those payments much more difficult to discover in the first place.

The Board also indicates in its response, "The City disagrees that it received some payments that were not documented with receipts" and "The Report simply states that the City's receipts were just not in a form recommended by the Auditor." These statements are incorrect. Some individual payments during the period reviewed were truly unsupported by receipt slips. For example, auditors reviewed a June 14, 2024, deposit totaling \$11,850, including non-utility services totaling \$600: \$450 in liquor license fees and \$150 in water deposit fees. City officials provided handwritten breakouts of the deposit that included these fees, but following multiple requests, could not provide further documentation for these fees. The Board also uses an example in its response of an issued license to be an indication that payment was received for the license. However, this example is not adequate because these licenses are not prenumbered and there would be nothing tying a specific license to a specific receipt. Receipting controls should establish consistent procedures across all types of receipts, regardless if the receipt results in the issuance of a license or other formal document. Without a prenumbered receipt slip for each receipt, the city cannot reconcile receipts to deposits to ensure all money received has been deposited.

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## 3. Ordinances and Public Participation

The Board of Aldermen passed all 18 ordinances newly proposed during the year ended December 31, 2024, in a manner that limited opportunities for public comment and reduced transparency. Such ordinances included city code corrections and amendments, contracts with governments and vendors, and other operational decisions.

We noted the following concerns during our review of the Board meeting minutes for the year ended December 31, 2024:

- For all 18 ordinances newly proposed across 10 open meetings, in a given meeting, the Board read each ordinance twice by title only, then immediately approved the ordinances. The City Clerk indicated this has been the board's historic practice. There were no instances in which the Board read a proposed ordinance's full text, or delayed approval to a subsequent meeting.
- Citizens cannot easily or timely obtain the full texts of proposed ordinances. The city does not post full texts on its website. The City Clerk indicated she provides full texts to citizens who request copies. However, each Board meeting agenda is usually made available only 1 or 2 business



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

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days before the meeting, limiting the time citizens have to be aware of proposed ordinance changes, request a copy of such proposed changes, read the proposed changes, and then contact their respective Board member or attend the related meeting to discuss the changes.

- Citizens cannot easily discuss ordinances with the board before approval. All open meetings provide citizens 2 opportunities to address the board. The first opportunity occurs before the board reads the proposed ordinances, but is limited to citizens who previously submitted a request to be placed on the agenda. This faces the same limited timeframe mentioned in the prior bullet point. The second opportunity is open to all citizens, but occurs after the board has already voted on the proposed ordinances.

The city's current procedures under city code section 24.135 are aligned with and allowed under Section 79.130, RSMo, which states, "Every proposed ordinance shall be introduced to the board of aldermen in writing and shall be read by title or in full two times prior to passage, both readings may occur at a single meeting of the board of aldermen. If the proposed ordinance is read by title only, copies of the proposed ordinance shall be made available for public inspection prior to the time the bill is under consideration by the board of aldermen." However, such procedures also leave citizens limited time to obtain, comprehend, and discuss proposed ordinances with the board before they are officially approved.

According to the Government Finance Officers Association, "The underlying reason for transparency is to help create trust among citizens, government administrators, and elected officials. . ."<sup>1</sup> and when ". . . citizens believe that decisions are fact based and take all concerns into consideration, they are more likely to support those decisions."<sup>2</sup> Presenting and approving ordinances with greater opportunities for public input would help demonstrate to citizens the Board of Aldermen is taking their concerns into consideration, would provide additional assurance the Board of Aldermen is fulfilling its fiduciary responsibilities, and could increase public support for Board decisions.

## Recommendation

The Board of Aldermen improve procedures over disclosing, discussing, and approving proposed ordinances to create greater opportunities for public comment and improve transparency.

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<sup>1</sup> Government Finance Officers Association, *Transparency: A Means to Improving Citizen Trust in Government*, January 2018, p. 4, <<https://www.gfoa.org/materials/transparency-a-means-to-improving-citizen-trust>>, accessed February 13, 2026.

<sup>2</sup> Government Finance Officers Association, *Code of Ethics*, <<https://www.gfoa.org/code-of-ethics>>, accessed February 13, 2026.



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

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## Auditee's Response

*The City agrees that the City is in full compliance with Missouri state law in its publication and adoption of the City's ordinances.*

*The City agrees that it will follow the recommendation to provide even more opportunities for public comment disclosure, discussion, and approving its ordinances. For example, the City has begun to place proposed ordinances on the City's website when they become available. This is not a legal requirement, but a recommended practice.*

*There are instances in which proposed ordinances were tabled for further consideration at a later time, or introduced by title and not taken up until a subsequent meeting to allow more time for consideration and comment. Many times, when an issue comes before the Board in an open meeting, the Board directs that an ordinance be prepared to cover that issue for consideration at a subsequent meeting. So, there is time for the citizens to respond to the issue. In addition, the City Attorney explains the content of the ordinance in summary fashion at the open meeting before there is a motion to read the ordinance by title. So, if someone has not read the ordinance (which is available in writing before the meeting), the citizens attending the meeting have an awareness of the content of the ordinance.*

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## 4. Non-Interest Bearing Accounts

The city missed opportunities to earn additional revenue during the year ended December 31, 2024, because it maintained its average month-end balance of \$2,322,745 in 6 non-interest bearing bank accounts. City officials were not aware these accounts were non-interest bearing until notified by auditors, and initially believed they were interest-bearing, similar to the city's other 11 bank accounts. Historical rates<sup>3</sup> for 1-year certificates of deposit ranged from 1.90% to 2.15% during the year ended December 31, 2024. If the city had invested the above balance at an interest rate in this range, for its 6 non-interest bearing bank accounts during the year ended December 31, 2024, it could have earned approximately \$44,000 to \$50,000 in additional city revenues.

## Recommendation

The Board of Aldermen ensure reasonable opportunities to earn additional revenue are achieved by either ensuring all funds are deposited in interest-bearing bank accounts, or using other appropriate forms of investment for these funds.

## Auditee's Response

*The City agrees with the recommendation. Indeed, the City already adopted the recommendation in December 2025 by implementing sweep accounts to obtain greater interest on City financial accounts.*

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<sup>3</sup> Bankrate, *Historical CD interest rates: 1984-2025*, <<https://www.bankrate.com/banking/cds/historical-cd-interest-rates/>>, accessed March 26, 2026.



## 5. Seized Property

City Police Department personnel did not maintain complete, accurate records of seized property, and did not conduct periodic physical inventories of seized property. In addition, the city has not established procedures to periodically review cases and dispose of related seized property items. Some seized property has been held for years. It is unclear why the city's 2 former Police Chiefs, respectively employed through May 2024 and May 2025, did not perform or prioritize these efforts. The current Police Chief was appointed in July 2025 and obtained access to the Police Department's seized property system in September 2025.

As of September 2025, the seized property system listed 25 items, with the most recent entries dated April 2025. Auditors inspected the Police Department's seized property storage areas and could not initially locate any of the 25 items included in the system report. The next day, the current Police Chief found the 25 items in an unmarked box on a shelf in the seized property storage area, and called auditors with descriptions of each item as confirmation. The auditors' inspection and Police Chief's call also identified an additional 75 items not included in the system list, the majority of which were guns or drug-related materials. In addition, 38 of the 75 items lacked any identifying case numbers, and 22 of these 38 items lacked any further labeling.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Maintaining complete and accurate inventory control records and performing periodic physical inventories with the results compared to such records is necessary to ensure seized property is accounted for properly. Section 542.301, RSMo, provides the requirements for the disposition of seized property that has not been forfeited or returned to the claimant.

## Recommendation

The Board of Aldermen ensure the Police Department maintains complete and accurate seized property records, conducts a periodic inventory, reconciles the inventory to the seized property records, and investigates any differences. In addition, the Board of Aldermen should ensure the Police Department makes timely and appropriate dispositions of seized property in accordance with state law.

## Auditee's Response

*The City agrees with the recommendation and will adopt it.*

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# City of Elsberry

## Organization and Statistical Information

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The City of Elsberry is located in Lincoln County. The city was incorporated in 1883 and is currently a fourth-class city. The city employed 4 full-time employees and 2 part-time employees on December 31, 2024. The city's population was 1,937 in 2020, according to the U.S. Census Bureau.

City operations include utilities (water, sewer, and trash), law enforcement services, street maintenance, and recreational facilities (parks). During the year ended December 31, 2024, utility operations continued long-term planning efforts to construct a new wastewater treatment facility to return ammonia levels to acceptable thresholds, and to construct a new drinking water well to return per- and polyfluoroalkyl substance (PFAS, also known as "forever chemicals") levels to acceptable thresholds. Overall, such efforts were significant and required ongoing coordination between the city and third parties, such as engineering vendors, construction vendors, the city's attorney, the Department of Natural Resources, and the United States Department of Agriculture for goals such as site inspections, safety tests, facility design, grant award acquisition, and other general compliance monitoring.

### Mayor and Board of Aldermen

The city government consists of a mayor and 6-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 members of the Board of Aldermen, at December 31, 2024, are identified below. The Mayor is paid \$350 per month and members of the Board of Aldermen are paid \$175 per month. The compensation of these officials is established by ordinance.

Steve Wilch, Mayor  
Terrie Harper, Alderman Ward One  
Jen Hunter, Alderman Ward One  
James "Skip" Hale, Alderman Ward Two  
Crystal Meyer, Alderman Ward Two  
Nora Hunter, Alderman Ward Three  
Danielle Rockwell, Alderman Ward Three

### Financial Activity

A summary of the city's financial activity for the year ended December 31, 2024, follows.

City of Elsberry  
Schedule of Receipts, Disbursements, and Changes in Cash  
Year Ended December 31, 2024

	General Revenue Account	Water Works Account	Sewer Capital Improvement Account	Water Capital Improvement Account	Rural Development Treatment Construction Account	Rural Development Series 2012 Reserve Account	Sewer Repair & Extension Account	Cemetery Contingency Account	Sewer Short Lived Assets Reserve Account
RECEIPTS	\$ 2,769,096	693,445	57,000	25,617	417,251	8,043	12,638	5,184	7,029
DISBURSEMENTS	2,722,980	502,880	0	0	301,790	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	46,116	190,565	57,000	25,617	115,461	8,043	12,638	5,184	7,029
CASH, JANUARY 1, 2024	1,509,935	1,610,107	447,150	403,481	18,553	81,465	70,501	55,218	39,212
CASH, DECEMBER 31, 2024	\$ 1,556,051	1,800,672	504,150	429,098	134,014	89,508	83,139	60,402	46,241

	Street Capital Improvement Account	Cemetery Perpetual Care Account	Disaster Proceeds Escrow Account	City Collector Account (1)	Police Training Account	Recoupment Account	Grant Account	Page Branch Park Account (2)	Total (All Accounts)
RECEIPTS	\$ 35,682	2,404	3	1,943,641	939	30	46	75	5,978,123
DISBURSEMENTS	70,000	0	0	1,942,100	2,472	5	21	29,963	5,572,211
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,318)	2,404	3	1,541	(1,533)	25	25	(29,888)	405,912
CASH, JANUARY 1, 2024	67,323	7,148	5,008	1,006	4,054	1,680	284	29,888	4,352,013
CASH, DECEMBER 31, 2024	\$ 33,005	9,552	5,011	2,547	2,521	1,705	309	0	4,757,925

(1) The City Collector Account is used as a holding account to deposit receipts and then redistribute them to other accounts at the end of the month.

(2) The Page Branch Park Account closed in April 2024.