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FOLLOW-UP REPORT ON AUDIT FINDINGS

Naylor-Neelyville Ambulance District

Report No. 2026-061

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Naylor-Neelyville Ambulance District
Follow-Up Report on Audit Findings
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Board of Directors
Naylor-Neelyville Ambulance District
Popular Bluff, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2024-008, *Naylor-Neelyville Ambulance District* (rated as Poor), issued in January 2024. The objectives of the follow-up were to:

1. Identify audit report findings for which follow up is considered necessary, and inform the district about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

   - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
   - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
   - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
   - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

As part of the work conducted, we reviewed documentation provided by and held discussions with the Board President to verify the status of implementation for the recommendations. Documentation provided by the district included Board meeting minutes, financial records, and other pertinent documents. This report is a summary of the results of this follow-up work, which was substantially completed during March 2026.

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1. Misappropriated Money, Questionable Meeting Minutes, and Conflicts of Interest

From January 1, 2017, to June 15, 2023, money totaling at least $249,247 was misappropriated from the district. Board meeting minutes provided to auditors were possibly falsified to conceal improper payments. The Director, Billing Clerk, and Board Secretary were all close family members, which created actual or apparent conflicts of interest.

1.1 Improper payments

The Director improperly paid himself, his wife (Billing Clerk), and his mother (Board Secretary) $249,247 after the Board outsourced ambulance services. The Board did not approve any of these payments. Included in the improper payments were severance, duplicate, advance, and bonus payments. Improper payments were also made for unnecessary services such as election and COVID-19 response, when there were no elections held or COVID-19 response activities. Additionally, improper payments included payments identified as expense reimbursements that were unsupported and questionable.

1.2 Questionable meeting minutes

The Director may have falsified Board meeting minutes. On February 14, 2022, a State Auditor's Office (SAO) investigator requested the Director provide all district meeting minutes from January 1, 2017, to December 31, 2021. In response, in March 2022, the Director submitted meeting minutes for 7 meetings held during this time frame (August 30, 2017, February 18, 2018, August 28, 2019, April 29, 2020, August 28, 2020, June 3, 2021, and August 19, 2021).

The Director also submitted July 18, 2016, meeting minutes. Those July 18, 2016, meeting minutes contained discussions regarding finalizing the employment of the Director, Billing Clerk, and Board Secretary.

There were significant discrepancies identified during our review of the meeting minutes; the related payments to the Director, the Billing Clerk, and the Board Secretary; and testimony of former Board President Meyer and 2 former Board members. The agenda/minutes were dated July 18, 2016, at the top, but the same minutes were dated July 25, 2018, at the bottom. The minutes stated the Director was to be paid $650 per week beginning in January 2017, but he did not pay himself this amount until April 2022. The Former Board President Meyer indicated in a recorded interview that she did not recall any of the discussion noted in these July 2016 meeting minutes regarding compensation for the Director, the Billing Clerk, and the Board Secretary. She also indicated she did not sign the minutes; however, the 8 meeting minutes submitted to our office contained her signature, but the signature on some of these meeting minutes appeared very similar or copied.

Recommendation

The Board of Directors work with law enforcement officials regarding criminal prosecution of the improper payments and falsified meeting minutes and take the necessary actions to obtain restitution, and ensure meeting minutes are prepared and retained for all meetings

Status

Implemented

The former Director was charged with a Class C felony of stealing $25,000 or more. The case is awaiting trial. We reviewed the district's meeting minutes for 2025. The district now holds meetings quarterly. The Board President was able to provide minutes for all meetings held in 2025 and the minutes were detailed and approved.

1.3 Conflicts of interest

The Director, Billing Clerk, and Board Secretary were all close family members, which created actual or apparent conflicts of interest because the Director and Board Secretary were responsible for reviewing and signing the checks written to all three individuals. All of the checks issued were signed in the Director's scripted handwriting.

Recommendation

The Board of Directors closely examine district transactions to identify conflicts of interest.

Status

Implemented

The Director, Billing Clerk, and Board Secretary are no longer with the district. None of the current Board members are related and the district does not employ any staff.

2. Oversight, Budgets, and Financial Reporting

Board members did not establish adequate oversight of district finances and did not prepare budgets, submit financial statements, or obtain annual audits as required by state law, resulting in misappropriated money and a waste of public resources

2.1 Oversight and segregation of duties

The Board did not provide adequate oversight of the Director or segregate duties over the various financial accounting functions of the district. From at least December 2016 to June 2023, the Board failed to regularly meet to discuss or review the district's finances (other than to meet annually to set the property tax levy), leaving the district without adequate leadership and accountability. The Board also failed to require meeting minutes or financial statements be prepared for review and approval by the Board. As a result, ambulance district money was not handled and accounted for properly and the Board did not identify discrepancies timely.

Recommendation

The Board of Directors segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.

Status

Partially Implemented

The Board met quarterly during 2025 to set property tax levies and pay bills. In addition, the Board President stated 2 signatures are now required on checks. Typically, he will write the checks, sign them, and take them, along with the invoices, to another board member to be reviewed and cosigned. We noted from imaged copies of checks on the 2026 bank statements that all checks had 2 signatures, but there was no documentation of a review of the supporting invoices.

2.2 Budgets and financial reporting

The Director and the Board did not prepare budgets or file financial reports with the SAO for at least the 5 years ended December 31, 2022, 2021, 2020, 2019, and 2018. The Board also did not obtain annual audits of its district as required by state law, and the Board did not know when the last audit of district finances occurred. Per the Missouri Department of Revenue (DOR), the district owed $903,000 for the period December 2017 through December 2020 for failure to file financial statements.

Recommendation

Prepare annual budgets that contain all information required by state law and ensure the budgets are adequately monitored. The Board of Directors should also submit annual financial reports timely to the State Auditor's Office and obtain annual audits as required by state law.

Status

Partially Implemented

The Board did not prepare a budget for the year ended December 31, 2026. The Board President indicated the Board did not believe a budget was necessary because its contract with the ambulance service only allowed the district to retain $2,500 annually, with the remaining revenue going to the provider. However, Section 67.010, RSMo, requires political subdivisions to prepare a budget to present a complete financial plan for the ensuing budget year and sets specific guidelines for the information to be included in the budget. In addition, Section 67.080, RSMo, provides that no expenditure of public money should be made unless it is authorized in the budget.

The district also did not obtain annual audits as required by Section 190.075, RSMo, but did provide financial reports to the SAO for 2017 through 2021, and 2023 through 2024. The financial report for the year ended December 31, 2025, was filed on June 30, 2026, as required. In August 2025, after the fine for not filing reached a total of $1,282,000, the DOR forgave the amount due as allowed by Section 105.145.11, RSMo.