Scott Fitzpatrick

Missouri State Auditor

City of Carterville

Report No. 2026-063

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Scott Fitzpatrick
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Carterville

Financial Condition, Budgeting, Planning, and Audits	The city's Water and Sewer Fund is in poor financial condition. For the year ended October 31, 2024, the city's Water and Sewer Fund had a beginning balance of $106,715, revenues of $963,108, and disbursements of $1,703,852, resulting in a negative ending fund balance of $634,029. In addition, the Water and Sewer Contingency Fund had a negative fund balance of $24,839 and the Capital Improvement Fund had a negative fund balance of $5,013. City officials did not include all statutorily required elements in the budget prepared for the fiscal year ended October 31, 2024. The budget did not include actual or budgeted amounts for the 2 preceding years. The City Council does not adequately monitor budget-to-actual receipts and disbursements, and actual disbursements exceeded budgeted disbursements for 8 of the 10 city funds during the year ended October 31, 2024. Budget amendments were not prepared for these 8 funds. City officials have not developed a formal annual maintenance plan for city streets. The city has not obtained annual audits of its waterworks and sewerage systems as required by state law.
Disbursements	In November 2023 city officials authorized the payment of holiday retention incentives, which appear to be bonuses, to city employees totaling approximately $3,600. The city also did not adhere to their procurement policy and made purchases over the $2,000 threshold without soliciting bids. Additionally, there were disbursements totaling approximately $1,200 without supporting documentation.
Bank Reconciliations	Neither the City Clerk nor the city's accountant perform monthly reconciliations for the Emergency Account, which is used for grant monies received by the city.
Utility System Controls and Procedures	City personnel did not perform monthly reconciliations of amounts billed, payments received, and amounts unpaid for utility services. Further, city personnel did not perform monthly reconciliations of total gallons of water billed to gallons of water pumped.
Police Department Commuting Miles	The city does not report the value of personal and commuting mileage on any police officer's W-2 form. The police department does not maintain mileage records for any of the police department vehicles to track the on duty mileage and commuting mileage from officers' homes to the city.
Sunshine Law	The city's closed meeting minutes are insufficient and not compliant with the Sunshine Law.
Electronic Data Security	The city has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The City Clerk, the City Collector, and the Municipal Court Clerk frequently use the same user account and password, even though they each have a user account to access the city's collection software used to record all city fees and utility payments. The city does not have security controls in place to lock computers after a certain period of inactivity.

Electronic Communication Policy	City personnel have not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Capital Assets	City personnel do not maintain records of capital assets including office furniture in city hall and the police department, and equipment used by the public works department. In addition, city personnel do not tag, number, or otherwise identify assets as property of the city, or perform an annual physical inventory of city property.

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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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

To the Honorable Mayor
and
Members of the City Council
City of Carterville, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Carterville. 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 October 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 haphazard and judgmental selection, as appropriate. 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, and expenditures. 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 Carterville.

Scott Fitzpatrick
State Auditor

1. Financial Condition, Budgeting, Planning, and Audits

The city's Water and Sewer Fund is in poor financial condition, Additionally, budgeting, planning, and financial reporting procedures need improvement.

1.1 Financial condition

The city's Water and Sewer Fund is in poor financial condition. For the year ended October 31, 2024, the city's Water and Sewer Fund had a beginning balance of $106,715, revenues of $963,108, and disbursements[1] of $1,703,852, resulting in a negative ending fund balance of $634,029. All of the city's funds, with the exception of the Emergency Fund, are maintained in the city's general bank account. In addition, the Water and Sewer Contingency Fund had a negative fund balance of $24,839 and the Capital Improvement Fund had a negative fund balance of $5,013. The balances of the other 5 funds in the bank account are covering the negative balances of these 3 funds. This could have been noticed by the City Council if city officials were providing the proper financial information. However, the City Council is not adequately monitoring the city's financial condition, and does not receive budget-to-actual information by fund or accurate financial reports. As a result, the City Council is not in a position to make financial decisions that could strengthen the Water and Sewer Fund balance.

For the year ended October 31, 2025, the base water rate was $23.24 per month, and the base sewer rate was $20.03 per month. City Code 715.030 allows the sewer rate to be adjusted each May based on the use from February through April. Since the disbursements in the fund outpace the revenues, it is apparent the rates charged had been insufficient for several years. The City Administrator performed a rate study in September 2025 and the City Council approved new rates in December 2025. The base water rate is now $25.56 and the base sewer rate is $22.03.

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 water and sewer rates are appropriately set and cover the total cost of operations without generating excessive profits, it is necessary for city officials to perform and document a detailed cost study of the city's water and sewer costs, including depreciation.

[1] Total disbursements included approximately $163,900 in transfers to the city's Revenue Bond Reserve Fund, Revenue Bond Fund, and Water and Sewer Contingency Fund.

It is essential the City Council address the financial condition of the city's Water and Sewer Fund in both the immediate and long-term future. In addition, reducing spending where possible, evaluating controls and management practices to ensure efficient use of resources, monitoring detailed financial data that includes cash balances for the fund, and closely monitoring budgets will contribute to improving the financial condition of the fund.

1.2 Budgets

The City Council does not have adequate procedures to prepare or monitor budgets.

Preparation

City officials did not include all statutorily required elements in the budget prepared for the fiscal year ended October 31, 2024. The budget did not include actual or budgeted amounts for the 2 preceding years. The Mayor, City Administrator, and City Clerk were unaware of all required elements for the city budget per state law.

Section 67.010, RSMo, requires an annual budget be prepared that presents a complete financial plan for the ensuing budget year and sets specific guidelines for the information to be included in the budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations.

Monitoring

The City Council does not adequately monitor budget-to-actual receipts and disbursements, and actual disbursements exceeded budgeted disbursements for 8 of the 10 city funds during the year ended October 31, 2024, as follows:

Fund	Budgeted Disbursements	Actual Disbursements	Excess Disbursements
General	$ 699,900	1,586,348	886,448
Water/Sewer	515,840	1,539,932	1,024,092
Street	153,500	223,102	69,602
Park	11,280	186,594	175,314
Capital Improvement	61,000	86,723	25,723
Water/Sewer Contingency	33,600	68,208	34,608
Revenue Bond	0	29,115	29,115
Emergency	0	497,656	497,656

Source: City's budget and actual disbursements from the city's financial statement.

Budget amendments were not prepared for these funds. The City Council did not consider making amendments to the budget. The City Administrator stated that the City Council did not realize they needed to amend the city's budget.

Section 67.040, RSMo, and City Code Section 130.050 require the city keep disbursements within amounts budgeted, but allow for budget increases if the governing body officially adopts a resolution setting forth the facts and reasons. In addition, Section 67.080, RSMo, provides that no disbursements of public money be made unless it is authorized in the budget. Proper monitoring and amending prior to disbursing funds is necessary for the budget to be an effective management tool and to comply with state law.

1.3 Street maintenance plan

City officials have not developed a formal annual maintenance plan for city streets. The city received approximately $630,000 in transportation taxes and grant funds during the fiscal year ended October 31, 2024. The Mayor and City Administrator stated they were unaware of the importance or need for a street plan and have maintained the streets on an as-needed basis.

Preparing a formal street maintenance plan as part of the annual budget message in conjunction with the annual budget serves as a useful management tool and provides greater input in the overall budgeting process. An effective plan, approved by the Council after obtaining input from city residents, includes a description of the streets needing maintenance, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. A formal street maintenance plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

1.4 Annual audit

The city has not obtained annual audits of its waterworks and sewerage systems as required by state law. As a result, the city is not held accountable regarding the records and accounts of the system. The Mayor, City Administrator, and City Clerk were not aware of this requirement.

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

Recommendations

The City Council:

1.1 Ensure it receives detailed financial data monthly, perform immediate and long-term planning, and closely monitor and take necessary steps to improve the city's Water and Sewer Fund financial condition. In addition, the City Council should ensure a formal, documented review of water and sewer rates is performed to ensure revenues are sufficient to cover all costs of providing services.

1.2 Prepare annual budgets that contain all information required by state law. In addition, ensure the budgets are adequately monitored and properly amended.

1.3 Establish a formal annual street maintenance plan.

1.4 Obtain timely annual audits of the city's water and sewer system as required by state law.

Auditee's Response

1.1 The City Council acknowledges the concerns regarding the financial condition of the Water and Sewer Fund. Since the audit period, City Council and the staff have taken steps to better understand and address the financial condition of the Water and Sewer Fund, including reviewing revenues, expenditures, debt obligations, reserve requirements, and utility rates. City staff completed a water and sewer rate review in 2025, and the City Council approved updated water and sewer rates in December 2025. The City Council and staff will continue to review water and sewer rates on a regular basis to ensure rates are sufficient to cover operating costs, debt obligations, reserve requirements, depreciation, and long-term system needs.

1.2 The city staff will provide the City Council with monthly financial reports by fund, including budget-to-actual reports, cash balances, and fund activity. The City Council and staff have already taken substantial steps toward separating and clearly tracking fund balances, including Water and Sewer, Revenue Bond, Revenue Bond Reserve, Water and Sewer Contingency, Capital Improvement, Street, Park, Emergency, and General Fund activity. The city staff has already prepared future budgets to include all information required by state law, including actual and budgeted amounts for the required prior years. This was done in our last fiscal year starting on November 1, 2025. The City Council and staff will monitor budget - to-actual activity throughout the year and prepare formal budget amendments when needed before expenditures exceed budgeted amounts.

1.3 The City Council and staff will develop an annual street maintenance plan as part of the budget process. The plan will identify proposed street projects, estimated costs, funding sources, and priority areas.

1.4 The City Council will obtain timely annual audits of the waterworks and sewerage system as required by state law and bond covenants.

2. Disbursements

Procedures over disbursements need improvement. In November 2023 city officials authorized the payment of holiday retention incentives, which appear to be bonuses, to city employees totaling approximately $3,600. The city also did not adhere to their procurement policy and made purchases over the $2,000 threshold without soliciting bids. Additionally, there were disbursements totaling approximately $1,200 without supporting documentation. The city disbursed approximately $4.3 million during the year ended October 31, 2024.

2.1 Bonuses and unsupported disbursements

We judgmentally selected 25 expenditures from a population of 1,806 expenditures made during the fiscal year ended October 31, 2024, and determined the city typically pays employee bonuses annually in violation of the Missouri Constitution and did not retain supporting documentation for some disbursements.

Employee bonuses

The city paid approximately $3,600 in bonuses to employees in November 2023 in violation of the Missouri Constitution. The Mayor indicated the City Council was unaware that bonuses for employees were inappropriate.

Payments for services previously rendered are in violation of Article III, Section 39(3), Missouri Constitution and contrary to Attorney General's Opinion 72-1955 (June 14, 1955) which states, ". . . a government agency which derives its power and authority from the Constitution and laws of this state would be prohibited from granting extra compensation in the form of bonuses to public officers or servants after the service has been rendered." In addition, taxpayers have placed a fiduciary trust in their public officials to spend city revenues in a prudent and necessary manner.

Unsupported disbursements

City officials could not provide supporting documentation for 2 disbursements totaling $1,206. Disbursements were for a $515 Christmas dinner provided to city employees and a $691 health insurance reimbursement to an employee who had moved from the city's health insurance plan to Medicare. The current City Clerk indicated this was caused by a lack of controls over disbursements due to turnover in the city clerk and city administrator positions during this time period.

Adequate documentation is necessary to ensure the validity of transactions and provide an audit trail. Section 109.270, RSMo, indicates all records made or received by officials in the course of their public duties are public property and are not to be disposed of except as provided by law.

2.2 Procurement procedures

City officials did not always follow the city's written procurement policies. (See section 2.1 for sample selection details.) The city did not solicit bids for playground equipment totaling $7,200, road salt totaling $5,800, and a salt spreader totaling $5,000.

The City Administrator stated the playground equipment was a sole source purchase because they could only find one local company; however, this sole source designation was not documented.

In addition, city council members decided against the purchase of a salt spreader, estimated at $4,000, at the July 9, 2024, council meeting. At the October 8, 2025, council meeting, the Council approved purchasing the salt spreader for $5,000 from the same vendor, a councilman's son. The councilman abstained from voting on the purchase. The Mayor stated that the price had gone up after not accepting the first proposal; however, city officials did not attempt to solicit additional bids after receiving the increased price. City officials could not explain why the $5,800 road salt purchase, made on January 12, 2024, was not bid.

City ordinance requires formal bids to be obtained for purchases of $2,000 and above. Formal bidding procedures for major purchases or services provide a framework for economic management of city resources and help ensure the city receives fair value by contracting with the lowest and/or best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in city business.

Recommendations

The City Council:

2.1 Discontinue paying employee bonuses and ensure all disbursements are a necessary and prudent use of public funds. In addition, ensure adequate supporting documentation is retained for all disbursements.

2.2 Solicit competitive bids and proposals for all applicable purchases in accordance with the city ordinance. If competitive bids are not feasible, the reason should be documented.

Auditee's Response

2.1 The city acknowledges the concerns regarding employee bonuses, unsupported disbursements, and procurement procedures. The city discontinued the payment of employee bonuses for past services rendered once the new city administration was made aware of such payments in December of 2024, prior to the start of the State Auditor's performance audit. Any future employee compensation adjustments, incentives, or pay changes will be reviewed for legal compliance before approval. The city will evaluate appropriate procedures to improve providing adequate supporting documentation for all disbursements, including invoices, receipts, approval records, and explanations of public purpose.

2.2 The city will follow its procurement policy and city ordinance requirements for purchases meeting or exceeding bid thresholds. When competitive bidding is not feasible, such as a sole-source purchase or emergency purchase, the city will evaluate appropriate procedures to improve documenting the reason in writing and retain that documentation with the purchase record. The city will ensure

City Council approval and abstentions are properly documented when purchases involve potential conflicts or related parties.

3. Bank Reconciliations

Neither the City Clerk nor the city's accountant perform monthly reconciliations for the Emergency Account, which is used for grant monies received by the city. The city received and disbursed several grants in this account totaling approximately $500,000 during the fiscal year ended October 31, 2024. The prior and current city administrations indicated that due to low activity in the account, they were not aware they should have reconciled this account.

Performing monthly bank reconciliations increases the likelihood errors will be identified and corrected timely.

Recommendation

The City Council ensure monthly bank reconciliations are prepared for the Emergency Account.

Auditee's Response

The City Council acknowledges that all bank accounts should be reconciled monthly, including accounts with limited activity. The City Council and staff will ensure monthly bank reconciliations are prepared for every city bank account, including the Emergency Account. Reconciliations will be reviewed for accuracy and retained with the city's financial records. The City Council and staff will ensure bank balances are compared to QuickBooks balances monthly and that differences are investigated and corrected timely. The city staff will provide reconciled cash balances to the City Council as part of the monthly financial reporting process.

4. Utility System Controls and Procedures

City personnel did not prepare reconciliations related to utility services. The city collected approximately $963,100 for water, sewer, and trash collections during the year ended October 31, 2024.

City personnel did not perform monthly reconciliations of amounts billed, payments received, and amounts unpaid for utility services. Further, city personnel did not perform monthly reconciliations of total gallons of water billed to gallons of water pumped. Monthly reconciliations of gallons of water billed to gallons of water pumped are necessary to help detect significant water loss or other problems and ensure all water use is properly billed. The current City Administrator started performing this reconciliation in January 2025, and during the period January 2025 through April 2025, the calculated water loss percentage ranged from 52% to 63%.

According to the United States Environmental Protection Agency, most states have regulatory policies that set acceptable losses from public water systems at a maximum of between 10 to 15% or less. The standard for Missouri established by the Department of Natural Resources is 10%.[2]

The current City Administrator and City Clerk stated they did not realize the importance of performing reconciliations between amounts billed, payments received, and amounts unpaid for utility services, to identify discrepancies and detect water loss.

Monthly reconciliations are necessary to ensure accounting records balance, transactions are properly recorded, errors or discrepancies are detected timely, and to help detect significant water loss or other problems and ensure all utility use is properly billed.

Recommendation

The City Council ensure monthly reconciliations are performed of utility amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and investigate significant differences.

Auditee's Response

The City Council acknowledges the need for improved utility reconciliations and water loss monitoring. City staff has fully reconciled city utility accounts, and have received grant funding for engineering reports for both the water and sewer systems to investigate and improve our understanding of the systems so we can approach our system with solutions instead of temporary fixes.

The city staff will perform monthly reconciliations of utility billings, payments received, adjustments, deposits, and delinquent balances. The city staff will reconcile gallons of water pumped to gallons of water billed each month. The city staff has already begun reviewing water loss and will continue using this information to identify leaks, meter issues, billing problems, or system deficiencies. The city staff is also pursuing water and sewer system planning through engineering and grant-funded evaluations to better identify long-term infrastructure needs. The city staff will continue improving utility billing procedures so that all utility use is properly billed and collected. The city staff will regularly report updates for the above actions to City Council.

5. Police Department Commuting Miles

The city does not report the value of personal and commuting mileage on any police officer's W-2 form. The police department does not maintain mileage records for any of the police department vehicles to track the on duty mileage and commuting mileage from officers' homes to the city. As a result, actual commuting mileage and any non-working related mileage could not be

[2] United States Environmental Protection Agency, *Control and Mitigation of Drinking Water Losses in Distribution Systems*, Section 2-1 and Appendix A, Table A-2, Selected State Standards for Unaccounted-for Water. <https://nepis.epa.gov/Exe/ZyPDF.cgi/P1009VCZ.PDF?Dockey=P1009VCZ.PDF>, accessed March 6, 2026.

determined on any of these vehicles. The City Administrator indicated the city officials were not aware of the importance of maintaining mileage logs or the IRS regulation for commuting.

City officials allow the police chief and 4 police officers, who all reside outside of the city, to use city-owned patrol vehicles to commute to and from work each day. Estimated round trip commuting mileage ranged from 18 miles to 34 miles a day. The Police Chief stated he did not realize the importance of maintaining mileage logs.

The city has a police department take home vehicle policy for the stated purpose of promoting quicker response to crimes for off-duty officers, greater visibility and presence for the security of citizens, police/community relations, crime deterrence, reducing maintenance cost and yearly mileage of vehicles, and increasing the morale of police officers. The policy also states that employed police officers must reside within 20 miles of city hall.

IRS reporting guidelines in Publication 15-B indicate personal and commuting mileage is a reportable fringe benefit and require the value for all use of the provided vehicle be reported if the employer does not require submission of detailed logs that distinguish between business and personal use. In addition, because the fringe benefit was not reported, the city may be subject to penalties and/or fines for failure to report a taxable benefit. A vehicle log assists in documenting that all personal and commuting mileage is properly reported.

Recommendation

The City Council comply with IRS guidelines for reporting fringe benefits related to personal and commuting mileage. The City Council should require complete and detailed mileage records for all city owned vehicles and review the records periodically.

Auditee's Response

The City Council acknowledges the State Auditor's comments on the need to comply with IRS requirements regarding commuting and personal use of city vehicles. The City Council will review its take-home vehicle policy and determine whether changes are needed. The City Council will address whether or not to require mileage logs for city-owned vehicles. The city staff will ensure any required taxable benefit is properly reported on employee W-2 forms going forward.

6. Sunshine Law

The city's closed meeting minutes are insufficient and not compliant with the Sunshine Law. The following issues were noted during our review of meeting minutes.

- Closed session minutes were not properly retained by the city for all 6 closed session meetings held between June 2024 and December 2024. For example, the open meeting minutes for August 27, 2024, stated the City

Council entered into a closed session meeting to discuss leasing, purchasing, or sale by a government body and to discuss hiring, firing, promoting or disciplining an employee; however, no closed session meeting minutes were retained of this meeting. As a result, it is not clear whether the discussions at those meetings related to allowable topics. The Mayor, City Administrator, and City Clerk stated they were advised under previous legal counsel to cite in the open session and minutes any exempted topics that might be discussed.

- On January 24, 2025, city officials closed the council meeting citing legal matters; however, they discussed repairs to a water well pump and awarding the bid to make the repairs. The City Administrator stated they closed the meeting due to possible legal action that might later be taken against the contractor.

Section 610.020.7, RSMo, requires minutes of meetings be maintained as a record of business conducted and to provide an official record of actions and decisions. The minutes need to provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

Section 610.021, RSMo, lists the topics that may be discussed in closed meetings. Section 610.022.3, RSMo, mandates that the discussion topics and actions in closed meetings must be limited to only those specifically allowed by law as announced in justification for closing the meeting.

Recommendation

The City Council record all closed session minutes with sufficient detail. In addition, when entering closed session, cite the correct section of law and discuss only allowable topics to be in compliance with the Sunshine Law.

Auditee's Response

The City Council acknowledges the concerns regarding closed session minutes and closed meeting procedures. After review with the City Attorney, the City Council respectfully disagrees with this portion of the finding. The closed session discussion in this finding specifically involved potential legal action concerning the well and the city's water system. However, the city acknowledges the need to improve closed session documentation and procedures going forward. The City Clerk will ensure closed session minutes will include enough detail to document the topic discussed and demonstrate compliance with the Sunshine Law. The City Council will cite the correct statutory section before entering closed session. The City Council has and will limit closed session discussions to only the specific topic legally authorized and announced before the closed session. The City Council will seek guidance from the City Attorney when there is uncertainty about whether a topic may be discussed in closed session. The city will look into addressing a policy providing additional Sunshine Law training or guidance to elected officials and staff involved in meeting preparation.

Auditor's Comment

The minutes for the closed meeting held on January 24, 2025, make no mention of potential legal action concerning the well and the city's water system; if this was discussed during the meeting, it was not detailed in the minutes. As acknowledged by the City Council in their response, documentation could be improved to better show compliance with the Sunshine Law.

7. Electronic Data Security

Controls over the city's computers are not sufficient. As a result, city records are not adequately protected and are susceptible to unauthorized access or loss of data.

7.1 Passwords

The city has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The City Clerk, the City Collector, and the Municipal Court Clerk frequently use the same user account and password, even though they each have a user account to access the city's collection software used to record all city fees and utility payments. The City Administrator and City Clerk indicated they prioritized convenience over risk.

Each employee using their own unique user account and password is necessary to authenticate access to computers and identify activity performed by each individual. The security of computer passwords is dependent upon keeping them confidential. However, since passwords are shared, there is less assurance they are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Also, allowing users to share accounts and passwords reduces individual accountability for system activity and unauthorized system access could occur. Passwords that are not shared reduce the risk of a compromised password and unauthorized access to and use of computers and data.

7.2 Security controls

The city does not have security controls in place to lock computers after a certain period of inactivity. The City Administrator and City Clerk indicated they prioritized convenience over risk.

Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendations

The City Council:

7.1 Require each employee to only use their individual user account and password and prohibit the sharing of user accounts and passwords.

7.2 Ensure city computers lock after a certain period of inactivity.

Auditee's Response

7.1 The city staff acknowledges the importance of improving electronic data security. The city staff will require each employee to use their own assigned username and password. Shared user accounts and shared passwords will be prohibited. The city staff will review user access levels to ensure employees only have access needed for their job duties.

7.2 The city staff has already implemented the requirement that all computers are to lock after a period of inactivity. The city staff will review password and access procedures periodically to reduce the risk of unauthorized access or data loss.

8. Electronic Communication Policy

City personnel have not developed a records management and retention policy 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. The City Collector and City Clerk indicated they were not aware of the importance of having a written electronic communication policy.

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.[3]

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.

Recommendation

The City Council 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 City Council acknowledges the need for a written electronic communication and records retention policy. The city staff will develop a written policy addressing the use, retention, and management of electronic communications, including emails, text messages, and other electronic messaging platforms used for city business. The new policy will be designed

[3] 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 March 6, 2026.

to comply with Missouri Secretary of State records retention guidance and applicable state law. The new policy will provide guidance to elected officials and employees regarding retention of public records created or received through electronic communication. The City Council and city staff will work toward ensuring official city communications are retained in accordance with applicable retention schedules.

9. Capital Assets

City personnel do not maintain records of capital assets including office furniture in city hall and the police department, and equipment used by the public works department. The city has not developed procedures to identify capital asset purchases and dispositions throughout the year. In addition, city personnel do not tag, number, or otherwise identify assets as property of the city, or perform an annual physical inventory of city property. The Mayor, City Administrator, and City Clerk stated they did not consider keeping a detailed asset list necessary.

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

Recommendation

The City Council ensure complete and detailed capital asset records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition. The City Council should also ensure city personnel properly tag, number, or otherwise identify all applicable city property, conduct an annual physical inventory, and compare this inventory to detailed records.

Auditee's Response

The City Council acknowledges the need to maintain complete and detailed capital asset records. City staff will address policy changes to create and maintain a capital asset inventory that will include a dollar amount, tag, number, or otherwise identify applicable city-owned property and includes conducting an annual physical inventory and comparing the results to the city's asset records.

City of Carterville
Organization and Statistical Information

The City of Carterville is located in Jasper County. The city was incorporated in 1882 and is currently a third class city. The city employed 11 full-time employees and 2 part-time employees on October 31, 2024. The city's population was 1,855 in 2020, according to the U.S. Census Bureau.

City operations include law enforcement services, utilities (water, sewer, and trash), street maintenance, park services, and a community center.

Mayor and City Council

The city government consists of a mayor and an 8-member city council. The city council members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the city council, and votes only in the case of a tie. The Mayor and City Council, at October 31, 2024, are identified below. The Mayor is paid $200 per month and the City Council members are paid $15 per month. City Council members that are also on the city finance committee receive an additional $10 per month. The compensation of these officials is established by ordinance.

Alan Griffin, Mayor
Warren Myers, Councilman
Devin Keeling, Councilman (1)
Jason Meyer, Councilman
Judy Martin, Councilwoman
Cody Frank, Councilman (2)
Justin Lawson, Councilman
Dr. Brenda Cupp, Councilwoman
Dwane Cupp, Councilman (3)

(1) Devin Keeling replaced Darlene Taylor in April 2024.
(2) Cody Frank replaced Brian Crane in April 2024.
(3) Dwane Cupp replaced Cris Henkle in April 2024.

Other Principal Officials

The City Administrator, Police Chief, and City Clerk are appointed positions. The city's principal officials at October 31, 2024, are identified below.

Jonathan Cook, City Administrator (1)
Clinton Worley, Police Chief
Vacant, City Clerk (2)
Jaimey Cameron, City Treasurer (3)
Melissa Roughton, City Collector

(1) Jonathan Cook was hired in October 2024 to replace William Cline who resigned in June 2024.
(2) Debbie Cornell was replaced by Kaylee Nash in April 2024. Kaylee Nash left in September 2024 and was replaced by Lisa Ruprecht in December 2024.
(3) Jaimey Cameron left in January 2025. The City Treasurer position was combined with the City Clerk position in February 2025.

Financial Activity

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

City of Carterville
Schedule of Receipts, Disbursements, and Changes in Cash Balance
Year Ended October 31, 2024

	General Fund	Street Fund	Revenue Bond Reserve Fund	General Obligation Bond Fund	Capital Improvement Fund	Revenue Bond Fund	Water/Sewer Fund	Water/Sewer Contingency Fund	Emergency Account Fund	Total
RECEIPTS										
Receipts	$ 1,835,039	629,980	0	72,604	36,011	0	963,108	432	500,576	4,037,750
Transfers in	0	0	10,800	0	0	119,520	0	33,600		163,920
Total Receipts	1,835,039	629,980	10,800	72,604	36,011	119,520	963,108	34,032	500,576	4,201,670
DISBURSEMENTS										
Disbursements	1,772,942	223,102	29,115	72,251	86,723	47,773	1,539,932	68,208	497,656	4,337,702
Transfers out	0	0	0	0	0	0	163,920	0	0	163,920
Total Disbursements	1,772,942	223,102	29,115	72,251	86,723	47,773	1,703,852	68,208	497,656	4,501,622
RECEIPTS OVER(UNDER) DISBURSEMENTS	62,097	406,878	(18,315)	353	(50,712)	71,747	(740,744)	(34,176)	2,920	(299,952)
CASH BALANCE, NOVEMBER 1, 2023	234,074	109,933	80,600	65,040	45,699	63,274	106,715	9,337	3	714,675
CASH BALANCE, OCTOBER 31, 2024	$ 296,171	516,811	62,285	65,393	(5,013)	135,021	(634,029)	(24,839)	2,923	414,723

Source: Beginning cash balances were obtained from the city's fiscal year end October 31, 2024, budget. Financial activity was taken from the city's financial statements for the fiscal year ended October 31, 2024.