Scott Fitzpatrick

Missouri State Auditor

City of Willard

Report No. 2026-064

August 2026

auditor.mo.gov

Scott Fitzpatrick
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Willard

Utility System Controls and Procedures	The city has high amounts of water losses and has not successfully reduced the rate of loss to acceptable levels. The city had water losses of approximately 25% of the water pumped during the period reviewed. The standard for Missouri established by the Department of Natural Resources is 10%. The city does not have a written policy to collect outstanding balances for inactive utility accounts and many old accounts have not been submitted to a collection agency in accordance with city procedures. As of March 3, 2026, the city had 324 customer utility accounts totaling $41,763 that had been disconnected and had balances more than 90 days past due, including 31 accounts for landlords totaling $1,467.
Payroll and Personnel Policies and Procedures	The city did not report allowances paid to the City Administrator as taxable income on the employee's W-2 form or subject the amounts to payroll tax withholdings during the year ended December 31, 2024, for housing expenses totaling $5,000, moving expenses totaling $2,000, and automobile expenses totaling $200. The city's personnel manual does not adequately address holiday pay and some employees used more personal holiday leave than allowed by policy and practice. The audit found 9 city employees used more hours of personal holiday leave than was allowed by city policies and practice, with the hours used in excess of the maximum allowed ranging from 1.5 to 11 hours per employee.
Disbursement Procedures	The city has not established procedures to routinely follow up on old outstanding checks in the city's bank account. As of June 30, 2025, the audit noted 134 checks, totaling $7,242, that had been outstanding for more than a year, with the oldest check dating back to 2016. The audit also found the city approved payment for transactions that included Missouri state sales tax. Out of the 40 items tested, the city paid $130 in state sales tax on 4 transactions.
Ordinances and Policies	Some city ordinances have not been reviewed and updated for several years and consequently do not accurately reflect current operations, outline procedures needed in certain areas, or provide clear expectations and responsibilities for city personnel.
Sunshine Law	The Board did not always ensure compliance with the Sunshine Law for open and closed meetings. The city did not always prepare or retain closed meeting minutes, and city personnel could not provide closed meeting minutes for 9 out of 19 closed meetings held during 2024. Open meeting minutes did not document the specific reasons or section of law allowing the meetings to be closed for 6 of the 19 closed meetings held in 2024.
Electronic Communication Policy	The city has not developed a comprehensive records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

In the areas audited, the overall performance of this entity was **Fair**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Willard
Table of Contents

SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

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

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Willard. We have audited certain operations of the city in fulfillment of our duties. The city engaged Decker and Pace, 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. 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.

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 its audited financial report 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 Willard.

Scott Fitzpatrick
State Auditor

Scope and Methodology

The scope of this audit included, but was not necessarily limited to, the fiscal year ended December 31, 2024. The city's fiscal year is January 1 through December 31.

Our methodology included reviewing Board of Aldermen meeting agendas and minutes, city ordinances, written policies and procedures, financial records, and other pertinent documents; gathering information regarding city operations through interviewing city personnel; and performing sample testing using judgmental and haphazard selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected.

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 contracts 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.

To evaluate (1) the city's internal controls over significant management and financial functions, (2) the city's compliance with certain legal provisions, and (3) the economy and efficiency of certain management practices and procedures, including certain financial transactions, we performed the following:

- We tested a judgmentally selected sample of 40 expenditures totaling approximately $391,000 from approximately 1,500 2024 non-payroll expenditure transactions totaling approximately $6.7 million, to determine whether expenditures were properly documented and approved, city procurement policies were followed, and sales taxes were excluded from the payments.

- We tested city receipts for the judgmentally selected period of June 10, 2024, through June 21, 2024, to determine whether city collections were properly receipted, recorded, and deposited.

- We reviewed credit card expenditures paid in the judgmentally selected months of July 2024 and July 2025 totaling $10,559 and $9,967, respectively, to ensure the expenditures were properly documented and approved.

- We reviewed water and sewer rates, applicable rate studies, and the rate-setting process to determine whether rates were supported by current and expected costs of operating the water and sewer system.

- We reviewed the city's monthly water loss calculations for 2024 and 2025 and evaluated the rates of water loss and the city's efforts to reduce water losses.

- On August 27, 2025, we conducted unannounced counts of cash receipts, change funds, and petty cash funds, and traced money on hand to related receipt and petty cash records.

- We reviewed the bank reconciliation process and vouched a bank reconciliation performed for the judgmentally selected month of June 2025.

- We reviewed Board of Aldermen meeting agendas and minutes for 2024 to determine compliance with Missouri Sunshine Law requirements.

- We reviewed the city’s budgeting procedures and documents for 2024 to determine if procedures were appropriate and budgets were established and amended in accordance with state law.

- We reviewed the activity on utility accounts during 2024 for all city board members and city management personnel to determine whether charges, adjustments, and collections were in accordance with city policies and procedures. We also reviewed all adjustments to customers' utility accounts during 2024 for significant and unusual adjustments.

- We reviewed the city's payroll register reports and related employee timesheets for two of the city's haphazardly selected bi-weekly payrolls (two-week periods ended June 8, 2024, and June 22, 2024) for unusual or unexpected items or amounts. We also reviewed reports of employee salaries, withholdings, and leave use and balances for 2024 for unusual or unexpected items or amounts. Additionally, we reviewed the city's employment agreements with the city administrator and city engineer and evaluated the payments made under those agreements for compliance with the terms of the agreements and IRS requirements, and reviewed and compared budgeted and actual employee salaries for 14 judgmentally selected full-time employees for 2024.

- We reviewed the city's procedures for delinquent utility accounts and reviewed the city's report of delinquent accounts as of March 3, 2026, for unusual or unexpected items.

- We reviewed the city's monthly reconciliations of utility billings, receipts, and arrearages during 2024 for significant unexplained differences.

Due to concerns from petitioners about possible misappropriation of city funds by former Mayor and Alderman Corey Hendrickson,[1] we performed the following procedures to evaluate potential fraud risk factors during the period from 2015 through 2023 and to determine whether additional audit procedures were needed to address the risks for fraud:

- We inquired about access to city financial systems and procurement cards by former Mayor and Alderman Hendrickson.

- We reviewed all activity on the utility account of former Mayor and Alderman Hendrickson from April 2015 through October 2023.

- We reviewed all payments and reimbursements to former Mayor and Alderman Hendrickson for April 2015 through October 2023.

- We reviewed all Personal Financial Disclosure forms filed with the city by former Mayor and Alderman Hendrickson.

- We considered the possibility of collusion between the former Mayor and Alderman Hendrickson and a certain other former city official; and for the activity related to the other former city official, we performed the same procedures as those indicated in the preceding bullet points for former Mayor and Alderman Hendrickson. Additionally, we reviewed the transactions from November 2021 through December 2022 on the city credit card assigned to the other former city official.

- We reviewed the city's annual audit reports for 2015 through 2023 and any related management letters from the audit firm.

- We reviewed a report of all adjustments to customers' utility accounts for 2015 through 2021 for significant and unusual adjustments.

- For one haphazardly-selected month, May 2020, we reviewed the financial packets prepared for the Board of Aldermen and the related Board meeting minutes.

[1] Corey Hendrickson pleaded guilty in October 2023 to charges of wire fraud and aggravated identity theft related to a nearly 5 year scheme to steal approximately $300,000 from more than 500 truck drivers who worked for his employer, Prime Incorporated. He served as mayor for the city of Willard from April 2015 to April 2021 and Alderman for the city from April 2022 to October 2023, when he resigned.

1. Utility System Controls and Procedures

Utility system controls and procedures need improvement. During the year ended December 31, 2024, the city collected approximately $3.2 million from customers for water and sewer service.

1.1 Water losses

The city has high amounts of water losses and has not successfully reduced the rate of loss to acceptable levels. The city's calculations of monthly water losses derived the water loss as the difference between total water pumped and total water used including water sold to customers, an estimated loss from any known leaks, and use by the city and fire district. The city's water losses are shown in the following table.

	Year Ended December 31,	
	2025	2024
Total water pumped (gallons)	315,158,900	300,547,807
Total water losses (gallons)	81,896,569	72,665,386
Water losses relative to water pumped	26%	24%

According to the United States Environmental Protection Agency, most states have regulatory policies that set the acceptable losses from public water systems at a maximum of between 10 to 15 percent or less.[2] The standard for Missouri established by the Department of Natural Resources is 10%. A city official stated that city personnel have taken several steps to mitigate water loss, including attempting to find leaks and replace aging water lines and meters, but it is a slow process and city personnel believe some of the loss may be in fields or other places where leaks are not easily detected. Water losses can represent a net cost to the city as the city's costs to pump and treat the water are not recouped by revenues from billings, and such costs ultimately are passed on to consumers through higher rates. Reducing water losses is necessary to improve the efficiency of the city's water delivery system.

1.2 Accounts receivable

The city does not have written procedures to collect outstanding balances for inactive utility accounts and many old accounts have not been submitted to a collection agency in accordance with city procedures. As of March 3, 2026, the city had 324 customer utility accounts totaling $41,763 that had been disconnected and had balances more than 90 days past due, including 31 accounts for landlords totaling $1,467. According to city personnel, the city

[2] United States Environmental Protection Agency, *Control and Mitigation of Drinking Water Losses in Distribution Systems,* Appendix A, Table A-2, Selected State Standards for Unaccounted-for Water, page A-3, <https://www.epa.gov/sites/default/files/2015-05/documents/epa816r10019.pdf>, accessed March 10, 2026.

sends delinquent notices after 90 days and 180 days delinquent and generally submits all utility accounts with balances exceeding $25, except those of landlords, to a collection agency after they become more than 9 months delinquent. Based on city utility records, as of March 3, 2026, city personnel had submitted 135 customer utility accounts totaling $20,342 to a collection agency, but had not submitted 95 accounts totaling $14,146 that met the city's undocumented criteria for submission to the collection agency. City personnel involved in this process have recently changed, and current city personnel were unsure why these accounts had not been turned over to the collection agency and could not explain why written procedures had not been developed.

Good business practices require adequate collection procedures to ensure accounts are collected timely and uncollected debts are kept to a minimum. To ensure revenues of the utility system are maximized, written procedures addressing the collection of delinquent utility accounts are needed.

Recommendations

The Board of Aldermen:

1.1 Take appropriate actions to reduce water losses to acceptable levels.

1.2 Establish adequate written procedures for the collection of delinquent utility accounts and ensure procedures are followed.

Auditee's Response

1.1 The city concurs with this finding. Reducing water loss remains a priority and the city has already undertaken water line repair efforts, meter upgrades, and leak detection efforts. In response to this audit, the city intends to include a dedicated annual appropriation of approximately $200,000 for water loss reduction initiatives and will continue funding these efforts until water loss rates are reduced to 10% or less. Planned activities include expanded leak detection services in 2027 to support targeted infrastructure improvements, and other projects identified through ongoing system evaluation.

1.2 The city concurs with this finding. Written procedures governing delinquent utility accounts, collection efforts, and referral to collection agencies will be developed and implemented. These procedures will establish clear timelines, responsibilities, and documentation requirements to ensure accounts are handled consistently and in accordance with city policy.

2. Payroll and Personnel Policies and Procedures

The city did not comply with Internal Revenue Service (IRS) guidelines for reporting taxable income for allowances totaling $7,200 paid to the City Administrator. Additionally, the city's policies and procedures regarding employee leave need improvement. As of December 31, 2024, the city employed 45 full time employees and 41 part time employees and the city's payroll expenditures for the year ended December 31, 2024, totaled approximately $2.5 million.

2.1 Allowances paid to the City Administrator

The city did not report allowances paid to the City Administrator as taxable income on the employee's W-2 form or subject the amounts to payroll tax withholdings during the year ended December 31, 2024, for housing expenses totaling $5,000, moving expenses totaling $2,000, and automobile expenses totaling $200. The city's employment contract with the City Administrator, executed on May 1, 2024, provided for allowances to be paid to the City Administrator to assist with expenses related to relocating to the city of Willard in amounts not-to-exceed $6,000 for housing and $2,000 for relocation. The contract also provided for payments to the City Administrator of $400 per month for business-related travel in his personal vehicle.

IRS Publication 15 requires employers report on IRS W-2 forms and subject to payroll tax withholdings all employee compensation including taxable fringe benefits. IRS Publication 525[3] states that moving expenses are not excluded from the gross income of non-military taxpayers, and allows the exclusion from income of lodging provided to employees only if all of the following 3 tests are met; the lodging (1) is on employer premises, (2) is furnished at the employer's convenience, and (3) is accepted by the employee as a condition of employment. Based on the terms of the contract with the City Administrator, the housing allowance does not satisfy these criteria; consequently, the housing allowances should not have been excluded from taxable income. IRS Publication 463[4] includes requirements in order for car allowances to be excluded from gross income, including that the employee proves the time (dates), place, and business purpose of the expenses to the employer within a reasonable period of time. The city did not require the City Administrator provide documentation of the business-related travel in his personal vehicle, consequently, the vehicle allowance should not have been excluded from the City Administrator's taxable income. The failure to withhold and properly report payroll and income taxes makes the city potentially subject to additional tax liabilities along with penalties and interest.

---

[3] Department of Treasury, Internal Revenue Service, *Publication 525, Taxable and Nontaxable Income, For use in 2024.* Feb 12, 2025. <https://www.irs.gov/pub/irs-prior/p525--2024.pdf>, accessed March 11, 2026.

[4] Department of Treasury, Internal Revenue Service, *Publication 463, Travel, Gift, and Car Expenses, For use in 2024*. Feb 27, 2025. <https://www.irs.gov/pub/irs-prior/p463--2024.pdf>, accessed March 11, 2026.

City personnel responsible for reporting employee wages and benefits to the IRS for 2024 no longer work for the city, and current city personnel could not explain why the allowances were not subject to payroll tax withholding or reported on the employee's W-2 form.

2.2 Leave policies

The city's personnel manual does not adequately address holiday pay and some employees used more personal holiday leave than allowed by policy and practice. The city's Employee Manual provides for full-time employees to receive normal compensation for 13 holidays (11 full and 2 half days). Additionally, the manual allows employees 3 personal holidays (paid days off) each calendar year and provides any unused personal holiday time does not carry forward to the next year. Members of the city's police department generally work four 10-hour days per week, while other full-time city employees generally work five 8-hour days per week, but city policy does not specify whether leave for holidays and personal holidays is to be 10 hours per day or 8 hours per day. The employee manual indicates only that employees will receive "normal compensation" for legal holidays. According to city personnel, city practice is to grant holiday leave at either 10 hours or 8 hours, depending on the employee's work schedule, and personal holiday leave is provided at 8 hours per day (or 24 hours each year) for all employees.

During our review of the city's report of 2024 payroll, we noted 9 city employees used more hours of personal holiday leave than was allowed by city policies and practice, with the hours used in excess of the maximum allowed ranging from 1.5 to 11 hours per employee. After we brought this to their attention, current city personnel indicated former city personnel involved in the process incorrectly carried forward unused personal leave from 2023 to 2024. Additionally, by allowing holiday leave at either 10 hours or 8 hours, depending on the employee's work schedule, employees working 10-hour days receive 24 hours more holiday time per year than employees working 8-hour days.

Detailed and clear written policies are necessary to provide guidance to city employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings. Additionally, strict compliance with personnel policies is necessary to ensure employees are treated equitably and are properly compensated.

Recommendations

The Board of Aldermen:

2.1 Amend the 2024 W-2 for the City Administrator and ensure future compensation is properly reported and subjected to proper withholdings.

2.2 Review and revise the employee manual to adequately address holiday pay and develop procedures to ensure employees do not use more personal holiday leave than allowed.

Auditee's Response

2.1 The city recognizes this error. The issue resulted from an incorrect interpretation of IRS reporting requirements for certain allowances resulting in them being processed as reimbursements. Current finance and human resources personnel have reviewed the applicable guidance and corrective action has been taken to ensure future compensation and allowances for any staff member will be reported and taxed in accordance with IRS requirements. The city will also work with its payroll provider and tax professionals as necessary to ensure continued compliance. The city also intends to amend the 2024 W-2 form.

2.2 The city concurs with this finding. Staff are currently completing a comprehensive update of the personnel manual and will present recommendations to the Board regarding holiday compensation and personal holiday administration. Following Board direction, the policy will be revised to clearly define holiday leave benefits, ensure equitable treatment of employees, and establish controls to prevent leave balances from exceeding authorized limits.

3. Disbursement Procedures

The city did not follow up on old outstanding checks, and paid sales tax on some purchases that should have been tax exempt. During the year ended December 31, 2024, the city made non-payroll related disbursements totaling approximately $6.7 million.

3.1 Outstanding checks

The city has not established procedures to routinely follow up on old outstanding checks in the city's bank account. As of June 30, 2025, we noted 134 checks, totaling $7,242, that had been outstanding for more than a year, with the oldest check dating back to 2016. Many of the outstanding checks were refunds to customers on inactive utility accounts. City personnel stated that they had not had sufficient personnel in the past to prioritize following up on the outstanding checks.

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

3.2 Sales tax paid

We noted during our review of city expenditures that the city approved payment for transactions that included Missouri state sales tax. Out of the 40 items tested, the city paid $130 in state sales tax on 4 transactions. The

Finance Director indicated that city employees did not notice the taxes on these invoices.

City residents have placed a fiduciary trust in their public officials to spend city funds in a prudent and necessary manner. Section 144.030, RSMo, allows for exemptions from state and local sales and use taxes for all sales made by or to cities.

Recommendations

The Board of Aldermen:

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

3.2 Ensure sales tax is not paid on city purchases.

Auditee's Response

3.1 The city concurs with this finding. Significant progress has already been made in reducing the number of outstanding checks. The city will develop formal procedures requiring periodic review of outstanding items, follow-up with payees when appropriate, and disposition of unclaimed funds in accordance with Missouri law.

3.2 The city concurs with this finding. Purchasers have already received additional guidance and expectations regarding the city's tax-exempt status and purchasing requirements. Reimbursement requests that include avoidable sales tax charges may be denied reimbursement of the sales tax amount, and purchasing authority may be restricted when repeated violations occur. Compliance with tax-exempt purchasing requirements will be monitored through existing supervisory and disciplinary processes for better accountability.

4. Ordinances and Policies

Some city ordinances have not been reviewed and updated for several years and consequently do not accurately reflect current operations, outline procedures needed in certain areas, or provide clear expectations and responsibilities for city personnel.

We observed the following:

- City Ordinance 705.070, establishing penalties for late water and sewer service payments, was last updated in November 2014, and does not agree to current city practice. The ordinance requires monthly billings not paid by the 10th of the month to be subject to penalty, but current city practice is to apply penalties to billings not paid by 4 p.m. of the next business day following the 10th.

- City Ordinance 130.100, establishing internal control procedures, was last updated in July 2014, and does not reflect some current city practices or address areas where written procedures are needed. For example, the policy states that the city has 4 checking accounts, however, the city has had only 2 accounts (including one for the municipal court) since October 2015. The policy also includes procedures for the city's signature stamp, however, the city no longer uses a signature stamp. Additionally, the city has not established written procedures through the ordinance to remit unpaid utility accounts to the collection agency as noted in Management Advisory Report (MAR) finding number 1.2 or follow up on old outstanding checks as noted in MAR finding number 3.1.

Because ordinances passed by the Board to govern the city and its residents have the force and effect of law, it is important they are complete and followed. In addition, complete, consistent, and updated ordinances documenting city operations help ensure equitable treatment to residents and prevent misunderstandings. Current city personnel could not explain why written procedures had not been updated to reflect current practice or address procedures in other areas.

Recommendation

The Board of Aldermen ensure the city maintains complete, consistent, and updated ordinances and policies documenting city operations, and that procedures are in alignment with these ordinances and policies.

Auditee's Response

The city concurs with this finding. The city has already identified Ordinances 130.100 and 705.070 for revision and will update those provisions to reflect current practices and procedures. Additional policy and ordinance reviews will be conducted periodically to ensure governing documents remain accurate and current.

5. Sunshine Law

The Board did not always ensure compliance with the Sunshine Law for open and closed meetings. The Board generally held bi-monthly meetings during the year ended December 31, 2024, and entered into closed sessions during most of those meetings.

Meeting minutes

The city did not always prepare or retain closed meeting minutes, and city personnel could not provide closed meeting minutes for 9 out of 19 closed meetings held during 2024. In addition, copies of available meeting minutes were not always signed by the preparer or the Board. Only 3 of the 10 closed meeting minutes retained were signed and minutes for only 3 out of the 27 open meetings held during 2024 were signed. As a result, some official city information was unavailable, and the information that was available may not be accurate or complete.

City personnel stated that there had been employee turnover and current city personnel could not locate the remaining closed minutes, if minutes had been prepared, and were unsure why the minutes for open and closed meetings were not signed.

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. Meeting minutes, including closed meeting minutes, signed by the preparer and subsequently approved and signed by the Board are necessary to provide an independent attestation that the minutes are a correct record of matters discussed and actions taken during meetings.

Reasons for closed meetings

Open meeting minutes did not document the specific reasons or section of law allowing the meetings to be closed for 6 of the 19 closed meetings held in 2024. The meetings lacking adequate documentation occurred in January through March. Current city personnel could not explain why those minutes did not indicate the reasons for closure.

Section 610.022.1, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed meeting and to enter the reason into the minutes.

Recommendation

The Board of Aldermen ensure closed meeting minutes are prepared, retained, signed by the preparer, and reviewed and signed by the Board. Additionally, ensure specific reasons for closing a meeting are documented in the open minutes, and all open minutes are signed by the preparer and at least one board member.

Auditee's Response

The city concurs with this finding for the errors in 2024. The city has already implemented improvements to meeting documentation and records management practices. The auditors noted in their presentation that improvements were noted during the latter portion of the audit period, and the city will continue those efforts by establishing procedures to ensure closed meeting minutes are prepared, retained, reviewed, and approved in accordance with Sunshine Law requirements.

6. Electronic Communication Policy

The city has not developed a comprehensive records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms. The city's Employee Policy Manual addresses unallowable uses of emails, cell phones, internet, and social media, and indicates that emails are considered business records, however, the policies are not comprehensive and do not address text messaging or other matters of records management and retention.

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.[5]

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. City personnel were unaware of the need for further policies for records management and retention.

Recommendation

The Board of Aldermen develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

Auditee's Response

The city agrees that a policy must be developed and approved. The city has already been relying upon records retention schedules guidance issued by the Missouri Secretary of State in making records management and retention decisions. Given the legal and operational implications associated with electronic communications, records retention, and public records requirements, the city intends to work closely with legal counsel in the development of any proposed policy. The city will continue to follow applicable state retention schedules and guidance while seeking legal review to ensure any policy presented to the Board accurately reflects current legal requirements, operational realities, and best practices.

[5] 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 April 27, 2026.

City of Willard
Organization and Statistical Information

The City of Willard is located in Greene County. The city was incorporated in 1949 and is currently a fourth-class city. The city employed 45 full-time employees and 41 part-time employees on December 31, 2024. The city's population was 6,344 in 2020, according to the U.S. Census Bureau.

City operations include law enforcement services, water and sewer services, street maintenance, and recreational facilities (aquatic center and parks).

Mayor and Board of Aldermen

The city government consists of a mayor and six-member Board of Aldermen. The city is divided into three wards, with two members elected from each ward. The members are elected for 2-year terms, with one member from each ward elected each year. Aldermen must live in the ward they represent. 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 current Mayor is unpaid and does not receive a cell phone allowance. The previous Mayor Sam Baird received payments from January 1, 2024, through June 18, 2024, totaling $2,670, and had a cell phone allowance of $50 a month. In July 2024, the Board decided to eliminate the stipends to the Mayor. Members of the Board of Aldermen were not compensated during the year ended December 31, 2024.

The Mayor and Board of Aldermen, as of December 31, 2024, are identified below.

Troy Smith, Mayor (1)
Casey Biellier, Ward I Alderwoman
Jeremy Hill, Ward I Alderman (2)
Joyce Lancaster, Ward II Alderwoman
David Keene, Ward II Alderman and Mayor Pro Tem
Carol Wilson, Ward III Alderwoman (3)
Scott Swatosh, Ward III Alderman

(1) Troy Smith was elected in June 2024, replacing Sam Baird.
(2) Jeremy Hill was appointed in July 2024 to fill the seat vacated by Troy Smith.
(3) Carol Wilson was elected in April 2024, replacing Landon Hall.

City Administrator

Wesley Young was hired as City Administrator on May 1, 2024, and he received compensation for the year ended December 31, 2024, totaling $73,803. The City Administrator's compensation is established by the Board of Aldermen. Previously, Donna Stewart served as Interim City Administrator.

Financial Activity

A summary of the city's financial activity obtained from the city's audited financial statements for the year ended December 31, 2024, follows:

CITY OF WILLARD, MISSOURI
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

		Special Revenue Fund	
REVENUES	General Fund	Park Fund	Total Governmental Funds
Taxes			
Property taxes	297,891	75,921	373,812
Sales & Use taxes	1,262,920	686,927	1,949,847
Franchise taxes	404,366	-	404,366
Licenses and permits	137,572	-	137,572
Intergovernmental revenues			
Missouri motor fuel taxes	341,009	-	341,009
Greene County Parks / LEST	105,066	-	105,066
Charges for services	-	444,066	444,066
Fines and forfeitures	82,687	-	82,687
Interest	144,284	13,545	157,829
Lease revenue	59,031	11,355	70,386
Grants	372,631	765,523	1,138,154
Other	8,780	2,947	11,727
Total Revenues	3,216,237	2,000,284	5,216,521
EXPENDITURES			
Current:			
Administrative	412,681	-	412,681
Public safety	984,740	-	984,740
Court	124,610	-	124,610
Streets	338,147	-	338,147
Planning and development	236,116	-	236,116
Emergency management	14,686	-	14,686
Parks and recreation	-	1,267,672	1,267,672
Capital Outlay	534,678	722,799	1,257,477
Debt service			
Principal	5,286	237,526	242,812
Interest & agent fees	1,072	76,194	77,266
Total Expenditures	2,652,016	2,304,191	4,956,207
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	564,221	(303,907)	260,314
OTHER FINANCING SOURCES (USES)			
Sale of assets	17,997	-	17,997
Operating transfers in (out)	(276,500)	276,500	-
NET CHANGE IN FUND BALANCE	305,718	(27,407)	278,311
FUND BALANCES - BEGINNING	4,955,342	215,540	5,170,882
FUND BALANCES - ENDING	$ 5,261,060	$ 188,133	$ 5,449,193

The accompanying notes are an integral part of these financial statements.

CITY OF WILLARD, MISSOURI
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

		Water and Sewer Fund
OPERATING REVENUES:		
Charges for services		
Water	$	1,316,915
Sewer		1,861,552
Other		24,315
Total Operating Revenues		3,202,782
OPERATING EXPENSES:		
Water Services		
Wages and benefits		607,265
Professional fees		47,689
Utilities		104,174
Insurance		38,239
Supplies		105,424
Office		90,160
Travel, meetings, and dues		8,572
Vehicle expense		60,515
Repairs & maintenance		167,766
Depreciation		229,079
Rent		8,424
Miscellaneous		10,068
Sewer Services		
Wages and benefits		587,421
Professional fees		86,771
Sewer charges		565,448
Utilities		95,382
Insurance		47,438
Supplies		20,433
Office		12,696
Travel, meetings, and dues		23,481
Vehicle expense		63,670
Repairs & maintenance		82,603
Depreciation		85,782
Rent		5,945
Miscellaneous		14,423
Total Operating Expenses		3,168,868
OPERATING INCOME		33,914
NON-OPERATING REVENUES (EXPENSES):		
Interest income		37,813
Interest expense and agents fee		(135,910)
Intergovernmental revenues		1,465,424
Total Non-operating Revenues (Expenses)		1,367,327
CHANGE IN NET POSTION		1,401,241
TOTAL NET POSITION- BEGINNING		7,386,986
TOTAL NET POSITION- ENDING	$	8,788,227

The accompanying notes are an integral part of these financial statements.