



Office of Missouri State Auditor
Nicole Galloway, CPA

**Twenty-First Judicial Circuit
City of Pine Lawn
Municipal Division**



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Pine Lawn Municipal Division

Accounting Controls and Procedures	The municipal division lacks adequate procedures to ensure all electronic payments received are deposited. The division uses a vendor to process electronic payments. The vendor notifies division personnel when payments are made and direct deposits the payments into the city's bank accounts. Auditors identified \$15,200 in bond receipts recorded between February 17, 2015, and February 2, 2016, that were not deposited into the bond bank account until after our inquiry because of a processing error that went undetected. The division also does not prepare accurate bank reconciliations for the bond account and has inadequate procedures to follow up on outstanding checks. The court administrator does not generate a monthly list of liabilities (open bonds) for comparison to the reconciled bond bank account balance and is unable to identify open bonds comprising the account balance. Division personnel do not adequately monitor accrued costs owed to the court, including fines and court costs, and there is no follow-up on pending cases not transferred to the new case management system.
Municipal Division Procedures	Municipal division records are not maintained in an accurate, complete and organized manner. Division personnel could not locate 3 of 60 case files requested during the audit, and some files lacked necessary records, such as tickets, dockets, or warrants. The Prosecuting Attorney does not sign all tickets processed by the division, and his approval of amended or dismissed tickets is not always documented. The police department also collects a \$10 bond processing fee, but state law does not allow for this fee.
Ticket Accountability	The city police department and municipal division lacked procedures to adequately account for all tickets issued and could not locate 17 of 25 missing tickets selected for review from approximately 640 tickets that were unaccounted for during the audit period.
Monitoring of Excess Revenue	The city failed to accurately calculate excess revenues from traffic violations, and based on auditors' calculations, more than \$400,000 should be remitted to the Department of Revenue for the fiscal year ended June 30, 2015.
Vehicle Stop Reporting	The city did not retain adequate records to support 2014 vehicle stop data submitted to the Attorney General's Office, and auditors could not review the accuracy of the data submitted.

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

*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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NICOLE GALLOWAY, CPA **Missouri State Auditor**

Presiding Judge
Twenty-First Judicial Circuit
and
Municipal Judge
and
Honorable Mayor
and
Members of the Board of Aldermen
Pine Lawn, Missouri

We have audited certain operations of the City of Pine Lawn Municipal Division of the Twenty-First Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo, and as part of the State Auditor's Municipal Courts Initiative. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2015. The objectives of our audit were to:

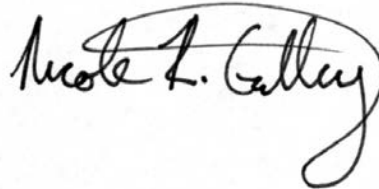
1. Evaluate the municipal division's internal controls over significant financial functions.
2. Evaluate the municipal division's and city's compliance with certain legal provisions.
3. Evaluate the municipal division's compliance with certain court rules.
4. Evaluate the city's compliance with state laws restricting the amount of certain court revenues that may be retained.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. 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 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 our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in our audit of the division.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) noncompliance with court rules, and (4) noncompliance with state laws restricting the amount of certain court revenues that may be retained. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Pine Lawn Municipal Division of the Twenty-First Judicial Circuit.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

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Management Advisory Report - State Auditor's Findings

1. Accounting Controls and Procedures

Accounting controls and procedures need improvement. For the year ended June 30, 2015, the municipal division's case management system indicates net collections totaled approximately \$1.73 million. Bonds recorded in the case management system and deposited into the municipal division's bond account during this period totaled approximately \$266,000.

The municipal division used an automated case management system known as Incode. In September 2015, the municipal division began using the Office of State Court Administrator's (OSCA) statewide automated case management system known as the Justice Information System (JIS).

1.1 Electronic payments

The municipal division does not have adequate procedures in place to ensure all electronic payments received are deposited.

The municipal division uses a vendor to process receipt of electronic payments (credit/debit cards). The vendor notifies municipal division personnel of each payment of fines and court costs made by a defendant and direct deposits the payment into the city's General Revenue bank account. The vendor also notifies the police department of each bond payment made by a defendant and direct deposits these payments into the bond bank account held by the city. Based on the notifications of collections from the vendor, court personnel post the payments into the court's records. However, neither city, municipal division, nor police department personnel reconcile the electronic payments recorded to amounts direct deposited into the bank accounts to ensure all electronic payments have been processed properly.

Our review of the bond bank account statements identified no deposits of electronic bond payments since February 17, 2015, but bond receipt records showed electronic payments were collected after this date. We identified \$15,200 in bond receipts recorded between February 17, 2015, and February 2, 2016, that were not deposited into the bond bank account. The Court Administrator contacted the vendor who subsequently verified 82 bond payments totaling \$15,630, including 2 payments recorded prior to fiscal year 2015, were not deposited into the bond bank account. The deposits were not made because of a processing error in the vendor's system that was not identified or corrected until after our inquiry. The vendor direct deposited \$15,630 into the city's bond bank account on February 25, 2016.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, reconciliation procedures should be developed to ensure all electronic payments have been accounted for properly.

1.2 Bank reconciliations

The municipal division does not prepare accurate bank reconciliations for the bond account and has not completed any reconciliations of this account since the former City Treasurer left office in August 2015.



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Our review of the June 2015 bank reconciliation noted the outstanding check list used in the reconciliation process did not include 22 outstanding checks as discussed in section 1.3, resulting in the reconciled bank and book balances being inaccurate.

Adequate and accurate monthly bank reconciliations are necessary to ensure all accounting records balance, transactions have been properly recorded and errors or discrepancies are detected and corrected timely. Complete documentation of the reconciliations, reconciling items, and outstanding checks should be maintained to support conclusions and corrections and to facilitate independent reviews.

1.3 Outstanding checks

The municipal division's procedures to follow up on outstanding checks are not adequate. As of June 30, 2015, the city's records for the bond bank account indicate 64 checks, totaling \$4,998, had been outstanding for over a year. Forty-seven of these checks had been outstanding for more than 2 years, including 37 checks dating back to January 2013. The majority of the January 2013 checks were checks reissued to replace old outstanding bond checks noted in our prior audit of the municipal division (see Report No. 2011-24).

On November 9, 2015, the Court Administrator transmitted 64 bond refund checks returned as undeliverable, totaling \$7,160, to the Unclaimed Property Fund held by the State Treasurer. We reviewed this transmittal and determined it included the 22 checks totaling \$1,332 that were not listed as outstanding on the June 30, 2015, bond account bank reconciliation but had been issued prior to that date. The Court Administrator indicated the former City Treasurer prepared the bank reconciliations during fiscal year 2015 and could not explain why these checks were not included on the outstanding check list. As a result, the reconciled bank balance appears overstated by \$1,332.

The transmittal also included 7 checks totaling \$2,146 that had been outstanding for only 3 months as of October 31, 2015. It is unclear if any attempts were made to locate the owners and reissue these checks prior to transmittal to the State Treasurer. Many additional outstanding checks, including 35 of the January 2013 checks, were not included in the transmittal and require follow-up.

Complete and accurate lists of outstanding checks are necessary to ensure the bank account balance reconciles to the book balance, transactions are properly recorded, and errors or discrepancies are detected and corrected timely. To ensure all monies in the bond account are disbursed properly, established procedures should be followed to routinely investigate any checks remaining outstanding over a specified period of time. Section 447.532, RSMo, requires money held by a municipality to be turned over if it remains unclaimed for more than 3 years and Section 447.595, RSMo,



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requires bond payments to be turned over if unclaimed 1 year from final court action or termination of the probation period. Section V.C of Municipal Court Operating Order Number 1 requires the Court Administrator to send a letter of notification or otherwise reasonably attempt to contact the person and return the funds. All bond funds unclaimed for 1 year, from the date the bond was due back to a person, shall be paid to the State Treasurer's Unclaimed Property Fund.

1.4 Bond liabilities

The Court Administrator does not generate a monthly list of liabilities (open bonds) for comparison to the reconciled bond bank account balance and is unable to identify open bonds comprising the account balance.

The Court Administrator indicated she does not compare the reconciled bank balance to a list of open bonds because the case management system bond information is not complete. The former Court Administrator maintained outstanding bonds in an older case management system prior to switching to the Incode system, but the data did not transfer to Incode and the Court Administrator cannot locate a list of open bonds from the old system.

Effective October 2015, the bond bank account was closed and the outstanding balance of \$112,117 was transferred into the new JIS bank account. No attempt has been made to update the list of open bonds or identify all open bonds transferred to this account. The JIS account balance, which includes revenues from fines and court costs in addition to bond monies, was \$158,857 at April 30, 2016.

Section VIII.B of Pine Lawn Municipal Court Operating Order Number 1 requires the Court Administrator to reconcile all funds being held in trust by the Court and promptly investigate unusual items or exceptions. Additionally, Missouri Supreme Court Operating Rule No. 4.59 requires all bank balances and open items records be reconciled at least monthly. Monthly reconciliations between liabilities and the reconciled bank account balance are necessary to ensure proper accountability over open cases and to ensure monies held in trust are sufficient to meet liabilities. In addition, monthly lists of liabilities are necessary to ensure all bond dispositions have been properly recorded and bonds remaining on the liabilities list over a specified amount of time are properly investigated.

1.5 Accrued costs

Municipal division personnel do not adequately monitor accrued costs owed to the court, including fines and court costs. In addition, there is no follow up on pending cases not transferred to the JIS.

Municipal division personnel were unaware the Incode system tracks accrued costs and could produce a complete report of balances due. At our request, the Court Clerk printed a report of accrued costs, and as of March 3, 2016, the report showed there were 6,381 cases with accrued costs totaling



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approximately \$1 million. However, based on a comparison we performed between manual case records for cases with convictions selected for review, and the accrued costs included in the Incode system report, the accuracy and completeness of the report is questionable because all cases reviewed were not listed.

Effective August 28, 2015, the Municipal Judge recalled approximately 11,000 outstanding warrants and suspended the issuance of any new warrants. These actions coincided with the municipal division's conversion from Incode to the JIS case management system. Cases with recalled warrants were to be given new court dates and entered into the JIS. However, our review of the accrued cost report generated from the JIS on February 2, 2016, indicates only 1,139 cases with accrued costs totaling \$172,654 were being tracked in the JIS. Municipal division personnel are only transferring cases from Incode to the JIS when a defendant comes to the municipal division to make a payment. As a result, potentially thousands of Incode cases not yet transferred to JIS remain pending with no follow-up action taken, including cases with accrued costs. Municipal division personnel indicated the division's limited staff is the biggest factor preventing the timely transfer of cases to the JIS.

Proper and timely monitoring of receivables is necessary to help ensure unpaid amounts are collected and proper follow up action is taken for nonpayment. In addition, proper monitoring is necessary to provide information to the Municipal Judge and determine appropriate handling when amounts are deemed uncollectible. Also, to ensure the proper handling and timely processing and follow up of cases not yet transferred to the JIS, the municipal division should work with the city to identify additional resources available to complete the transfer process timely and accurately.

Recommendations

The City of Pine Lawn Municipal Division:

- 1.1 Work with the city and police department to ensure electronic payments are reconciled to deposits in the city's accounts and promptly investigate any differences.
- 1.2 Perform monthly bank reconciliations.
- 1.3 Maintain a complete list of outstanding checks and ensure the bank balance is properly reconciled to the book balance. In addition, utilize established procedures and follow up and resolve outstanding checks timely.
- 1.4 Prepare monthly lists of liabilities and reconcile the lists to the bank balance, promptly investigate and resolve differences, and establish procedures to review the status of liabilities to determine the appropriate disposition of funds held.



Auditee's Response

- 1.5 Establish procedures to routinely generate and review the accrued costs list for accuracy and properly follow up on all amounts due. In addition, work with the city to identify additional resources to timely transfer the remaining cases from Incode to the JIS.
- 1.1 *The Mayor and Board of Aldermen accept the recommendation and intend to closely monitor the accounting controls and procedures of the city. The city has already developed a process for ensuring electronic payments are reconciled to deposits.*
- 1.2 *The Mayor and Board of Aldermen accept the recommendation. The city had performed monthly reconciliations prior to the Treasurer becoming ill. Upon the appointment and confirmation of the new Treasurer the monthly reconciliation will continue.*
- 1.3 *The Mayor and Board of Aldermen accept the recommendation. The new Treasurer will develop a complete list of outstanding checks and ensure the bank balance is properly reconciled to the book balance. Additionally, the city will utilize established procedures and follow up and resolve outstanding checks timely.*
- 1.4 *The Mayor and Board of Aldermen accept the recommendation. The city will require the new Treasurer to prepare a monthly list of liabilities and reconcile the list to the bank balance; promptly investigate and resolve the differences; and establish procedures to review the status of liabilities.*
- 1.5 *The Mayor and Board of Aldermen accept the recommendation. The city will establish procedures to routinely generate and review the accrued costs list for accuracy and properly follow up on all amounts due. Additionally, the city will work to identify resources to timely transfer the remaining cases from Incode to JIS.*

2. Municipal Division Procedures

2.1 Municipal division records

Procedures related to municipal division records, Prosecuting Attorney approval, bond fees, and monthly reporting need improvement.

Municipal division records are not maintained in an accurate, complete, and organized manner. Municipal division personnel document case information for each defendant on backer sheets or dockets maintained in manual case files as well as computerized docket sheets maintained in the case management system. However, information recorded on the backer sheets was very inconsistent, often incomplete, and in some cases blank. The Municipal Judge and Prosecuting Attorney occasionally make notations on the backer sheets or manual dockets; however, this procedure is not done consistently. In addition, municipal division personnel could not locate 3 of 60 case files requested during the audit and documentation, such as the



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ticket, docket, notice, plea agreement, and/or warrant, was not always maintained in the manual case files.

Supreme Court Operating Rule 4.08 requires municipal divisions to maintain a docket or backer sheet for each case. All information regarding the case should be documented including, but not limited to, a copy of the ticket, case number, defendant name, sentence, bond information, warrant information, and disposition of the case. In addition, Supreme Court Operating Rule No. 8.04.7 requires all financial records be maintained for 5 years or until completion of an audit. Accurate recording of the case information and retention of applicable records is necessary to properly account for the municipal division's financial activity. Failure to implement adequate case entry procedures increases the risk that loss, theft, or misuse of funds will go undetected and municipal division records will contain errors.

2.2 Prosecutor approval

The Prosecuting Attorney does not sign all tickets processed by the municipal division and the Prosecuting Attorney's approval of amended or dismissed traffic tickets is not always clearly documented.

The Prosecuting Attorney allows the Court Administrator to maintain and use his signature stamp on traffic tickets and plea agreements. Our review of 56 tickets noted the Prosecuting Attorney's clear authorization to file charges was not always present. Of the 56 tickets, 8 tickets had no signature or other approval notation and the majority of the remaining 48 tickets only contained the Prosecuting Attorney's facsimile signature. Subsequent actions to amend or dismiss charges were also not clearly authorized by the Prosecuting Attorney.

For the 56 tickets reviewed, 28 of 29 plea agreements to amend or dismiss charges were not signed or initialed by the Prosecuting Attorney. The Court Administrator prepares plea agreements on municipal division letterhead to amend traffic violations to non-moving, no-point violations in response to requests she receives from defendant's attorneys. The defendants and their attorneys sign and return the plea agreements directly to the Court Administrator for processing. The Prosecuting Attorney will sometimes initial the plea agreements but this procedure is not done consistently. As a result, there is less assurance the Prosecuting Attorney actually authorized all plea agreements.

In addition, the Court Administrator is allowed to nolle pros (dismiss) traffic violations issued for no proof of insurance if the defendant later provides proof of insurance. It is not always possible to determine which charges were dismissed by the Prosecuting Attorney or dismissed by the Court Administrator and there is no indication charges dismissed by the Court Administrator are reviewed by the Prosecuting Attorney to ensure their propriety.



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The ability of the Court Administrator to amend tickets and apply the Prosecuting Attorney's signature by facsimile stamp without a review by the Prosecuting Attorney is a significant control weakness, and increases the likelihood of tickets being handled improperly and the risk of loss, theft, or misuse of monies going undetected. Missouri Supreme Court Rule 37.35 states citations shall be in writing and signed by the prosecutor and filed with the municipal division. The Prosecuting Attorney's review, documented with his signature, is needed to provide assurance proper cases and charges are filed with the municipal division. Additionally, to ensure the proper disposition of all cases has been entered in the municipal division records, the Prosecuting Attorney should sign or initial all amended or dismissed tickets indicating his review and approval.

2.3 Bond fees

The police department collects a \$10 bond fee to process bond payments; however, state law does not include provisions to collect such a fee. The police department collected approximately \$14,000 in bond processing fees for the year ended June 30, 2015. The police department should refrain from collecting these fees since the department does not have statutory authority to collect them.

2.4 Report of cases heard

The municipal division does not file a monthly report of cases heard with the city. Without such a report, the city cannot effectively monitor municipal division activity.

Section 479.080.3, RSMo, and Supreme Court Operating Rule 4.29 require the Court Administrator to prepare a monthly report of all cases heard in the court, including the names of the defendants and fines and court costs imposed, to be verified by the Court Administrator or Municipal Judge and field with the city.

Recommendations

The City of Pine Lawn Municipal Division:

- 2.1 Ensure the proper disposition of cases is documented in manual and electronic records and sufficient documentation is maintained to support all case actions.
- 2.2 Ensure the Prosecuting Attorney signs all tickets and reviews and approves all amended and dismissed tickets. Additionally, the Prosecuting Attorney should discontinue allowing the use of facsimile signatures.
- 2.3 Work with the police department to discontinue collecting bond processing fees.
- 2.4 Ensure a monthly report of cases heard in the municipal division is prepared and filed with the city in accordance with state law and the Supreme Court Operating Rule.



Auditee's Response

- 2.1 *The Mayor and Board of Aldermen accept the recommendation. The court has already corrected the issues raised in this finding. Currently, the city documents all case actions in manual and electronic records.*
- 2.2 *The Mayor and Board of Aldermen accept the recommendation. The Prosecuting Attorney signs all tickets; reviews and approves all amendments and dismissals; and has discontinued allowing the use of facsimile signatures.*
- 2.3 *The Mayor and Board of Aldermen accept the recommendation. The bond processing fee has been discontinued.*
- 2.4 *The Mayor and Board of Aldermen accept the recommendation. Starting June 2016, the court will provide a monthly report to the city of all cases heard.*

3. Ticket Accountability

Neither the city police department nor the municipal division adequately accounted for the numerical sequence or ultimate disposition of all tickets issued. Prior to March 11, 2016, the police department tracked the ticket book numbers assigned to each police officer on a log and each officer was to enter individual ticket information into the Regional Justice Information System (REJIS) when the officer issued a ticket. Supervisory personnel within the police department reviewed and forwarded the tickets, with the exception of those voided or filed with the Circuit Court, to the municipal division for processing.

Effective March 11, 2016, the city closed the police department and began contracting with the North County Police Cooperative (law enforcement cooperative) for law enforcement services. Our review identified the following concerns.

Tickets logs

The municipal division was unable to locate 1 of 11 log pages accounting for 44 ticket books (880 tickets) issued during the audit period. In addition, we noted the police department's procedure was not always followed because officers did not always sign for each ticket book received, and a supervisor did not always sign for each the ticket book issued to an officer.

REJIS

Ticket numbers were not consistently entered into the REJIS system, making it impossible to obtain a comprehensive sequential list of all tickets from the police department.

Missing tickets

At our request, municipal division personnel generated a comprehensive sequential list of all tickets filed with the municipal division during the year ended June 30, 2015. From the listing we identified approximately 640 tickets that were not accounted for. We selected 25 of the missing tickets



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and neither the municipal division nor police department personnel could locate 17 of those tickets.

For 6 of these 25 tickets, the municipal division incorrectly entered the ticket information into the case management system, making it difficult to ensure the tickets had been properly filed.

In addition, 2 of these 25 tickets were voided; however, the police department did not follow consistent procedures for the handling of voided tickets. For example, all copies of voided tickets were not always mutilated and retained, entered into the REJIS system, and forwarded to the municipal division. In addition, the purpose for voiding a ticket was not always documented and approved.

Conclusion

Section VIII.D of Pine Lawn Municipal Court Operating Order Number 1 requires the Court Administrator to work jointly with the police department to account for all traffic tickets in numerical sequence and maintain a record of the disposition of all tickets assigned and issued by the police department. Without properly accounting for the numerical sequence and ultimate disposition of tickets issued, the police department or law enforcement cooperative and the municipal division cannot ensure all tickets are properly submitted for processing. A record should be maintained to account for the ultimate disposition of each ticket to decrease the risk of loss, theft, or misuse of funds. In addition, to ensure all voided tickets can be properly accounted for, written policies and procedures should be prepared for the handling of voided tickets.

Recommendation

The City of Pine Lawn Municipal Division work with the police department or the law enforcement cooperative to ensure the numerical sequence and ultimate disposition of all tickets, including voided tickets, is accounted for properly.

Auditee's Response

The Board of Aldermen accepts the recommendation. The city has contracted with the North County Police Cooperative (Cooperative) for police services. The Cooperative utilizes electronic ticketing, which will address the issue presented in this finding. Notwithstanding, the city will discuss with the Cooperative this audit finding to ensure compliance with this recommendation.

4. Monitoring of Excess Revenue

Procedures related to the calculation of excess revenues due the Missouri Department of Revenue (DOR) are not adequate to ensure compliance with state law. The city's calculation included certain items that were not required to be included in the traffic violation revenue total. Also, the city's general operating revenue calculation improperly included revenues restricted for specific purposes and transfers from other funds, and the percentage



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calculated was not mathematically accurate. As a result, the city's calculation did not accurately assess the excess revenues owed to the DOR.

The city's excess revenue calculation (from unaudited financial records) for the year ended June 30, 2015, indicated the city's 2015 revenues from traffic violations totaled \$1,297,068, general operating revenues totaled \$3,710,659, and incorrectly computed the percent of general operating revenues from traffic violation revenues as 0.00 percent. The city did not retain documentation supporting the general operating revenue amount, and we were unable to verify the reported revenues from traffic violations. The city has not paid any excess revenues to the DOR for the year ended June 30, 2015.

Our review of income reports generated for us from the city's accounting system indicated the city's actual total general operating revenue likely totaled only about \$2,660,000. Thus, the amount reported by the city for use in its excess revenue calculation was overstated by approximately \$1,051,000. The city improperly included revenues from restricted city funds (Capital Improvements, Storm Water/Parks, and Trash), and restricted General Fund revenues from state motor vehicle sales taxes and fees, sewer lateral fees, restricted court costs, and transfers from other funds in the calculation. These restricted revenues and transfers should be excluded from the general operating revenues used in the calculation of excess revenues due to the DOR.

Additionally, the revenues from traffic violations reported by the city in its excess revenue calculation was likely overstated by approximately \$72,000. The city improperly included non-traffic ordinance violation revenues and restricted judicial education funds, and excluded unrestricted fees and overpayments because personnel preparing the calculation relied on reports that did not accurately reflect all violation revenues and court costs. Though the municipal division provided annual reports generated from the case management system indicating court revenues by violation type (alcohol traffic, non-traffic, and traffic) to the city for use in its calculation of excess revenues, the city incorrectly reported the total revenues of all violation types from these reports. In addition, our review of copies of the annual reports noted some violation codes were excluded from the reports and the reports did not agree to the totals of the monthly distribution reports and the city deposit records.

By comparing total fines and court costs reported on municipal division monthly distribution reports with non-traffic violation revenue reported on the annual reports provided to the city, we determined traffic violation revenue should have totaled about \$1,225,000. Based on the more accurate amounts identified, the city's percentage of general operating revenues from traffic violations was likely approximately 46 percent (\$1.225 million



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divided by \$2.66 million) and more than \$400,000 should be remitted to the DOR for excess revenue for the fiscal year ended June 30, 2015.

Section 302.341, RSMo, (as it existed from August 28, 2013, to August 27, 2015), required cities to provide an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations in its annual financial report submitted to the SAO (as required by Section 105.145, RSMo), and required cities to remit any such revenues in excess of 30 percent of annual general operating revenue to the DOR.

Effective August 28, 2015, Senate Bill 5 changes the requirements regarding excess revenues. Section 479.350, RSMo, provides new definitions for elements of the excess revenue calculation. Section 479.359.1, RSMo, requires cities to annually calculate the percent of annual general operating revenue from fines, bond forfeitures, and court costs for minor traffic violations and send the excess revenues to DOR. Section 479.359.2, RSMo, reduces the amounts of these revenues the city may retain in the future.

Due to the impact of these provisions on operations of the municipal division and the city it is important the city and its municipal division take immediate action to implement policies and procedures to ensure future compliance with state law.

Recommendation

The City of Pine Lawn Municipal Division should work with the city to ensure the accuracy of annual excess revenue calculations and include appropriate general operating revenues and court revenues in the calculations. In addition, the Board of Aldermen should recalculate excess revenues for fiscal year 2015, maintain documentation to support the calculations, and make appropriate payments to the DOR for any excess revenues identified.

Auditee's Response

The Board of Aldermen accepts the recommendation, as it relates to monitoring excess revenues. However, the city is not in a position to confirm the factual assertion that more than \$400,000 should be remitted to the DOR for excess revenue for the fiscal year ended June 30, 2015. To the extent that excess revenue is due to the DOR, the city will take the necessary steps to adhere to the law.

5. Vehicle Stop Reporting

The City of Pine Lawn Police Department did not retain adequate documentation to support the vehicle stop data submitted to the Attorney General's Office (AGO) for the year ended December 31, 2014.

Police officers were responsible for entering vehicle stop data into the REJIS system and department personnel generated summary reports for the information reported to the AGO. However, documentation to support the



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information submitted to the AGO was not retained and we were unable to review the accuracy of the data submitted. As noted in MAR finding number 3, ticket citation numbers were not always entered into the REJIS system, making it difficult to agree the electronically entered vehicle stop data with the original ticket citation.

During our review of 60 tickets issued during the year ended June 30, 2015, we noted 54 tickets had been issued as a result of a vehicle stop. We could not locate stop data in the REJIS system for 33 of these tickets.

Section 590.650, RSMo, requires law enforcement agencies to submit stop data to the AGO annually. Section 109.255, RSMo, authorizes the Missouri Local Records Board, chaired by the Secretary of State, to establish minimum retention periods for records created by local governments. The Police Clerk's Record Retention Schedule established by the Local Records Board requires the racial profiling statistics be retained for a minimum of 1 year after submission to the AGO. To ensure vehicle stop information is accurately reported to the AGO, sufficient documentation should be maintained to support the data submitted.

While the city is no longer responsible for vehicle stop reporting, should city officials ever decide to reestablish a police department procedures should be implemented to ensure compliance with state law concerning vehicle stop reporting.

Recommendation

The City of Pine Lawn should ensure adequate records are maintained to support the vehicle stop information submitted annually to the AGO.

Auditee's Response

The Board of Aldermen accepts the recommendation. The city has contracted with the North County Police Cooperative for police services. Notwithstanding, the city will discuss with the Cooperative this audit finding to ensure compliance with this recommendation.

Twenty-First Judicial Circuit

City of Pine Lawn Municipal Division

Organization and Statistical Information

The City of Pine Lawn Municipal Division is in the Twenty-First Judicial Circuit, which consists of St. Louis County. The Honorable Maura B. McShane serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and court costs are collected at times other than during court and transmitted to the city treasury. Prior to September 2015, the municipal division did not utilize OSCA's statewide automated case management system known as JIS. Instead, the municipal division utilized Incode, an automated case management system provided by Tyler Technologies, Inc., which has been approved for use in municipal divisions by the State Judicial Records Committee.

The City of Pine Lawn voted to discontinue Police Department operations on March 11, 2016, and contracted with the North County Police Cooperative for law enforcement services.

Personnel

At June 30, 2015, the municipal division employees were as follows:

Title	Name
Municipal Judge	Dean Plocher
Court Administrator	Joyce Lee
Court Clerk II	TJ Clark
Court Clerk II	Barbara Hyster

Financial and Caseload Information

	Year Ended June 30, 2015
Receipts	\$1,733,900
Number of violations	11,946

Court Costs, Surcharges, and Fees¹

Type	Amount
Court Costs (Clerk Fee)	\$ 11.00
Judicial Education Fund	1.00
Crime Victims' Compensation	7.50
Law Enforcement Training	2.00
Peace Officer Standards and Training	1.00
Domestic Violence Shelter	2.00

¹ Apart from the court, the city's police department collects a bond processing fee of \$10 for bond payments.



Twenty-First Judicial Circuit
 City of Pine Lawn Municipal Division
 Organization and Statistical Information

Vehicle Stops Report

Section 590.650, RSMo, requires law enforcement agencies report vehicle stop data to the Attorney General's Office (AGO) by March 1st of each year. The AGO compiles the data in a statewide report that can be viewed on the AGO website at <https://ago.mo.gov/docs/default-source/public-safety/2014agencyreports.pdf?sfvrsn=2>. The following table presents 2014 data excerpted from the AGO report for the City of Pine Lawn Police Department. In addition, see information at: <https://ago.mo.gov/home/vehicle-stops-report/2014-executive-summary>, for background information on the AGO's vehicle stops executive summary along with definitions for footnotes of the following table.

Racial Profiling Data/2014 - Pine Lawn Police Department - Population 2,388¹

Key Indicators	Total	White	Black	Hispanic	Asian	Am. Indian	Other
Stops	6205	2065	3916	54	45	6	119
Searches	323	47	269	4	2	0	1
Arrests	415	47	358	6	3	0	1
Statewide Population	N/A	82.76	10.90	2.94	1.71	0.41	1.28
Local Population	N/A	1.42	95.52	1.30	0.13	0.42	1.21
Disparity Index ²	N/A	23.37	0.66	0.67	5.77	0.23	1.58
Search Rate ³	5.21	2.28	6.87	7.41	4.44	0.00	0.84
Contraband hit rate ⁴	9.29	17.02	7.43	50.00	0.00	#Num!	0.00
Arrest rate ⁵	6.69	2.28	9.14	11.11	6.67	0.00	0.84

¹ Population figures are from the 2010 Census for persons 16 years of age and older who designated a single race. Hispanics may be of any race. "Other" includes persons of mixed race and unknown race.

² Disparity index = (proportion of stops / proportion of population). A value of 1 represents no disparity; values greater than 1 indicate over-representation, values less than 1 indicate under-representation.

³ Search rate = (searches / stops) X 100

⁴ Contraband hit rate = (searches with contraband found / total searches) X 100

⁵ Arrest rate = (arrests / stops) X 100

#Num! indicates zero denominator

The 2015 data is available as of June 1, 2016, and can be viewed on the AGO website at <https://ago.mo.gov/docs/default-source/public-safety/2015agencyreports.pdf?sfvrsn=2>.