



Claire McCaskill

Missouri State Auditor

July 2005

City of Branson West, Missouri

Year Ended September 30, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Branson West, Missouri.

Improvement is needed in the city's procurement of professional services. The City of Branson West has conducted at least five major projects in recent years requiring engineering services. While the City Administrator indicated that proposals were solicited for engineering services for all five projects, documentation was not maintained to identify the various proposals received and other individuals/firms considered for two of the five projects with engineering costs totaling \$482,000. The City Administrator previously worked for the engineering firm that received the contract on four of the five projects. Additionally, the city did not retain adequate documentation to identify the various proposals received for legal and accounting services totaling \$86,000 during the year ending September 30, 2004.

Supporting documentation was not retained or available for some expenditures, including credit card expenditures. The city did not always solicit bids in accordance with city ordinances. Bids were either not solicited or bid documentation was not retained for 22 of the 24 expenditures reviewed. Additionally, the city does not have written travel expense policies, and instances were noted where the city reimbursed employees for both fuel and mileage expenses for business travel.

The city has entered into a multi-year employment contract with the City Administrator that does not specify termination compensation, and contains automatic raises annually.

Building inspections and follow-up inspections are not always adequately documented in city permit files. In addition, the city does not have policies and procedures addressing when performance bonds should be required or how the dollar amount should be calculated.

The city has not formally reviewed the adequacy of water and sewer rates since 1997. The city's audited financial statements show an operating loss of approximately \$463,800 in the Water and Sewer Funds during the year ending September 30, 2003. To compensate for the operating loss funds were transferred from the general and capital improvement sales tax funds.

Also included in the report are recommendations related to restricted revenues, city vehicles, financial reporting, accounting controls, city ordinances, and the municipal division.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF BRANSON WEST

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Alderman
City of Branson West, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Branson West. The city engaged Davis, Lynn, and Moots, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended September 30, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for 2003, as the 2004 audit had not been completed. The scope of our audit of the city included, but was not necessarily limited to, the year ended September 30, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of 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 significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, 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 the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Branson West.



Claire McCaskill
State Auditor

February 23, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
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Audit Staff:	Rachel A. Simons, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF BRANSON WEST
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	City Expenditures
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Improvement is needed with the city's procurement procedures. In addition, the city does not have written travel policies or documentation to support some expenditures. Further, the city has entered into a multi-year contract with the City Administrator that does not specify termination compensation. Policies addressing mileage and maintenance logs, vehicle usage, and fuel purchases need improvement and the general fixed asset list is not kept up to date.

A. The city does not have adequate procedures regarding the procurement of professional services, and could not adequately explain why they solicited proposals for only some professional services.

1. The city does not always solicit proposals or retain documentation of proposals for engineering services. The city has conducted at least five major projects in recent years requiring engineering services, including a utility relocation project, transportation study, road redesign project, airport assessment, and a sewage treatment upgrade for phosphorus removal. While the City Administrator indicated that proposals were solicited for all five projects, documentation was not maintained to identify the various proposals received and the other individuals/firms considered for two of the five projects, (the utility relocation and phosphorus removal project), with engineering costs totaling \$482,000. Additionally, the City Administrator previously worked for the engineering firm that received the contract on four of the five projects.

Adequate documentation should be maintained to identify any proposals received for professional services. Sections 8.285 to 8.291, RSMo 2000, provide that when obtaining engineering services, at least three highly qualified firms should be considered. The firms should be evaluated based on specified criteria and qualifications for the type of service required. The best proposal should be selected based on experience, type of service to be provided, and any other relevant information. Due to the previous relationship of the engineering firm and the City Administrator, it is even more imperative that the city solicit proposals for engineering services and retain documentation of those proposals.

2. According to city officials, proposals are requested for various other professional services such as legal and accounting services. However, adequate documentation was not maintained to identify the various proposals received by the city for contracts with two law firms and

an accounting firm totaling \$86,000 during the year ending September 30, 2004.

While professional services, such as attorneys and accountants, may not be subject to standard bidding procedures, the city should consider implementing a policy that requires proposals to be solicited for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the city to make a better-informed decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost. In addition, the city should maintain documentation indicating the basis for selection.

- B. Supporting documentation was not retained or available for some expenditures. Vendor invoices or other supporting documentation was not retained or available for 7 of the 55 expenditures we reviewed.

Additionally, credit card expenditures were not always supported by adequate documentation. The city has two credit cards for the Mayor and the City Administrator, and payments made on these were not always supported by individual credit card slips or supporting invoices. In addition, several expenditures for meals were not supported by a complete listing of all individuals whose meals were charged.

To ensure the validity and propriety of expenditures, all expenditures should be supported by paid receipts or vendor invoices which provide sufficient detail of goods or services being purchased. In addition, meal expenditures should be supported by adequate documentation of those receiving the meals.

- C. The city did not always solicit bids in accordance with city ordinances. Bids were either not solicited or bid documentation was not retained for 22 of the 24 expenditures we reviewed, including the following items:

<u>Item</u>	<u>Amount</u>
Property and liability insurance	\$23,555
Vehicles (two)	7,000
Water tower inspection and lights	6,753
Sludge hauling and sludge pump	5,675
Road materials	4,532
Vehicle body work	4,502
Treatment Plant chemicals	3,705

In addition, the city spends approximately \$9,000 annually in fuel purchases for city vehicles, but does not solicit bids for fuel prices. City ordinance section 1-15

indicates purchases in excess of \$5,000 shall be advertised for sealed bids from qualified vendors, and sealed bids shall be solicited in written form for purchases between \$2,000 and \$5,000. While city employees indicated that in some instances bids were solicited through telephone quotes or other direct contacts with vendors, documentation showing vendors contacted, prices quoted, and reasons for selecting the successful vendor was not always retained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the city's business. Complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- D. The city does not have written travel expense policies. The city sometimes reimbursed employees for both fuel and mileage expenses for business travel. For example, in May 2004 the city reimbursed the court clerk \$35 for fuel in addition to paying \$123 for mileage (31 cents per mile for 397 miles) to attend a training seminar. Additionally, food reimbursements of \$43 paid to the court clerk for breakfast and dinner expenses for one day seemed excessive.

The purpose of a mileage reimbursement is to reimburse for use of the personal vehicle which includes fuel. Therefore, reimbursing for both mileage and fuel does not seem appropriate or necessary. In addition, to help ensure travel costs are adequately controlled, the city should consider establishing limits for daily meals. Without written, documented policies, the types of expenses that can be incurred and the extent of those expenses that will be paid by the city may not be known. The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner.

- E. The city has entered into a multi-year employment contract with the City Administrator that does not specify termination compensation, and contains automatic raises annually. The City Administrator's contract is for three years, and provides for a 2.75 percent salary increase annually. Problems can arise from the use of multi-year contracts. Should the Board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board may wish to reevaluate its practices regarding multi-year contracts.
- F. The City Clerk prepares a time sheet for each city employee, except the court clerk and police officers. She tracks employee hours worked on a calendar daily and completes the time sheet prior to payroll processing. These time sheets are not signed by the employee. Properly completed time sheets with the employee's signature are necessary to ensure that payroll expenditures are proper.
- G. Procedures for vehicle usage and fuel purchases need improvement.

- Mileage and maintenance logs are not maintained for city vehicles and equipment. The city owns 9 vehicles including 4 police cars, 4 utility vehicles and the city administrator's car, as well as a tractor and a backhoe. Further, city officials do not require individual receipts for fuel purchases identifying the vehicle for which fuel was purchased, the gallons purchased, or the cost per gallon. Without mileage and maintenance logs, the city cannot determine whether city vehicles are used solely for city business or ensure all vehicles are being utilized.
- The city does not have a written policy on the use of city vehicles for commuting purposes. The City Administrator, Treatment Plant Operator, and Chief of Police are assigned city vehicles which they use for traveling to and from their homes which are outside of the city limits. City officials indicated these employees are allowed to commute with city vehicles because they are on 24-hour call for emergency situations and as a result, the city considers it necessary that they take the vehicles home and excludes the commuting usage from compensation for tax purposes. However, the city has not determined the cost of this benefit and has not established a written policy addressing the proper use of city vehicles. As such, the city has no documentation that such city assets are being properly used.

Mileage and maintenance logs are necessary to document appropriate use of the vehicles and to monitor operation and maintenance costs. Logs should be maintained indicating the employee using the vehicle or equipment, the purpose and destination of the trip, the beginning and ending odometer readings, and the fuel, operation, and maintenance costs. The logs should also be reviewed by the board to ensure all mileage is recorded and that the vehicles are being properly utilized. To ensure payments for fuel are valid fuel receipts should be maintained and indicate the vehicle fueled, gallons purchased, and cost per gallon. Further, the city should review the necessity of providing vehicles for commuting purposes.

WE RECOMMEND the Board of Aldermen:

- A. Consider implementing a policy requiring periodic solicitation of proposals for professional services. In addition, maintain adequate documentation indicating the basis for selection.
- B. Require adequate supporting documentation for all expenditures.
- C. Ensure bids are solicited for purchases in accordance with the city ordinance. In addition, complete bid documentation should be retained.
- D. Develop written travel policies that are reasonable and allow all officials and employees to know what expenses can be incurred. In addition, discontinue the

practice of reimbursing employees for both mileage and gasoline for the use of personal vehicles.

- E. Reevaluate the practice of entering into multi-year contracts.
- F. Ensure all time sheets are prepared and signed by the employee.
- G. Maintain mileage and maintenance logs for all city vehicles and equipment and review the necessity of allowing employees to commute with city vehicles. In addition, fuel receipts should be maintained and indicate which vehicle is fueled, gallons purchased, and cost per gallon.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *Periodic solicitation of proposals for professional services is practiced. Documentation indicating the basis for selection will be improved.*
 - B. *Expenditure documentation improvement has been implemented.*
 - C. *Purchasing procedures will follow city ordinance, and documentation will be maintained.*
 - D. *A travel policy will be executed.*
 - E. *We will continue to evaluate multi-year contracts.*
- F&G. These recommendations have been implemented.*

2.

Building Codes

Building inspections and follow up inspections are not always adequately documented. In addition, the city does not have policies and procedures addressing when performance bonds should be required or how the dollar amount should be calculated.

- A. Building inspections and follow-up inspections are not always adequately documented in city permit files. Further, building permit files include varying information as some files include inspection sheets or correspondence with the builder/owner, while others have little or no documentation of inspections or correspondence.

The permit process begins with a builder/owner submitting a permit application and building plans to the city. The plans are reviewed and, if rejected, a letter with recommendations for corrections is sent to the builder/owner before final approval is given. Upon approval, the building permit is issued and the

building/owner is authorized to proceed with the construction. The city's building inspector performs a final inspection of the structure and an occupancy permit is issued indicating the structure is ready to be inhabited. The building permit application, inspections and any correspondence should be filed at city hall; however, the building inspector does not always maintain documentation of the inspections or contact with the builder/owner. As a result, the city does not always have a record of the various inspections performed, the deficiencies found, and that each building has met the required building codes.

To ensure buildings comply with the building codes and fire/life safety codes, all inspections and follow-up inspections should be adequately documented. Permit files should contain sufficient information to fully document the city's established procedures surrounding the entire inspection and permit process. Further, to ensure building permit files adequately document all activity, the city should consider implementing a log of building permit activities for each applicant.

- B. The city does not have written policies and procedures addressing when performance bonds should be required and how the dollar amount of the bond should be calculated. Section 803 of the city's building codes indicates that the developer shall post a performance bond acceptable to the Board of Alderman to guarantee the correction of all defects.

At January 31, 2005, the city was holding two performance bonds; a \$4,500 bond for a commercial project and a \$2,500 bond for a residential project. The November 2004 board minutes indicate a motion to impose the \$4,500 bond; however, board minutes do not address the \$2,500 bond. Additionally, the \$4,500 check received for the commercial bond was held by the city while construction was in progress, then returned to the builder upon completion of the project; however, the \$2,500 check received for the residential project was deposited into the city bank account. Further, there is no documentation to support how either bond amount was calculated.

Procedures have not been established to document the Board of Alderman's acceptance of performance bonds or to determine how the bond amount is calculated. To ensure all performance bonds are established equitably, procedures establishing the types of projects that will require a performance bond, bond amount calculation, and the disposition of the bond should be developed.

WE RECOMMEND the Board of Alderman:

- A. Initiate procedures to ensure the permit files contain all information concerning the application process, review process, and inspection process.
- B. Establish procedures to document the board's approval of performance bonds, how the bond amount is calculated, and the disposition of the bond.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. Procedures regarding the application process, review process, and inspection process will follow the adopted International Building Codes 2000. Documentation of this process will be improved.*
- B. Performance bond procedures will be calculated and documented, and recorded in minutes of the Board of Aldermen meetings.*

3. Restricted Revenues

The city has not reviewed the adequacy of water and sewer rates since 1997, and documentation is not available to support the method of allocating wage and fringe benefit expenses among the various city funds.

- A. The city has not formally reviewed the adequacy of water and sewer rates since 1997 when revenue bonds were issued to build the new sewer treatment plant. The city's audited financial statements show an operating loss of approximately \$463,800 in the Water and Sewer Funds during the year ending September 30, 2003. To compensate for the operating loss and to subsidize the funds, \$240,000 and \$350,000 was transferred from the general and capital improvement sales tax funds, respectively. Similar transfers were made in prior years.

Water and sewer fees are user charges which should cover the cost of providing the related services. The city should perform periodic detailed reviews of the costs of providing these services and set rates appropriately. Documentation of this review should be retained to provide customers with the rationale behind the rates.

- B. The city pays wage and fringe benefit expenses from the water, sewer, transportation, and general funds; however, documentation is not available to support the method of allocation used. While preparing the annual budget, the City Administrator determines the percentage of employee wages to be paid monthly from each fund based on how much time he estimates the employee will work in those areas. However, there is no supporting documentation such as a time study, and employees are not required to submit detailed time sheets which may support the earlier estimates. As a result, there is less assurance that expenditures are properly allocated among the various funds benefiting from the expenditures and that restricted revenues are expended only for their intended purposes.

Allocation of expenses is necessary for the city to ensure the water and sewer rates are sufficient to cover the cost of providing the service without generating profits to subsidize other city services. Furthermore, the uses of certain funds, such as transportation sales taxes revenues, are limited by state law for specified purposes. Therefore, documentation and proper allocation of expenses is useful for both management and compliance purposes.

WE RECOMMEND the Board of Alderman:

- A. Establish water and sewer rates to cover the costs necessary to provide water and sewer services.
- B. Ensure all disbursements allocated to the various funds are reasonable and are supported by adequate documentation.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. *Annual financial reports will continue to be submitted to the Board of Aldermen for review. A periodic rate study will be performed as determined by the Board of Aldermen.*
- B. *We have implemented this recommendation.*

4. Financial Reporting, Board Minutes, and Ordinances
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The city has not filed annual reports of financial activity with the State Auditor's office as required by state law, does not have adequate controls to ensure compliance with the Sunshine Law, does not always follow the water meter ordinance, and does not pass ordinances in accordance with state law.

- A. The city has not filed annual reports of financial activity with the State Auditor's office as required by state law. A report was submitted for the year ended September 30, 2002; however, reports were not filed for the years ended September 30, 2004 and 2003. Section 105.145, RSMo 2000, requires the city to file a financial report with the State Auditor's office annually.
- B. The city does not have adequate controls to ensure compliance with the Sunshine Law regarding information requested by the public. A log of public requests is not maintained and the city does not have documentation of how charges for copies are derived.

Section 610.023, RSMo, provides each request for access to a public record shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of

records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure the city is complying with state law, the city should document request information in a log to ensure requests are completed timely and all requests are adequately fulfilled.

- C. City ordinance 17-39 addressing water meters and multiple unit users is not consistently followed. The ordinance indicates "additional unit shall mean any separate family, separate business, separate premises, separate house or separate trailer obtaining water from any common lead-in service line serving another unit user". While the city requires separate meters for all homes, separate businesses within one structure (shopping center) are not required to have separate meters. The ordinance allows for the city to charge double the standard rate for businesses sharing one meter; however, the city only charges the standard rate.

Since the ordinances represent legislation passed by the Board of Aldermen to govern the city and its residents, it is important that the city's ordinances be clear and consistently followed.

- D. Ordinances are not always passed in accordance with state law. Ordinances are read twice by title only prior to the board voting to pass the ordinance; however, it is not evident that copies of the proposed ordinance are made available to the public. Section 79.130 RSMo 2000, requires when enacting ordinances to ensure that each ordinance is read by title or in full twice prior to being passed and if read by title only, copies of the proposed ordinance shall be made available for public inspection prior to the time the bill is under consideration by the board.

WE RECOMMEND the Board of Alderman:

- A. Submit annual financial reports to the State Auditor's office as required by state law.
- B. Establish written policies and procedures regarding public access to city records and maintain a public request log to ensure the city is complying with the Sunshine Law.
- C. Ensure compliance with city ordinances relating to water meters.
- D. Ensure copies of proposed ordinances are made available to the public in accordance with state statute.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following responses:

- A. The city will submit financial reports to the State Auditor's Office as required by state law.*
- B. A request log has been implemented.*
- C. The ordinance regarding multi-meter usage will be reviewed.*
- D. Proposed ordinances will be made available according to state statute.*

5. Cash Accounting Controls and Procedures

Deposits are not made on a timely basis, receipt slips are not issued for all monies received, and checks and money orders are not restrictively endorsed immediately upon receipt.

- A. General and utility account deposits are not made on a timely basis. Deposits are generally made twice a month and frequently exceed \$1,000. For example, on December 29, 2004, we counted utility monies on hand totaling \$10,048. The preceding deposit was made on December 21, 2004. Additionally, only one deposit was made to the general account in September 2004 totaling \$10,091.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted daily or when accumulated receipts exceed \$100.

- B. The city uses a one-write receipt ledger to record receipts. Although receipts received in the mail are recorded on the ledger, a receipt slip is not issued. Receipt slips are generally only issued for monies paid in person at city hall. Additionally, the composition of recorded receipts is not always reconciled to the composition of bank deposits. Small differences between cash received and cash deposited was noted during two cash counts performed in November and December 2004.

To ensure all receipts are accounted for properly receipt slips should be issued for all monies received and the composition of receipt slips should be reconciled to the composition of bank deposits.

- C. Checks and money orders received are not restrictively endorsed until the deposit is prepared. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Board of Aldermen:

- A. Require receipts to be deposited daily or when accumulated receipts exceed \$100.
- B. Require receipt slips to be issued for all monies received and reconcile the composition of the receipts to deposits.
- C. Ensure checks and money orders are restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following response:

A-C. The city has taken steps to implement these recommendations.

6. Municipal Division

Deposits are not made on a timely basis, checks and money orders are not restrictively endorsed immediately upon receipt, and monthly listings of open items (liabilities) are not prepared. In addition, accounts receivable records are not adequate to account for and collect amounts due to the court and bond forms are not prenumbered.

- A. Deposits are not made on a timely basis. For example, during September 2004 only four deposits were made with deposit totals ranging from \$447 to \$2,278. The Court Clerk indicated that approximately 70% of monies received is in the form of cash. Further, checks and money orders received are not restrictively endorsed until the deposit is prepared.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- B. The municipal division does not prepare monthly listings of open items (liabilities). The City Treasurer's general ledger has a bond open items balance; however, this is an accumulated balance and does not list the names of the defendant's bond monies that are currently being held. The Court Clerk attempted to prepare an open items listing as of September 30, 2004; however, the reconciled bank balance exceeded the open items listing by \$235.

A monthly listing of open items is necessary to ensure accountability over open cases and to ensure monies held in trust by the municipal division are sufficient to meet liabilities. In addition, an attempt should be made to determine the proper disposition of these excess monies. For those monies which remain unclaimed,

Section 447.595, RSMo 2000, requires funds remaining unclaimed for one year after disposition of the case to be turned over to the state's Unclaimed Property Section.

- C. Accounts receivable records and procedures are not adequate to account for and collect amounts due to the court. The municipal division allows defendants to sign a payment plan agreement and pay fines and costs over a period of time. At September 30, 2004, municipal division records indicate approximately \$34,500 was due to the court. Instances were noted where the accounts receivable records were not updated for payments. For example, the accounts receivable listing showed \$600 due from one defendant; however, the case file indicated the defendant had paid in June 2002, over two years prior. To facilitate monitoring of amounts due to the division, and to provide information to the Municipal Judge, an accurate and complete accounts receivable listing is necessary.
- D. Bond forms are not prenumbered or sequentially numbered when used. To adequately safeguard bond receipts and reduce the risk of loss or misuse of funds, bond forms should be prenumbered or sequentially numbered when used, should indicate the method of payment, and the numerical sequence of the bond forms should be accounted for properly.

WE RECOMMEND the Municipal Division:

- A. Require receipts to be deposited daily or when accumulated receipts exceed \$100. In addition, ensure checks and money orders are restrictively endorsed immediately upon receipt.
- B. Prepare monthly listings of open items and reconcile the listing to monies held in trust. In addition, the municipal division should attempt to identify to whom the \$235 belongs and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.
- C. Establish adequate accounts receivable reporting and follow up procedures including an accurate accounts receivable listing.
- D. Require the use of prenumbered bond forms.

AUDITEE'S RESPONSE

The Municipal Court Clerk provided the following responses:

- A. *Deposits are now made on a daily basis unless a police officer or myself are unavailable to make the deposit. When this occurs the monies are placed in a fire proof safe and is deposited immediately the next day. The only person who has access to the safe is the*

Chief of Police and myself. At the time of the audit I did not endorse the back of the checks until deposit day. I now endorse the checks as they are received.

- B. The \$235 belongs to a subject in the Department of Corrections. Further bond procedures have been implemented as discussed in part D below. Also, once our new software is installed it will generate a monthly report on outstanding bonds.*
- C. The new software will provide better reports than our current software. As explained to the auditors, in 2002 some data was lost and no backups were available. Also, while I was on maternity leave no information was put into the data base system, so we only have docket sheets and payment agreements to show the receivable information. The system will produce a month-end report showing what is owed to the court and how much is received. I plan on putting all current active warrants, payment agreements, etc into the system.*
- D. Immediately after being advised of the risks of not having prenumbered bond forms, I removed these. I now correspond the bond form number with the bond receipt book (which is already prenumbered). The new procedures are as follows: When a subject is arrested and posts a cash bond the officer prepares a bond form and a receipt slip, and matches the numbers. If for some reason the officer voids a bond form or a bond receipt slip, they must void both items and turn both items into me. Once the officer receives the cash bond and all the paperwork is completed, it is placed into the cash bond box. Only the Chief of Police and myself have access to the cash bond box. Once I receive the bond money and the paperwork, I receipt the cash bond in my court ledger and place the monies in the bond deposit bag for immediate deposit. I input all the information from the bond form into the database. I also keep a hand written "Bond Book" which lists all the following information: name of subject, transaction date, bond amount, fine amount, refund amount, transfer amount. A copy of the bond form is placed in a binder which includes all the prenumbered bond forms. Once everything is completed I issue the proper checks to the appropriate parties.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF BRANSON WEST, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Branson West is located in Stone County. The city was incorporated in 1974 and is currently a fourth-class city. The population of the city in 2000 was 408.

The city government consists of a mayor and four-member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor and Board of Aldermen do not receive compensation. The Mayor, Board of Alderman, and other officials during the year ended September 30, 2004, are identified below.

Mayor and Board of Alderman	Dates of Service During the Year Ended September 30, 2004
John Rhodes, Mayor	October 2003 - September 2004
Phil Cottrell, Alderman	May 2004 – September 2004
Larry Oltjenbrun, Alderman	October 2003 - April 2004
Breck Wakefield, Alderman	October 2003 - September 2004
Steve Biggs, Alderman	May 2004 - September 2004
Nita Ayres, Alderwoman	October 2003 - April 2004
Nita Ayres, Alderwoman (1)	August 2004 - September 2004
Doug Booth, Alderman	October 2003 - July 2004

(1) Re-appointed when Alderman Booth resigned.

Other Officials	Dates of Service During the Year Ended September 30, 2004	Compensation Paid for the Year Ended September 30, 2004
Kenneth Smith, City Administrator	October 2003 - September 2004	\$ 69,612
Wynella Tilden, City Clerk	October 2003 - September 2004	26,010
Martin Eastwood, City Treasurer	October 2003 - September 2004	12,000
Amy Essary, Court Clerk	October 2003 - September 2004	23,647
Stephanie Drake, Utility Clerk	January 2004 - September 2004	11,656
Pamela Wright, Utility Clerk	October 2003	840
Allen Bush, Treatment Plant Operator	October 2003 - September 2004	36,050
John Turner, Chief of Police	October 2003 - September 2004	30,199

In addition to the officials identified above, the city employed 7 full-time employees and 1 part-time employee on September 30, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$	7,353,970
Personal property		1,186,812
Railroad and utility		236,689
Total	\$	<u>8,777,471</u>

The city has the following sales taxes; the rates are per \$1 of retail sales:

		<u>Rate</u>
General Fund	\$.010
Capital improvement		.005
Transportation		.005