



Susan Montee, JD, CPA
Missouri State Auditor

City of Pleasant Valley



March 2010
Report No. 2010-37

auditor.mo.gov



Office of the
Missouri State Auditor
Susan Montee, JD, CPA

March 2010

The following findings were included in our audit report on the City of Pleasant Valley.

Monies totaling \$12,500, seized by the Pleasant Valley Police Department in 2003 and related to a criminal court case, are missing. Lax controls over the handling of seized property and lack of documentation regarding the chain of custody of these monies appear to be the cause. These monies were properly tracked from 2003 until April 2007, when they were released directly to the former Police Chief. The property control form indicates the monies were moved to the city safe, but the form was not signed by city personnel to indicate the receipt of the monies. The monies were identified as missing in April 2008. In addition, physical inventories of seized property have not been performed in recent years.

There is no segregation of duties and no supervisory review of the work performed by the City Clerk's office. Detailed financial reports are not prepared monthly for review by the Board of Aldermen. The City Treasurer and City Collector are not performing all duties of their respective offices as established by ordinance and/or state law. An investment ledger to monitor Certificate of Deposit balances was not maintained. In addition, the city does not issue receipt slips or maintain a source document to support the receipt of all monies, receipts are not deposited intact on a timely basis, and the method of payment is not consistently noted when receipts are posted to the accounting system. Furthermore, the city does not have adequate procedures to ensure all transactions posted to the accounting system are accounted for properly.

The city does not prepare annual budgets in accordance with statutory provisions, and budget to actual disbursement comparisons were not performed. In addition, the city did not submit its year ended June 30, 2008, annual financial reports to the State Auditor's office in a timely manner.

Pre-approvals of disbursements are not documented adequately and not all disbursements are included on a monthly report to the full board. The city did not use a request for proposal process when selecting attorneys to provide legal services. In addition, a Form 1099-MISC was not prepared for the legal services rendered.

Usage logs are not maintained for city vehicles and fuel logs are not maintained by the police department.

Improvement is needed in the handling of closed meetings. Numerous closed sessions were held by the Board, but the various requirements in the Sunshine Law regarding closed meetings were not always followed.

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

YELLOW SHEET

CITY OF PLEASANT VALLEY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-15
<u>Number</u>	<u>Description</u>
1.	Missing Seized Property Monies5
2.	Accounting Controls, Records, and Procedures.....6
3.	Budgeting and Financial Reporting10
4.	Disbursements.....12
5.	Vehicles and Equipment14
6.	Meetings and Minutes.....14
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	16-18

STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Honorable Mayor
and
Members of the Board of Aldermen
City of Pleasant Valley, Missouri

The State Auditor was requested by former Governor Matt Blunt, under Section 26.060, RSMo, to audit the City of Pleasant Valley. The city engaged Bruce Culley, Certified Public Accountant (CPA) to audit the city's financial statements for the years ended June 30, 2008 and 2007. These audits were not complete at the time we were performing our work and thus, we were unable to review the working papers and audit reports. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2008. The objectives of our audit were to:

1. Obtain an understanding of taxpayer concerns and perform various procedures to determine their validity and significance.
2. Evaluate the city's internal controls over significant management and financial functions.
3. Evaluate the city's compliance with certain legal provisions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and 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. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. 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. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 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 our audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Pleasant Valley.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice Fast, CPA, CIA, CGFM
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams
Audit Staff:	Eartha Taylor, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF PLEASANT VALLEY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Missing Seized Property Monies

Monies totaling \$12,500, seized by the Pleasant Valley Police Department in 2003 and related to a criminal court case, are missing. Lax controls over the handling of seized property and lack of documentation regarding the chain of custody of these monies appear to be the cause. In addition, physical inventories of seized property have not been performed in recent years, including after the discovery that these funds were missing.

When the monies were originally seized on January 10, 2003, property control forms were prepared for all property seized during this investigation. These forms include space to document the chain of custody of the assets. The Police Department has a seized property room and access to the room is restricted to only the Police Chief and evidence officer. Police department policy requires both of their signatures when releasing property from the seized property room. Documentation was maintained for the movement of the monies to the city safe from the seized property room on January 22, 2003, and the forms were properly signed by two officers and personnel from the city indicating the monies were received by the City Clerk. The monies were later transmitted back to the Police Department for storage in the seized property room on November 4, 2003, and the move was properly documented on the control form. The property control form indicates the monies were released directly to the former Police Chief in April 2007, and safekeeping was the stated reason for moving the monies from the seized property room to the city safe. However, the property control form was only signed by the former Police Chief and was not signed by the evidence officer. In addition, the control form was not signed by the City Clerk indicating receipt of monies from the former Police Chief. The former Police Chief offered no explanation for this deviation from department policy, but did indicate the monies were placed in the city safe, which is maintained in an access controlled room in the City Clerk's work area. The City Clerk, Assistant City Clerk, City Collector, and Police Chief had access to the city safe. The monies were identified as missing when the former Police Chief inquired about the funds after a change in the city clerk position in April 2008.

It is also not clear where the monies were stored while in the Police Department's custody. While the property control form states the monies were stored in the seized property room, the former Police Chief indicated the monies were maintained in the Police Department's equipment room, which he told us originally was the seized property room. The former Chief indicated he believed the money needed to be moved to the city's safe because it was not secure in the equipment room. We contacted previous city personnel working in the City Clerk's office during this time, and no one was aware of any seized monies in the safe. In addition, the current Police Chief indicated physical inventories of seized property have not been performed in the past several years.

To ensure the proper handling of seized items, adequate documentation should be maintained to support the chain of custody and disposal of each item held and physical inventories should be periodically performed. Proper documentation and handling of seized items would minimize the risks of unauthorized access, use, or theft.

WE RECOMMEND the Board of Aldermen and the Police Department continue working with law enforcement authorities regarding any criminal prosecution and obtaining full reimbursement of the missing funds. A periodic physical inventory should be performed and reconciled to the property control forms. Additionally, Police Department policy for approval of removed items should be followed.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following written response:

The City of Pleasant Valley will work with the Police Department to create an evidence policy. This policy will require an inventory of the evidence to be conducted on a quarterly basis. The evidence room is within our secured police department, within a secured office and further secured via a combination lock system in a closet area. The City will explore a plan to add an additional level of security with the purchase of a fire-proof safe to house significant sums of money.

2.

Accounting Controls and Procedures

Although prior audit reports, both from the State Auditor's office and from the city's independent auditor, have addressed the inadequacy of the city's accounting controls and procedures, significant weaknesses still exist. Minimal board oversight of the city's accounting system has caused concerns and deficiencies. In addition, the city needs to improve its banking and investment policies and procedures. Numerous concerns over the handling of receipts were identified.

- A. There is no segregation of duties and no supervisory review of the work performed by the City Clerk's office. Detailed financial reports are not prepared monthly for review by the Board of Aldermen. The City Clerk and Assistant City Clerk are responsible for all record keeping and accounting functions of the city and independent reviews of their work are not performed. The Assistant City Clerk performs the bank reconciliations, and while the City Treasurer indicated a review of the monthly bank reconciliations is performed, this review is not documented. In addition, the Board of Aldermen does not receive a detailed financial statement monthly, documenting the beginning and ending cash balances by fund, or information regarding receipts for each fund, as well as detailed disbursement information. Such a report would allow the Board to evaluate the financial position of the city funds and provide some oversight of the work performed by the City Clerk's office. In addition, while checks do require two signatures, the signers other than the City Clerk and Assistant City Clerk do not

review supporting documentation for each check before signing and an independent person does not account for the numerical sequence of checks issued.

The Board of Aldermen should take steps to ensure it is adequately monitoring the activities of city personnel, as well as the financial position of the city funds. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible.

- B. The City Treasurer and City Collector are not performing all duties of their respective offices as established by ordinance and/or state law. As a result, the activities of these offices do not provide an adequate segregation of duties for the record-keeping functions of the city. As discussed above, many functions of these offices are performed by the city clerk's office. The City Treasurer does not receive or disburse monies or maintain an accounting of the city's funds, as required by City Ordinance Number 1840, Section 4. The City Treasurer reviews the bank reconciliations and prepares semi-annual financial statements. Also, as noted above, the City Clerk's office, not the City Collector, collects and deposits tax receipts. The City Collector uses the deposit information and the tax statement return slips, which are retained by the City Clerk's office, to prepare a monthly report of collections. In addition, the City Collector does not prepare lists of taxes collected and amounts remaining delinquent each month, nor is a list of delinquent taxes prepared annually in April and submitted to the Board, as required by state law.

The city should evaluate the duties of the City Treasurer and City Collector to ensure the duties are necessary, comply with state law, and are performed by the appropriate person. Sections 79.310 and 94.320, RSMo, set forth the requirements for reporting taxes collected and amounts and taxpayers who are delinquent to the Board of Aldermen.

- C. The city does not have an investment ledger to monitor Certificate of Deposit (CD) balances and maturity dates, and where the investment is held. At June 30, 2008, the city maintained nine CDs totaling over \$590,000 with rates and terms ranging from 1 month to 1 year. These CD balances are reported on a monthly balance sheet, but ledgers are not maintained to support these reported balances. In addition, when CDs are redeemed and reinvested, the city does not maintain records of these transactions. During the year ended June 30, 2008, some city officials expressed concerns that all CDs were not accounted for properly and some monies were possibly missing. While it appears these concerns have been resolved and the city has improved its records related to tracking CDs, controls could be improved by ensuring an independent review of CD transactions is performed and documented. Developing a detailed investment ledger will help accomplish this task.

Complete, organized investment records are necessary to provide accurate and timely financial information upon which effective management decisions may be based. An investment ledger should include certificate and/or account number, interest rate, date of purchase and maturity, as applicable, interest earned amounts, institution with whom the investment is made, and the fund to which the investment applies. Controls should be developed requiring an independent review of this ledger. Without such records and controls, accountability over the city's assets is weakened.

D. The following concerns were noted related to receipts:

- 1) The city does not issue receipt slips or maintain a source document to support the receipt of all monies. The city's primary receipts are property and sales taxes, permits, licenses, franchise fees, police reports, court receipts, and bond receipts. Most monies received are separated for deposit by type of receipt. Manual receipt slips are issued occasionally, but most payments are just posted to the accounting system. In addition, the city does not have procedures to account for the numerical sequence of all permits/licenses issued and does not maintain the paid tax receipts in batches corresponding to abstracted taxes.

Issuing receipt slips or maintaining other source documents and accounting for their numerical sequence would provide assurance that all receipts are posted to the accounting system and deposited.

- 2) Receipts are not deposited intact on a timely basis and the method of payment is not consistently noted when receipts are posted to the accounting system. As a result, the composition of receipts cannot be compared to the composition of deposits. Several deposits reviewed contained receipts which had been held for more than 10 days. In addition, because receipts are maintained and deposited in batches by type of payment received, monies received are not deposited intact, making it more difficult to match daily receipts to deposits.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact on a timely basis. In addition, the method of payment should be indicated for all receipts posted to the accounting system and the composition of receipts posted should be compared to the composition of deposits by an independent person.

E. The city does not have adequate procedures to ensure all transactions posted to the accounting system are accounted for properly. The computer system automatically assigns a transaction number to every transaction entered into the system. However, no one is assigned the responsibility of accounting for all transaction numbers and no report is generated to account for the numerical sequence of all transaction numbers. The city's accounting system allows the City

Clerk and Assistant City Clerk to delete entries if necessary, but a record of deleted entries is not maintained and reviewed by an independent person to ensure they were deleted for an appropriate reason. From October 2007 through December 2007, 83 transaction numbers could not be accounted for properly. While documentation existed to show that 16 of these transactions were originally posted to the system, an independent person did not review the deletion of those transaction numbers and the reasons for deleting the transactions from the system were not documented. There was no documentation to support the other 67 transaction numbers. To ensure proper accountability over receipts, the city should develop procedures to account for the numerical sequence of all transaction numbers issued.

All transaction numbers assigned by the accounting system should be accounted for properly and approved by an independent person to ensure such entries are appropriate.

WE RECOMMEND the Board Aldermen:

- A. Segregate the duties of the City Clerk's office to the extent possible. If proper segregation of duties cannot be achieved, at a minimum, procedures for an adequate independent review of the record-keeping functions should be established.
- B. Evaluate the duties of the City Treasurer and City Collector to ensure the duties are necessary, comply with state law and provide for an adequate segregation of duties for the city. In addition, the monthly and annual reports of the Collector's activity should be submitted as required and approved.
- C. Maintain a complete investment ledger.
- D.1. Require prenumbered receipt slips be issued or other source documents accounted for numerically for all monies received.
- D.2. Ensure receipts are deposited intact on a timely basis, the method of payment is indicated, and the composition of receipts posted is compared to the composition of deposits by an independent person.
- E. Implement procedures to adequately account for the numerical sequence of transaction numbers.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following written responses:

- A. *The City will continue to look for opportunities to further segregate duties in the Clerk's office. Current procedures have the Treasurer verifying and reviewing bank*

reconciliations. The Treasurer then initials and dates the documents. The Board of Aldermen is currently in the process of developing a cash flow statement to be used for their review. The City Clerk and the Assistant City Clerk are no longer signers on bank accounts. The current ordinance identifies the Mayor, Board President, Finance Chair and Treasurer as having signing authority.

- B. *Neither the City Treasurer or the City Collector's jobs are designed nor compensated as a full-time position in the city. We do not require either to be on site during normal business hours. We will amend ordinances to more accurately reflect the duties of the Treasurer, while ensuring compliance with the State Statutes.*
- C. *Banking activities were reviewed and amended by the Board beginning January 1, 2009. An additional investment ledger has been developed, tracking account balances, fund assignment, rates, maturity, and bank to bank movement. Further the Treasurer maintains an independent log which reconciles with the City Clerk's log and balance sheets. This information is provided to the finance committee chair.*
- D.1. *The City uses pre-numbered cash receipts for payment where practical. The City will consider-evaluate additional avenues of use of our pre-numbered receipts. Source documents of funds received are currently maintained.*
- 2. *A lock-box system is currently in place for personal, real estate and business property tax payments. As of January 2009 the City utilizes an electronic deposit system (DepositEdge) for routine bank deposits on a daily basis. The City will consider a policy to compare receipts to composition of deposits by an independent person.*
- E. *The City will consider a policy where the sequence numbers of transactions are reviewed by an independent person. The City will consider formulating a policy where the City Clerk's office maintains a log of deleted/voided transactions.*

3. Budgeting and Financial Reporting

Significant weaknesses were identified in the city's procedures for budgeting, financial reporting, and monitoring activities.

- A. The city does not prepare annual budgets in accordance with statutory provisions. The budgets do not include all city funds, a budget message and general budget summary, actual receipts and disbursements for the 2 preceding budget years, beginning available resources, and estimated ending available resources.

Section 67.010, RSMo, requires the preparation of an annual budget which shall present a complete financial plan for the ensuing budget year, and Sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendment of the annual budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by

establishing specific financial expectations for the city's operations. It would also assist in setting tax levies and informing the public about city operations and current finances.

- B. Budget to actual disbursement comparisons were not performed, and as a result, the Sewer Fund was overspent during the year ended June 30, 2008, by approximately \$7,700. While the city prepared amended budgets, the actual disbursements for the Sewer Fund still exceeded budgeted amounts. The city did not set forth reasons for exceeding the budgeted amounts in the Board minutes or adopt a resolution authorizing the additional disbursements. While city officials indicate budget to actual amounts have been monitored since March 2008, these reviews are not documented.

The budget process provides a means to allocate financial resources in advance and to effectively monitor actual costs by periodically comparing budgeted to actual disbursements throughout the year. Failure to adhere to disbursement limits imposed by the budgets weakens the effectiveness of the process. Section 67.040, RSMo, requires political subdivisions to keep disbursements within amounts budgeted and allows for budget increases, but only after the governing body officially adopts a resolution setting forth the facts and reasons. In addition, Section 67.080, RSMo, provides that no expenditure of public monies should be made unless it is authorized in the budget. The city should formally amend the budget before the related disbursements are incurred and ensure its efforts to monitor budget to actual amounts are documented.

- C. The city did not submit its year ended June 30, 2008, annual financial reports to the State Auditor's office in a timely manner. The city submitted its 2008 unaudited financial report in March 2009. City officials indicated the reason for not submitting the report timely was due to the lack of audited financial statements and accounting errors in the city's computerized system. Section 105.145, RSMo, requires political subdivisions to file an annual financial report with the State Auditor's office within the time prescribed by the State Auditor (currently within 4 months of the end of the fiscal year for unaudited financial statements and within 6 months of the end of the fiscal year for audited financial statements).

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets which contain all information required by state law.
- B. Monitor budget to actual receipts and disbursements monthly and refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended.

- C. Prepare and submit annual financial reports to the State Auditor's office as required by state law.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following written responses:

- A. *The City will be more thorough in the content of the annual budgets to ensure compliance with the Statutes.*
- B. *A budget is a forecast of how we believe the year will go. Inevitably, expenses occur that were not anticipated during the budget process. If the expense is not budgeted, the Board of Aldermen specifically approves the expense, and applies it to an "Out-of budget" line item in the budget for the next budget amendment. This is the most reasonable approach rather than amending the budget each time out-of-budget expenses are incurred.*
- C. *We agree.*

4. Disbursements

Concerns were noted regarding reviewing and approving invoices for payment, and the procurement of legal services.

- A. Adequate controls over disbursements do not exist. Starting in September 2007, department heads were authorized to pre-approve disbursements under \$1,000, with disbursements over \$1,000 requiring pre-approval from the Chairman of the Finance Committee; however, these pre-approvals are not documented adequately. Although, all disbursements are supposed to be included on a monthly report to the full board, called the Council Approval Report, not all disbursements are included. From October 2007 through December 2007, we identified 95 disbursements, totaling over \$42,000, not included on a Council Approval Report. In addition, the invoices for most disbursements reviewed do not indicate approval from the department head or Finance Chairman. According to the City Clerk, the list of bills does not include payroll and routine monthly disbursements paid prior to the Board meeting. None of the Board members or another independent person compares the payments on the list to actual invoices and the entries posted to the computer to ensure all disbursements are reported and accurately posted to the system.

To adequately document the review and approval of all disbursements, pre-approval of all disbursements should be documented appropriately and reported to the Board of Aldermen. Independent reviews of the entire disbursement process would provide assurance that all disbursements were proper and accounted for accurately.

- B. The city did not use a request for proposal process when selecting attorneys to provide legal services. In addition, a Form 1099-MISC was not prepared for the legal services rendered. The city hired two law firms to provide various legal services and to serve as the city's attorney during the year ended June 30, 2008, but had no documentation as to how these firms were selected. We identified fees charged to the city ranging from \$175 to \$190 per hour and engagement letters with these firms indicated rates as high as \$650 per hour could be incurred. In addition, the city's current city attorney is on retainer at a rate of \$1,000 per month. The city paid over \$93,000 in legal fees during year ended June 30, 2008, and the legal services were not reported on a Form 1099-MISC.

While professional services, such as attorneys, may not be subject to standard bidding procedures, the city should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting services to a competitive selection process does not preclude the city from selecting the vendor or individual best suited to provide the service required. Additionally, although the Internal Revenue Code generally does not require a Form 1099-MISC for payments to corporations, there are some exceptions. One exception provides payments to corporations providing legal services must be reported on Form 1099-MISC.

WE RECOMMEND the Board of Aldermen:

- A. Ensure approval for all disbursement is obtained and documented by the appropriate parties, and all disbursements are included in the Council Approval Report submitted to the Board.
- B. Solicit proposals for professional services to the extent practical. The proposals should be formally evaluated and retained. In addition, payments for legal services should be reported on Form 1099-MISC.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following written responses:

- A. *We believe the finding relates to disbursements from sub-accounts. Currently all sub-accounts are provided with the consent agenda items for approval at each board meeting. The City will up-date our current policy/procedure to further document our procedures for verifying accuracy of bill payments/disbursements.*
- B. *We disagree with the need for an RFP for attorneys. The City Attorney is a Mayoral appointment as stated in RSMO 79.230. The City will issue a 1099-Misc Income statement to the attorney's office(s).*

5.**Vehicles and Equipment**

Usage logs are not maintained for city vehicles and fuel logs are not maintained by the police department. The city owns 12 vehicles that are assigned to the police, public works, and fire/ambulance departments to be used for city business. Fuel is charged on a credit card at a local vendor.

Each city department is responsible for the vehicles assigned to it. Some departments (Fire/Ambulance and Police) do not submit fuel tickets to the City Clerk for comparison to the fuel bill and there is no evidence that fuel purchases are compared to vehicle usage by some department heads. The city spent approximately \$32,600 on fuel during the year ended June 30, 2008, with the majority spent on police vehicles.

Without adequate vehicle records, the city cannot effectively monitor whether vehicles are used for official business only, fuel costs for vehicles are reasonable, and fuel billings to the city are legitimate and appropriate charges. Effective monitoring procedures, including reviews of vehicle logs and comparison of log information to fuel purchases and maintenance charges, are necessary to prevent paying vendors for improper billing amounts and decrease the risk of theft or misuse of fuel or other maintenance items occurring without being detected.

WE RECOMMEND the Board of Aldermen ensure usage logs are maintained for all vehicles and equipment. In addition, fuel usage and purchase records should be reviewed for completeness and reasonableness of usage, and all fuel tickets should be submitted to the City Clerk for comparison to vendor billings.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following written response:

The City will consider a policy to track gas usage for a more proactive approach. Currently abuse could be revealed in the budget to actual review, as we have a specific budget line item for those expenses. The City will consider a policy where we require the receipts to be retained for each purchase. The City will consider a policy for usage of City vehicles.

6.**Meetings and Minutes**

Improvement is needed in the handling of closed meetings. Numerous closed sessions were held by the Board, but the various requirements in Chapter 610, RSMo (the Sunshine Law), regarding closed meetings were not always followed.

- The city did not document how some issues discussed and votes taken in closed meetings were allowable under the Sunshine Law. These issues

included how to maintain professionalism when conducting a closed meeting, providing training for the Police Chief, and allowing unauthorized personnel in the dispatcher's room.

- Minutes were either not taken or not retained for several closed sessions held by the Board.

The Sunshine Law, Chapter 610, RSMo, sets forth the requirements for closing a meeting, requires minutes be kept for all closed meetings, and provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

In addition, while the closed meeting minutes that were maintained contained minimum information required by law, sufficient detail of matters discussed was not always included. Typically, closed meeting minutes included brief descriptions of the topic discussed and a record of the vote by the Board. With minimal documentation, it is difficult to determine if all closed meeting topics were allowable under the Sunshine Law and if discussions were limited to the topics cited for closing the meeting. Under Section 610.027.2, RSMo, the burden is on the city and its members to demonstrate compliance with the Sunshine Law when closed meetings are held.

WE RECOMMEND the Board of Aldermen ensure sufficiently detailed minutes are maintained for all closed sessions, limit discussions in closed sessions to the reasons cited for closing the meeting, and publicly disclose the final disposition of applicable matters discussed in closed meetings.

AUDITEE'S RESPONSE

The Board of Aldermen provided the following written response:

We disagree, per our legal counsel:

"Clearly the provisions contained within RSMO Section 610.020 cited, require that the record of any votes taken shall be included within the minutes. Further, they require the date, time, place, members present, etc., as set out along with the roll call vote requirement of "Yeas" or "Nays".

Past that requirement, there is no specific statutory requirement imposed upon the City of Pleasant Valley to go into detail as to what was discussed. It is our opinion that getting into such detail is not in the best interest of the City and has a "chilling effect" on the exchange of ideas and thought in these closed sessions."

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF PLEASANT VALLEY, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The City of Pleasant Valley is located in Clay County. The city was incorporated in 1962 and is currently a fourth class city. The population of the city in 2000 was 3,321.

The city government consists of a mayor and eight-member board of aldermen. The members are elected for 2-year terms. 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 Mayor, Board of Aldermen, and other officials during the year ended June 30, 2008, are identified below. The Mayor was paid \$300 per month and Board members were each paid \$100 per month. The compensation of these officials is established by ordinance.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended June 30, 2008</u>	
Dennis Todd, Mayor (1)	July 2007 – June 2008	
Julia Mast, Alderwoman	April 2008 – June 2008	
Bob Wheeler, Alderman	July 2007 – March 2008	
Beverly Bolinger, Alderwoman	July 2007 – June 2008	
Mary Phillips, Alderwoman (2)	April 2008 – June 2008	
Amery Hershberger, Alderman	July 2007 – March 2008	
Wayne Maroon, Alderman	July 2007 – June 2008	
Frederick Ammon, Alderman	July 2007 – June 2008	
Michael Donnini, Alderman	July 2007 – June 2008	
James Smith, Alderman	July 2007 – June 2008	
Jo Jurado, Alderwoman	April 2008 – June 2008	
James Huey, Alderman	July 2007 – March 2008	
		Compensation Paid for the Year Ended June 30, 2008
<u>Other Elected Officials</u>	<u>Dates of Service During the Year Ended June 30, 2008</u>	<u>Compensation Paid for the Year Ended June 30, 2008</u>
Geraldine Danielson, City Collector	July 2007 – June 2008	\$ 6,000
		Compensation Paid for the Year Ended June 30, 2008
<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended June 30, 2008</u>	<u>Compensation Paid for the Year Ended June 30, 2008</u>
Jureta Goode, City Clerk	March 2008 – June 2008	\$ 12,237
Kathy Irvine, City Clerk	July 2007 – February 2008	40,940
Robert Jones, Treasurer	July 2007 – June 2008	3,600

James Daum, Police Chief (3)	July 2007 – June 2008	41,922
Robert Stinson, Fire Chief	July 2007 – June 2008	21,929
Tammy Ammon, Public Works Director	August 2007 – June 2008	40,267
Robert Johnson, Public Works Director	July 2007 – August 2007	8,327
Michael Svetlic, Municipal Judge	July 2007 – June 2008	11,500
Shawn Blair, Prosecuting Attorney	July 2007 – June 2008	10,000

- (1) David Slater was elected Mayor in April 2009.
- (2) Mary Phillips resigned in April 2009. Gary Wright was appointed as Alderman.
- (3) James Daum was terminated April 22, 2009. The Board appointed Jerry Elder as Acting Police Chief.

In addition to the officials identified above, the city employed 75 full-time employees on June 30, 2008.