



Susan Montee, JD, CPA
Missouri State Auditor

City of Deepwater



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Susan Montee, JD, CPA
Missouri State Auditor

YELLOW SHEET

Findings in the audit of the City of Deepwater

Financial Condition	The city is in poor financial condition. The Board has failed to control spending, practiced poor budgeting procedures, and allocated some city receipts in a questionable manner. The General, Police and Grounds Funds had negative cash balances at December 31, 2009. Restricted funds have covered these negative balances in the city's checking account. Developing a long-term plan to operate within the city's available resources is necessary to improve the city's financial condition.
Restricted Monies	The city's capital improvement sales tax monies are comingled with other city funds and are not restricted for capital improvement related expenses. Additionally, the allocation of some city disbursements does not appear reasonable. The city paid \$46,500 from the Special Sewer Fund for a tractor and backhoe, but does not intend to restrict the use of this equipment to only sewer related projects. Further the allocation of insurance, fuel, and employee costs to various city funds is questionable.
Disbursements	The Board's review and approval of disbursements is not adequately documented, and adequate supporting documentation was not retained for some disbursements. Better controls are needed over bulk fuel purchases, and the city does not have a formal written agreement with its attorney.
Accounting Controls and Procedures	There is minimal oversight and inadequate segregation of the City Clerk's duties, and receipt slips are not issued for monies collected by the City Clerk. Additionally, the City Clerk did not properly record a \$25,721 transfer resulting in an understatement of the cash balance on the city's semiannual December 2008 published financial statement. The city maintains an excessive number of bank accounts and maintains several funds not required by state law.
City Collector Controls, Records, and Procedures	Duties related to receipts are not adequately segregated, and there is no independent review of the City Collector's work. Month-end reconciliation procedures for the City Collector's main bank account are not sufficient. Additionally, controls over property taxes need improvement, and controls over the recording of city receipts are poor.
Utility Controls and Procedures	Adjustments made to customer water and sewer accounts are not properly authorized or adequately documented. The City Collector does not reconcile the balance of the water deposit bank account to a liability list, and no financial information is provided to the Board regarding the activity of this account. The City Collector does not document a reconciliation of the total gallons of water billed to customers to gallons of water purchased by the city. Water and sewer service is not always shut-off in accordance with city ordinance when accounts are delinquent, and actions taken on delinquent accounts are not documented. The city has not performed a formal review of the water and sewer rates for several years. In March 2007, the city doubled



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sewer fees from \$10 a month to \$20; however, there is no documentation to support how the increase was calculated. Additionally, improper transfers were made from the Water and Sewer Funds to other city funds in 2007.

City Officials and Payroll Procedures

Several elected officials did not meet the statutory qualifications for holding city office when filing for election. According to city records, some city officials had unpaid property taxes on the last day to file for city office. The city has not established ordinances for compensation paid to city officials and employees or ordinances for the duties and terms of officials other than the duties of the City Collector. The city does not require timesheets be prepared or records of vacation and sick leave be maintained for employees, and city personnel files are incomplete.

Audits, Budgets, and Financial Statements

The city does not obtain annual audits of its water and sewer system. The city does not prepare and adopt annual budgets in accordance with state law, and has not developed a process to monitor budgeted to actual disbursements. Additionally, the city's published semiannual financial statements do not fully comply with state law.

Minutes and Ordinances

The city did not always ensure compliance with the Sunshine Law. The minutes of open meetings do not always document the reasons for closing the meeting or the specific section of law that allows for the closed meeting. The city did not comply with state law when members of the Board voted by telephone. The city has not adopted a policy regarding public access to city records. The minutes of city affiliated boards and committees were not always filed with the City Clerk. Additionally, several of these entities maintain bank accounts and receive donations; however, no financial reports are filed with the city. City ordinances are not complete and up-to-date. Additionally, the city has not adopted ordinances required by state law and/or needed to govern the city.

Capital Assets

The city does not maintain complete and current records of capital assets. Also, property is not tagged for specific identification, and an annual physical inventory is not performed.

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

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SUSAN MONTEE, JD, CPA

Missouri State Auditor

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

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Deepwater. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2009. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' 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 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 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 Deepwater.



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State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Lori Bryant

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Management Advisory Report

State Auditor's Findings

1. Financial Condition

The City of Deepwater is in poor financial condition. The failure of the Board to properly control spending has contributed to the deficit cash balances of several funds. Additionally, the city's practice of allocating some receipts is questionable. The following funds had negative cash balances at December 31, 2009 and 2008.

Fund	Year Ended December 31,	
	2009	2008
General	\$ (32,062)	(11,163)
Police	(78,935)	(69,525)
Grounds	(8,579)	(10,386)
Total	\$ (119,576)	(91,074)

The Water, Sewer, Special Sewer, Cemetery, Fire, and Roads Funds had a combined balance of approximately \$700,000 which was used to cover the shortfall in the city's checking account for the funds with negative balances. In addition, to cover deficit balances in 2007, the city transferred a total of \$135,000 to the Police and Grounds Funds from the Water, Sewer, and Roads Funds. As a result, the city is using monies from restricted funds for general operations of the city. Restricted funds such as the Water, Sewer, and Roads Funds should only be used for their intended purposes and should not be used to subsidize general and other operations of the city. Furthermore, the use of certain funding sources, such as motor vehicle-related receipts, are limited by state law for specified purposes.

In addition, the city's budgets are not used as a tool to monitor spending. (See MAR finding number 8.) The city continues to spend a significant amount from the Police Fund but has no significant income source to fund this spending.

The city allocates approximately 65 percent of the General Revenue property tax levy to the Roads, Fire, and Police Funds; however, the city is not required to make this allocation. In 2009, the Board decided to stop allocating property tax receipts to the Roads Fund and increased the amount allocated to the Police Fund because of the deficit balance in this fund. Property tax receipts totaling \$16,738 in 2009 and \$17,778 in 2008 were allocated to these funds.

Franchise taxes are placed in the Street Light Fund even though these monies are not restricted by state law or by city ordinance and could be placed in the General Fund. In September 2009, the city transferred a total of \$18,000 from the Street Light Fund to the Police and Grounds Funds.

In 2008, voters approved a 1-cent sales tax which the ballot language indicates is restricted for capital improvement and road related disbursements; however, the city is using some sales tax collections to fund



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disbursements from the Grounds Fund. As a result, monies may be due from this fund causing the deficit cash balances noted above to be even more than reported by the city. Additionally, it is unclear why the Board of Aldermen did not consider the deficit balances in the General, Police, and Grounds Funds when determining the type of sales tax issue to put before city voters. The city received sales taxes of \$5,190 during 2009 and expects to receive approximately \$10,000 annually. (See MAR finding number 2.)

To improve the financial condition of the city, the Board should develop a long-term plan which will allow the city to reduce disbursements and/or increase receipts to operate within its available resources. The recommendations contained in the remaining MARs, if implemented, will help the city establish procedures to operate within its available resources.

Recommendation

The Board of Aldermen should closely monitor the financial condition of the city and develop a long-term plan to operate within its available resources. Additionally, the Board should ensure restricted funds are not used for general operations of the city.

Auditee's Response

The Board of Aldermen provided the following written response:

We are going to be reviewing the budgets as well as exploring various possibilities such as obtaining grants and expanding the city limits by annexing property. The new mayor is going to meet with state officials to discuss concerns regarding the city not receiving income to compensate for the loss of tax revenue for property within the city owned by the Corps of Engineers and leased to the state. We will also be discussing ways to collect unpaid personal property taxes and the possibility of contracting with the county to collect all property taxes. We were not aware of the restricted use of some city funds. We recognize that our Police Fund has a very large negative balance, but see a need to maintain local law enforcement. We will look at ways to reduce spending. We will also ensure restricted funds, such as water, sewer and road funds are properly used in the future.

2. Restricted Monies

The city has not established adequate procedures to ensure restricted monies are disbursed only for their intended purpose, and the allocation of some disbursements does not appear reasonable.

2.1 Capital improvement sale taxes

Sales tax monies are not accounted for properly. In November 2008, city voters passed a ballot issue imposing a 1-cent sales tax with 1/2-cent restricted for capital improvement and 1/2-cent restricted for roads. A separate fund has not been established to account for the capital improvement sales tax monies as required by statute. These monies are accounted for in the Grounds Fund and comingled with other funds. The monies are not restricted for capital improvement related expenses.



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Section 94.577, RSMo, states that all capital improvement sales tax receipts shall be deposited in a special trust fund and used solely for capital improvements.

2.2 Allocation of city disbursements

The allocation of some city disbursements does not appear reasonable, and documentation does not exist to support some allocations.

- During 2009 and 2008, the city paid \$46,500 from the Special Sewer Fund to purchase a tractor and a backhoe which city officials indicate is to be used for a variety of purposes including working on a future sewer improvement project. Since these two pieces of equipment will be used for purposes other than sewer related activities, it is questionable that the entire cost be paid from these restricted funds.

The monies in the Special Sewer Fund were provided through a contract with the U. S. Army Corps of Engineers and are for future operation and maintenance of city facilities relocated as a result of the Harry S. Truman Dam and Reservoir Project. City Ordinance Number 156 further restricts the use of these funds plus any interest exclusively to the operation, maintenance, repair, and replacement of the relocated sewer facilities.

- The city paid \$10,860 in 2009 and \$9,702 in 2008 for property and liability insurance coverage from the General Fund even though some of the coverage relates to assets owned by the Water, Sewer, and Road Funds.
- Fuel for the bulk fuel tanks is paid entirely from the Road Fund. Fuel disbursements totaled \$3,471 for 2009 and \$5,600 for 2008. Vehicles used by the Fire Department and Police Department, as well as the three maintenance vehicles, fill up from these tanks.
- The maintenance employee's salary is paid 1/2 from the Water Fund and 1/2 from the Sewer Fund even though some of his time is spent on road related activities. The City Clerk's salary is split evenly among 10 funds held in the city's pooled checking account, including restricted funds with little activity such as the Street Light Fund, the Cemetery Fund, and the Special Sewer Fund. No documentation is maintained to indicate the number of hours worked for each city service or how these allocations were determined.

The funds of the city are established as separate accounting entities to account for specific activities of the city. Generally accepted accounting principles and various legal restrictions require receipts and disbursements associated with specific activities be reflected in the fund established to account for those activities. Reflecting receipts and disbursements in the



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proper fund is also necessary to accurately determine the results of operations and/or specific activities; thus, enabling the city to establish the level of taxation and/or user fees necessary to meet operating costs. To ensure city funds are spent appropriately, documentation should be maintained to support the allocations.

Recommendations

The Board of Aldermen:

- 2.1 Establish a separate fund or a separate accounting of restricted receipts and disbursements for the capital improvement sales tax receipts and ensure the monies are used solely for allowable purposes.
- 2.2 Ensure disbursements and salaries are properly allocated to the applicable city funds and allocations are supported by adequate documentation.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 2.1 *We will establish a separate Capital Improvement Sales Tax Fund and ensure these monies are used appropriately.*
- 2.2 *We intend to look into how disbursements are allocated and determine if any changes are necessary. Documentation will be maintained to support allocations.*

3. Disbursements

Controls and procedures over city disbursements such as documenting approval, maintaining supporting documentation, tracking fuel, and maintaining written agreements need improvement.

3.1 Review and approval

The Board's review and approval of disbursements is not adequately documented. Although meeting minutes occasionally documented discussion of pending payments, Board approval of disbursements is generally not documented. A supplementary list of disbursements is prepared by the City Clerk for review by the Board, but the list is not signed or initialed by the Board to document approval, and not all disbursements are included on the list. End of the month payroll checks and other checks which need to be issued prior to the monthly meeting date are not included on the list of disbursements and are not in the batch of invoices provided to the Board.

To adequately document the Board's review and approval of all disbursements, a complete and detailed list of disbursements should be prepared, signed or initialed by the Board to denote approval, and retained with the official minutes.



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3.2 Supporting documentation

Adequate supporting documentation was not retained for some disbursements. This includes \$25 per month paid to the police chief and the maintenance employee for cellular phone charges, \$125 for training paid to the maintenance employee, \$111 paid to the City Collector for notary certification training, and \$208 paid to individuals for mowing services. Additionally, the city paid \$800 to the Youth and Recreation Board for baseball equipment and no documentation of how these monies were actually spent was requested or received by the city. Also, invoices on file with the City Clerk are not marked paid or otherwise canceled upon payment.

Further, the city pays the Mayor \$17.50 and Board Members \$15 each month, but has not clearly documented whether the payments represent compensation or a reimbursement of expenses which should be supported by documentation of costs incurred.

All disbursements should be supported by a vendor invoice to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds. If the cellular phones are deemed necessary, a written policy should be established that addresses the reimbursement amount and required documentation. In addition, supporting documentation should be canceled upon payment to avoid duplicate payments. To ensure payments to Board members are handled appropriately, the Board should determine whether their monthly payments represent compensation or a reimbursement of expenses.

3.3 Fuel and mileage logs

Better controls are needed over bulk fuel purchases made by the city. The city maintains one gasoline and two diesel fuel tanks for use by the Police, Fire, and Maintenance Departments. A fuel log is not currently maintained. A fuel log was maintained until late 2008, when the tanks were moved to the fire station; however, fuel use per the log was not reconciled to fuel purchases. Additionally, mileage/usage logs are not maintained for Police and Maintenance Department vehicles and equipment.

To ensure the reasonableness of fuel disbursements, the city should maintain a fuel log for the fuel tanks and reconcile use to fuel purchases and fuel on hand. Additionally, mileage/usage logs should be maintained for all city vehicles and equipment and compared to the fuel log. The failure to account for fuel purchases could result in loss, theft, or misuse going undetected.

3.4 City attorney

The city does not have a formal written agreement with its attorney. For the years ended December 31, 2009 and 2008, the city paid its attorney approximately \$4,000 and \$5,000, respectively.

A formal written agreement, signed by both parties, should specify services to be provided and the manner and amount of compensation to be paid.



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Written agreements are necessary to ensure all parties are aware of their duties, rights, and responsibilities, and to prevent misunderstandings. Also, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

Recommendations

The Board of Aldermen:

- 3.1 Document the approval of city disbursements by including a complete list of all disbursements in the meeting minutes and signing or initialing the list to denote approval.
- 3.2 Ensure disbursements are supported by paid receipts and/or vendor-provided invoices and require invoices be canceled upon payment. In addition, the Board should create a written policy establishing the amount of the reimbursement to employees for use of their personal cellular phones for work and documentation to be maintained. Further, the Board should document whether the monthly payments to the Mayor and Board Members represent compensation or reimbursement of expenses.
- 3.3 Maintain records of fuel used and reconcile the amount of fuel used to fuel purchases and fuel on hand, and investigate any differences. The Board should ensure mileage/usage logs are maintained for all city vehicles and motorized equipment.
- 3.4 Obtain formal written agreements for services which specify the services to be rendered and the manner and amount of compensation to be paid.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 3.1 *We were not aware that some disbursements were not being approved. We are now approving all disbursements and will document our approval.*
- 3.2 *We will require supporting documentation be on file with the city prior to any check being issued. We plan to abolish monthly payments to mayor and board members at the next board meeting.*
- 3.3 *Mileage logs have been implemented. Procedures will be put into place to review these logs along with logs for bulk fuel tanks and invoices to purchase fuel.*
- 3.4 *We will discuss getting a written agreement with the city attorney.*



4. Accounting Controls and Procedures

Accounting controls and procedures utilized by the City Clerk need improvement.

4.1 Segregation of duties

There is minimal oversight and inadequate segregation of the City Clerk's duties. The City Clerk's duties include performing bank reconciliations, maintaining payroll records, recording receipt and disbursement information, preparing and distributing checks, and preparing monthly financial reports. Additionally, the City Clerk provides one of the two required signatures on checks. The bank statements are not provided to the Board for review, and there is minimal evidence the Board provided adequate supervision or review of the work performed by the City Clerk.

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. If proper segregation of duties is not possible, an independent review of the work performed by the City Clerk is necessary.

4.2 Receipt slips

The City Clerk does not issue receipt slips. The City Clerk collects monies for franchise fees, sales taxes, sale of scrap metal, fire assessments, mowing Corps of Engineer property, and the turnover of monies from the City Collector.

To account for all receipts and ensure all receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received, and the composition of receipts should be recorded and reconciled to the composition of monies deposited.

4.3 Understated cash balances

The City Clerk did not record a \$25,721 transfer to the Sewer Fund in the same accounting period as the transfer from the Special Sewer Fund. As a result, the cash balance on the city's semiannual December 2008 published financial statement was understated by \$25,721. These monies were withheld from a Special Sewer certificate of deposit (CD) during December 2008, and deposited into the Sewer Fund on December 31; however, the transfer was not recorded in the accounting records for the Sewer Fund until January 2009. To be of maximum assistance to the Board and to adequately inform the public, the accounting records of the city should accurately report financial activity and balances.

4.4 Number of bank accounts and city funds

The city maintains an excessive number of bank accounts. The city maintains 5 checking accounts, 4 savings accounts, and 7 CDs.



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Additionally, the city maintains several funds not required by state law. The city may benefit from combining some city funds.

A large number of bank accounts and city funds requires additional record keeping and increases the likelihood that errors will occur in the handling of monies. While the city must maintain separate funds for some monies, other funds, such as the Police and Ground Funds, are operated with General Fund monies and could be accounted for within the General Fund.

Recommendations

The Board of Aldermen:

- 4.1 Segregate the City Clerk's accounting duties to the extent possible. If proper segregation of duties cannot be achieved, an independent review of the work performed is necessary.
- 4.2 Require receipt slips be issued for all monies received and the composition of monies received be reconciled to amounts deposited.
- 4.3 Ensure accounting records accurately reflect financial activity.
- 4.4 Review the number of bank accounts and city funds, and consider consolidating some funds and accounts.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 4.1 *We will review more of the City Clerk's accounting records.*
- 4.2 *The City Clerk has already started issuing receipt slips for all payments, except for payments directly deposited into the bank account, and she will start issuing receipt slips for those.*
- 4.3 *This will be done.*
- 4.4 *We will review the number of bank accounts and city funds to determine which ones can be combined or are unnecessary.*

5. City Collector Controls, Records, and Procedures

Accountability over city collections needs improvement. The City Collector collects most city receipts including property taxes, utility payments, and city licenses and deposits the monies into a collector's bank account. Once a month, the Collector issues checks to the City Clerk to turn over collections.

5.1 Segregation of duties

Duties related to receipts are not adequately segregated. The City Collector prepares the utility billings and property tax statements, enters and approves adjustments, issues shut off notices on delinquent accounts, collects payments, prepares and makes deposits, prepares monthly reports, and



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issues checks to the City Clerk. The City Collector maintains two bank accounts, one main account for collections and the other for water deposits. There is no independent review of her work or the bank statements and accounting records.

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. If proper segregation of duties is not possible, timely supervisory or independent review of the work performed by the City Collector is necessary.

5.2 Bank reconciliations

Month-end reconciliation procedures for the City Collector's main bank account are not sufficient. The City Collector's main bank account balance should be zero after checks are issued at the end of the month; however, the City Collector stopped performing complete bank reconciliations after December 2008, when she was unable to determine why the account balance was not zero. Also, because the City Collector did not ensure deposit amounts agreed with monthly collection reports, she had not identified some reporting errors. In September 2009, to balance her account, the City Collector reported on her monthly settlement \$1,065 as "miscellaneous monies in the bank account" and subsequently disbursed this amount to the city's General Fund. A review of the monthly collection reports and bank statements indicates the majority of these monies belong to the Fire Fund (\$623 for fire dues) and the Water Fund (\$426 for late charges).

The monthly preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered and resolved on a timely basis. The City Collector should adopt procedures to reconcile deposits to her monthly reports and resolve any differences between the various accounting records in a timely manner.

5.3 Property Taxes

Controls over property taxes need improvement. The City Collector received property taxes of approximately \$34,000 and \$36,000 during the years ended December 31, 2009 and 2008, respectively.

Verification of tax books

The City Clerk does not perform an independent verification of the tax book information or the totals to ensure they are correct, or charge the City Collector with the amount to be collected. The assessed valuations are prepared by the county, and the City Collector inputs the information into the city's property tax system to generate the tax books and tax statements.

Section 94.290, RSMo, requires the City Clerk to charge the City Collector with the amount to be collected. Verification of tax book information and totals is necessary to ensure the amount charged to the City Collector is



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complete and accurate and to provide some independent review and control over city tax collections.

Detailed report of property taxes

A detailed annual report of property taxes is not prepared and presented to the Board of Aldermen. Section 79.310, RSMo, requires the City Collector to make a detailed report to the Board of Aldermen, stating the monies collected during the year, the amounts uncollected, and the names of the persons from which amounts are uncollected. A detailed annual report, which complies with state law, classified by type of tax would provide greater assurance taxes have been properly collected, written off, or determined to be delinquent.

Account book

An account book to record property tax charges, collections, and remaining delinquent taxes is not maintained. A properly maintained account book, including (by type) the property taxes charged to the City Collector at the beginning of the year, collections each month, and balances uncollected, can be useful in preparing the annual report required by state law.

List of delinquent taxes

A list of delinquent taxes is not prepared, turned over to, and approved by the Board of Aldermen. Section 94.320, RSMo, provides the Board of Aldermen shall require the City Collector, at the first meeting of the Board in April each year, to prepare lists of delinquent taxes. The Board of Aldermen shall examine and approve the lists and charge the City Collector with the lists to collect the taxes due.

5.4 Receipt slips

Controls over the recording of city receipts are poor. Utility billing stubs and property tax statements should serve as receipts slips for water and sewer payments and property tax monies received by the City Collector. While the property tax statements are retained and filed, the City Collector throws away the utility billing stubs after she posts the payments to the computer. In addition, receipt slips are not issued for road monies received from the state and court fines and property taxes collected by Henry County.

To ensure all monies received are properly recorded and deposited, receipt slips should be issued for all monies not recorded on utility billing stubs or property tax statements, and the numerical sequence of receipts slips should be accounted for properly. Utility billing stubs should be retained to document the receipt of water and sewer charges.

Recommendations

The Board of Aldermen:

- 5.1 Segregate the duties of the City Collector and/or establish a periodic review of the receipt records by an independent person.
- 5.2 Require the City Collector to reconcile deposits to monthly reports and prepare monthly bank reconciliations to ensure all receipts are



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disbursed and the balance of the bank account is zero at the end of each month. In addition, the Board of Aldermen should transfer \$623 to the Fire Fund and \$426 to the Water Fund from the General Fund.

- 5.3 Require the City Clerk verify the accuracy of the property tax books and statements, and charge the City Collector with the amount of taxes to be collected. The Board of Aldermen should require the City Collector to maintain an account book and use it to prepare a detailed report to the Board and to submit a list of all taxes remaining due and uncollected to the Board.
- 5.4 Require receipt slips be issued for all monies not recorded on a utility stub or property tax statement. In addition, utility billing stubs should be retained.

Auditee's Response

The Board of Alderman provided the following written responses:

- 5.1 *We will perform additional reviews of the Collector's records.*
- 5.2 *The City Collector is now preparing monthly reconciliations. The city's General Fund does not currently have adequate funds to reimburse the Fire Fund and the Water Fund; however, we will try to repay the money in the future.*
- 5.3 *This recommendation will be implemented.*
- 5.4 *This recommendation has already been implemented.*

6. Utility Controls and Procedures

Significant problems were identified in control procedures related to the city's utility system. As a result of these weaknesses, there is less assurance all utility monies have been accounted for properly, and utility charges are set at the appropriate level to cover the cost of providing the related services.

6.1 Adjustments

Adjustments made to customer water and sewer accounts are not properly authorized or adequately documented. Reasons for adjustments to customer utility accounts include incorrect meter readings, the removal or addition of various fees, and bad debt write offs. While reasons to adjust the billings may be valid, the City Collector collects utility payments and has the ability and authority to post adjustments to customer accounts without obtaining independent approval. According to records maintained by the City Collector, an adjustment of \$109 was made in July 2009 reducing the amount owed on the City Collector's personal water and sewer account without any documentation to explain the adjustment or to indicate the



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Board approved the adjustment. The City Collector indicated the adjustment was for a leak.

Proper authorization and adequate documentation, which fully explains the reason for the adjustments to customer accounts, are necessary to ensure only the proper accounts and amounts are adjusted and to reduce the risk of theft, loss, or misuse of funds.

6.2 Water deposits

The City Collector does not reconcile the balance of the water deposit bank account to a liability list. The City Collector collects a deposit from each customer before establishing service. Water deposits are deposited into a separate bank account maintained by the City Collector, and are refunded or applied against the unpaid bill after water service is terminated by the customer. There is no summary list of all deposits currently held which could be used to reconcile to the balance of the water deposit bank account. The account balance was \$14,252 as of December 31, 2009. A control ledger (beginning balance, plus deposits, less refunds, and ending balance) was maintained until 2000 when the city stopped using the ledger and started recording deposits received on individual water deposit sheets. According to information shown on these sheets, deposits of approximately \$7,400 were received after 2000, and should still be in the water deposit bank account; however, the city is unsure of the amount of deposits collected prior to 2000 that should also be in the account. Additionally, no financial information is provided to the Board regarding the activity of the water deposit bank account, and although the city's computerized utility billing system allows for deposit information to be noted for each customer, this feature is not utilized.

To ensure the city is properly holding customer water deposits, a list of all water deposits should be maintained and reconciled monthly to the monies held in the bank. Additionally, financial information regarding the water deposit account should be provided to the Board of Aldermen monthly. The City Collector should review the records of previous collectors to determine which deposits are still held.

6.3 Water reconciliations

The City Collector does not document a reconciliation of the total gallons of water billed to customers to gallons of water purchased by the city. The city purchases approximately 800,000 to 1 million gallons of water monthly from the Truman Water District, but does not calculate how many gallons of water are billed to customers monthly to ensure all water usage is appropriately billed.

To help ensure water usage is properly billed, the city should reconcile gallons of water purchased to gallons of water billed on a monthly basis. This reconciliation will also detect significant water loss on a timely basis.



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6.4 Shut-off procedures

Water and sewer service is not always shutoff when accounts are delinquent, as required by city ordinance. The City Collector generates a monthly report documenting past due accounts, but this report is not provided to the Board nor is it retained by the City Collector. Also, the City Collector does not document actions taken on delinquent accounts. We noted instances where utility services were not disconnected when customer accounts became delinquent. In addition, during the 2 years ended December 31, 2009, all three of the individuals who served as city collector had delinquent utility accounts not paid within the required time period; however, service was not disconnected.

Allowing customers to receive utility service without paying reduces the incentive to make payments and may result in a loss of revenue to the city. The city's failure to disconnect service for elected officials in accordance with local ordinance creates the appearance these officials may have benefited improperly. City officials serve the city in a fiduciary capacity, and the failure to pay their own utility accounts could harm public confidence and reduce their effectiveness. To ensure all utility customers are treated equitably and city ordinance is followed, the City Collector should provide the Board of Aldermen with a report of delinquent accounts along with documentation of the action taken to collect unpaid amounts.

6.5 Water and sewer rates

The city has not performed a formal review of water and sewer rates for several years. In March 2007, the city doubled sewer fees from \$10 a month to \$20; however, there is no documentation to support how the increase was calculated. Additionally, improper transfers were made from the Water and Sewer Funds to other city funds in 2007 (see MAR finding number 2).

Water and sewer fees are user charges which should cover the cost of providing the related services, but rates should not be set at a level which results in excessive fund balances. The city should perform a detailed review of its water and sewer costs, including depreciation and debt service costs, and set rates to cover the total costs of operation.

Recommendations

The Board of Aldermen:

- 6.1 Require someone independent of the water and sewer system review and approve all adjustments and ensure adequate documentation is maintained of such adjustments.
- 6.2 Ensure adequate records of water deposits are maintained and periodically reconciled to the bank account, with any differences investigated and resolved. The Board should also review the reconciliation monthly.



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- 6.3 Ensure the gallons of water purchased is compared to gallons billed monthly and investigate any significant differences.
- 6.4 Ensure water service is shut-off in accordance with city ordinance and require the City Collector to provide the Board with a report of delinquent accounts along with documentation of the action taken to collect unpaid amounts.
- 6.5 Review water and sewer rates periodically to ensure receipts are sufficient to cover all costs of providing these services, but not set at a level that results in excessive fund balances.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 6.1 *We are now reviewing adjustments. The City Collector has a new form for adjustments which she presents to the Board for approval and has started keeping documentation to support adjustments. The City Collector will start giving the Board the monthly audit trail report which also shows all changes made.*
- 6.2 *The City Collector is working on a listing of deposits by reviewing the manual records and inputting deposit information into the computer system. Once she has completed the list we will ensure the total agrees to the amount of money in the bank account.*
- 6.3 *The City Collector and the maintenance employee are now performing the comparisons and investigating any significant differences.*
- 6.4 *The City Collector is sending out copies of the ordinances enforced. A copy of the report of delinquent accounts is now being included in the packets given to each Board Member for their review prior to the monthly board meeting.*
- 6.5 *We will implement this recommendation.*

7. City Officials and Payroll Procedures

Some city officials failed to meet statutory qualifications. Officials' salaries and duties are not set by ordinance, and the City Collector received a raise during her term of office. In addition, better documentation is needed to support payroll.

7.1 Qualifications to hold city office

Several elected officials did not meet the statutory qualifications for holding city office when filing for election. According to city records, some city officials had unpaid property taxes on the last day to file for city office. Aldermen Dugan and Hills owed 2007 city taxes when they filed for the April 2008 election and Alderman Dugan also owed 2007 and 2008



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property taxes when he ran in the April 2009 election. In addition, City Collector Dugan owed 2007 and 2008 property taxes when she was appointed to her position and when she ran for office in April 2009. The delinquent taxes for these officials were subsequently paid.

Section 115.346, RSMo, provides that "no person shall be certified as a candidate for a municipal office...who shall be in arrears for...any unpaid city taxes on the last day to file a declaration of candidacy for the office."

7.2 Ordinances

The city has not established ordinances for compensation paid to city officials and employees or ordinances for the duties and terms of officials other than the duties of the City Collector. In addition, the Board approved an increase of \$59 per month in October 2009 for the City Collector which was during her term of office. Additionally, according to Board meeting minutes, the Board approved paying the City Collector \$10 an hour for obtaining signatures on easements for the sewer project up to a total of 100 hours; however, she was paid for a total of 168 hours for these additional duties during 2009.

Section 79.270, RSMo, provides that compensation of city officials and employees be set by ordinance, and Section 79.320, RSMo, requires the duties and term of office be established by ordinance for the City Clerk. Establishing ordinances to set compensation rates and terms of office, in addition to meeting statutory requirements, documents the approved amounts to be paid and eliminates misunderstandings. Also, Section 79.270, RSMo, provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law.

7.3 Timesheets and leave records

The city does not require timesheets be prepared or records of vacation and sick leave be maintained for employees. Timesheets are necessary to document hours worked, substantiate payroll disbursements, provide the city with a method to monitor hours worked and leave taken, and aid the city in allocating payroll costs to specific activities (see MAR finding number 2). In addition, without leave records, the city cannot ensure vacation and sick leave balances are accurate and all employees are treated equitably. Leave records also help the city in determining unused leave upon termination of employment.

7.4 Personnel files

City personnel files are incomplete. The personnel files do not contain documentation of the Board's authorization for the hiring of the employee, the pay rate at which the employee was hired, and any subsequent changes in pay rate. Currently, the city relies on prior meeting minutes to document these items. Personnel files should be maintained for all employees to provide documentation of personnel actions and to provide readily accessible work histories.



Recommendations

The Board of Aldermen:

- 7.1 Ensure candidates for city office possess the statutory qualifications for holding office, and consult legal counsel regarding the officials who were not legally qualified in past elections.
- 7.2 Establish the compensation, duties, and terms of offices for all city officials and employees by ordinance and ensure the salaries of elected officials are not changed during their term in office.
- 7.3 Require timesheets and leave records be maintained for all employees.
- 7.4 Ensure complete personnel files are maintained for all employees.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 7.1 *Procedures will be put into place to ensure this is checked in the future. The City Collector and Alderman Dugan had their county taxes abated because of a fire that destroyed their home; however, they were waiting on the county to send an abatement order to the city for the city taxes for those years.*
- 7.2 *Ordinances will be established as required, and we were not aware that the City Collector's salary could not be increased within her term. We are considering making the City Collector position a hired position rather than an elected position.*
- 7.3 *This recommendation has been implemented.*
- 7.4 *The Mayor plans to establish personnel files for all employees.*

8. Audits, Budgets, and Financial Statements

The city did not obtain an annual audit, properly prepare and monitor budgets, or comply with state law regarding financial statement reporting.

8.1 Required annual audits

The city does not obtain annual audits of its water and sewer system. Section 250.150, RSMo, requires the city to obtain annual audits of the combined water and sewer system. In addition to being required by state law, annual audits of city funds help ensure financial transactions are properly recorded.

8.2 Budgets

The city does not prepare and adopt annual budgets in accordance with state law. Budgets do not include a budget message, actual receipts and



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disbursements for the 2 proceeding budget years, or estimated ending available resources. The budgets only show the current year budgeted receipts, disbursements, and receipts over disbursements. Since budgets do not include estimated ending available resources, the anticipated negative balances of some funds is not clearly documented in the budget. For 2009, the Board approved a deficit budget for the Police Fund which is prohibited by state law. Further, budgets were not prepared for some smaller city funds.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in setting tax levies and informing the public about city operations and current finances. Section 67.010, RSMo, prohibits deficit budgeting.

8.3 Monitoring budgeted to actual disbursements

The Board has not developed a process to monitor budgeted to actual disbursements. A report of budgeted and year-to-date actual disbursements is not prepared by the City Clerk. As a result, actual disbursements significantly exceeded budgeted amounts for the years ended December 31, 2009 and 2008 as follows:

Fund	Year Ended December 31	
	2009	2008
General	\$ 2,563	23,933
Street Light	15,240	N/A
Cemetery	N/A	2,396
Sewer	31,919	27,764
Special Sewer	1,415	45,291
Water	N/A	2,009
Roads	N/A	2,848
Fire	23,820	17,396

The Board did not prepare an amended budget for these funds or document the reasons for exceeding the budget in meeting minutes. To help ensure the city's budget and financial condition are adequately monitored, detailed budget to actual reports should be prepared and reviewed by the Board.

Section 67.040, RSMo, indicates a political subdivision shall not increase the total amount authorized for disbursements from any fund, unless the governing body adopts a resolution setting forth the reasons making the increase necessary and approves or adopts a resolution or ordinance to authorize the disbursements.

8.4 Financial statements

The city's published semiannual financial statements do not fully comply with state law. The city publishes a summary of receipts and disbursements for the ten funds in the pooled checking account rather than a full and



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detailed accounting as required by law. Additionally, only the ending balances of the other five funds, savings accounts, and CDs are presented.

Section 79.160, RSMo, requires the city to prepare and publish " . . . a full and detailed account and statement of the receipts and expenditures and indebtedness of the city . . .", within one month of the end of the period. Complete and detailed financial statements are necessary to keep citizens informed of the financial activity and condition of the city.

Recommendations

The Board of Aldermen:

- 8.1 Obtain annual audits of the combined water and sewer system as required by state law.
- 8.2 Prepare annual budgets that contain all information as required by state law, and discontinue approving deficit budgets.
- 8.3 Periodically compare year-to-date disbursements with budgeted amounts to monitor city finances and ensure actual disbursements do not exceed budgeted amounts.
- 8.4 Ensure the city's published semiannual financial statements present all required financial information required by state law.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 8.1 *We will look into obtaining annual audits.*
- 8.2 *The required information will be included in future city budgets.*
- 8.3 *We will better monitor city spending.*
- 8.4 *This will be implemented.*

9. Minutes and Ordinances

The city did not always ensure compliance with the Sunshine Law and improvement is needed in the city's ordinances.

9.1 Closed meetings

The minutes of open meetings do not always document the reasons for closing the meeting or the specific section of law that allows for the closed meeting. The minutes were not sufficient to demonstrate how some issues discussed in closed meetings were allowable under the Sunshine Law, including discussions about salary increases, placing a sales tax issue on the ballot, making city hall wheelchair accessible, paying the City Collector for updating cemetery records, obtaining signatures on sewer project easements, and discussing the possibility of an alderman resigning and then being hired



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as a city employee. Additionally, there was no evidence roll call votes were taken during open meetings to close any of the meetings.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting, including reference to a specific section of the law, shall be voted on at an open session. In addition, this law provides that the Board shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, lists the topics which may be discussed in closed session.

9.2 Telephone vote

The city did not comply with state law when members of the Board voted by telephone in May 2009 to approve payment of \$800 to the Youth and Recreation Committee for baseball equipment. Additionally, in September 2009, the Board approved by telephone the withdrawal of \$25,000 from a CD for the purchase of a backhoe/loader. A quorum of Board members was not physically present during either vote.

Section 610.015, RSMo, requires a quorum of Board members be physically present at the meeting location before any other members are allowed to participate by telephone.

9.3 Public access policy

The city has not adopted a policy regarding public access to city records. A formal policy regarding access to city records would establish guidelines for the city to make the records available to the public. This policy should establish a person to contact, an address to mail requests for access to records, and a fee schedule for document retrieval and research.

Section 610.023, RSMo, lists requirements of making city records available to the public, and Section 610.026, RSMo, establishes the fees for copying public records.

9.4 Affiliated boards and committees

The minutes of city affiliated boards and committees, such as the Youth and Recreation Board, Boat Ramp Committee, and Picnic Committee were not always filed with the City Clerk. Additionally, several of these entities maintain bank accounts and receive donations; however, no financial reports are filed with the city.

Minutes serve as the only official permanent record of decisions made. Section 610.010, RSMo, provides that any meeting of a public governmental body at which any public business is discussed or decided or public policies are formulated is subject to the provisions of the open meetings law, including the requirement to prepare minutes documenting any actions taken or decisions made. To ensure compliance with state law and funds are used appropriately, the Board of Aldermen should require the



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boards and committees affiliated with the city to file meeting minutes and financial reports with the city.

9.5 Ordinances

City ordinances are not complete and up-to-date. Additionally, the city has not adopted ordinances required by state law and/or needed to govern the city.

- City Ordinance Number 56 establishes penalties for delinquent payment of taxes at 1 percent for each month delinquent up to 10 percent per year; however, the City Collector is assessing 1 percent for each month January through June and 2 percent a month from July on up to 18 percent per year.
- City Ordinance Number 225 includes a schedule of commissions the City Collector is allowed to retain. It provides for the City Collector to receive a 2 percent commission on fines collected by the county court system; however, the City Collector retains a 5 percent commission. In addition, the City Collector retains a 5 percent commission on the difference between the franchise tax paid to the city by the utility company and the amount paid by the city for street lights. This is not addressed in city ordinances, and franchise taxes are not collected by the City Collector but are direct deposited into the city's pooled checking account which is maintain by the City Clerk.
- In December 2008, the Board approved allocating 15 percent of the income from the sale of grave sites into a perpetual cemetery fund as authorized by Section 214.020, RSMo. A written legal opinion from the city attorney recommends the city establish the percentage of income by city ordinance; however, an ordinance has not been adopted.
- The city's index of ordinances does not indicate all ordinances that have been rescinded or superseded by a subsequent ordinance.

Since the ordinances represent the legislation passed by the Board of Aldermen to govern the city and its residents, it is important the ordinances be maintained in a complete, well-organized, and up-to-date manner.

Recommendations

The Board of Aldermen:

- 9.1 Ensure discussions held in closed meetings are allowed by law, roll call votes are taken during open meetings to close meetings, and the specific statute and subsection allowing closure is noted in the open meeting minutes.
- 9.2 Comply with state law regarding telephone votes.



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- 9.3 Establish written policies and procedures regarding public access to city records and ensure fees for record requests are in accordance with state law.
- 9.4 Ensure minutes of meetings and financial reports of city affiliated boards and committees are filed with the City Clerk.
- 9.5 Ensure ordinances are maintained in a complete, well-organized, and up-to-date manner, new ordinances are passed where appropriate, and the index of ordinances is updated.

Auditee's Response

The Board of Aldermen provided the following written responses:

- 9.1 &
9.3 *This will be implemented.*
- 9.2 *We will no longer take a telephone vote without a quorum present.*
- 9.4 *The city doesn't have funds to distribute to these boards and committees as had been done in the past; however, we will monitor the use of any city money that is available to be distributed in the future and request minutes of meetings.*
- 9.5 *We will update old ordinances and adopt a new ordinance to address the perpetual cemetery fund.*

10. Capital Assets

The city does not maintain complete and current records for its capital assets including land, buildings, equipment, and other property. While a list of assets is maintained for insurance purposes, the list is not complete. Also, property is not tagged for specific identification, and an annual physical inventory is not performed.

Along with providing a basis for determining proper insurance coverage, adequate capital asset records are necessary to secure better internal controls and safeguard city assets that are susceptible to loss, theft, or misuse. A detailed capital asset list should include all pertinent information for each asset, including description, cost, acquisition date, identification number, and location; date and method of disposition; and accumulated depreciation, if applicable.

Recommendation

The Board of Aldermen ensure adequate capital asset records are maintained, city assets are tagged as owned by the city, annual physical inventories are performed, and records are periodically compared to the city's insurance coverage.



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Auditee's Response

The Board of Aldermen provided the following written response:

We intend to take a physical inventory of all capital assets and ensure inventory records are maintained.

City of Deepwater

Organization and Statistical Information

The City of Deepwater is located in Henry County. The city was incorporated in 1885 and is currently a fourth class city.

Mayor and Board of Aldermen

The city government consists of a mayor and four-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 years ended December 31, 2009 and 2008, are identified below. The Mayor receives \$17.50 per month and board members are paid \$15 per month.

Name and Title	Dates of Service During the Years Ended December 31, 2009 and 2008	Compensation Paid for the Year Ended December 31, 2009
Gerald, Wolfe, Mayor	January 2008 - December 2009	\$ 210
Eric Greenwell, Alderman	January 2008 - December 2009	180
Shane Dugan, Alderman	January 2008 - December 2009	180
Robert Hills, Alderman	April 2008 - December 2009	180
Arnold Ryun, Alderman	January 2008 - March 2008	N/A
John McClendon, Alderman (1)	June 2008 - December 2009	180
Darrell Wolfe, Alderman (1)	January 2008 - May 2008	N/A

(1) Darrell Wolfe resigned and was hired by the city. John McClendon was appointed as his replacement.

Other Officials

Name and Title	Dates of Service During the Years Ended December 31, 2009 and 2008	Compensation Paid for the Year Ended December 31, 2009
Ann Fellhoelter, City Clerk (1)	November 2009 - December 2009	\$ 1,500
Mildred Dunning, City Clerk (1)	January 2008 - November 2009	10,500
Natosha Dugan, Collector* (2)	June 2008 - December 2009	13,970
Susan Witherspoon, Collector* (3)	April 2008 - May 2008	N/A
Cresinda Young, Collector*	January 2008 - April 2008	N/A
Michael Bilbruck, Police Chief	January 2008 - December 2009	26,565
Eric Mitchell, City Attorney	January 2008 - December 2009	4,013
Darrell Wolfe, Maintenance	June 2008 - December 2009	19,790
Rick Angel, Maintenance	February 2008 - May 2008	N/A

- (1) Mildred Dunning resigned effective November 15, 2009. Ann Fellhoelter was hired as City Clerk.
- (2) Compensation includes commissions on collections and additional payments for obtaining signatures on easements for the sewer project.
- (3) Susan Witherspoon resigned in May 2008. Natosha Dugan was appointed as her replacement and was elected City Collector in April 2009.

* Elected position

A summary of the city's financial activity for the years ended December 31, 2009 and 2008, is presented below:

City of Deepwater
Year Ended December 31, 2009

	General Fund	Street Light Fund	Cemetery Fund	Sewer Fund	Special Sewer Fund	Water Fund	Police Funds	Roads Fund	Fire Fund	Grounds Fund	Other Funds	Total
RECEIPTS												
Property tax	\$ 10,711	3,766	2,807	0	0	0	388	9,017	7,333	0	0	34,022
Sales tax	8,926	0	0	0	0	0	0	2,595	0	2,595	0	14,116
Franchise tax	149	18,128	0	0	0	0	0	0	0	0	0	18,277
Motor fuel and vehicle fees	0	0	0	0	0	0	0	18,744	0	0	0	18,744
Water and sewer fees	0	0	0	49,690	0	60,500	0	0	0	0	0	110,190
Interest	0	0	847	0	13,454	0	0	0	0	0	6	14,307
Fines, fees, grants, and other	4,928	0	1,700	0	0	0	5,946	288	34,086	3,198	4,614	54,760
Transfers in	43,154	0	0	0	0	0	9,390	0	360	9,000	484	62,388
Total Receipts	67,868	21,894	5,354	49,690	13,454	60,500	15,724	30,644	41,779	14,793	5,104	326,804
DISBURSEMENTS												
Wages and payroll taxes	58,411	0	0	1,441	0	111	21,565	0	0	0	0	81,528
Insurance	14,851	0	0	0	0	0	0	0	1,507	0	0	16,358
Grant funds	0	0	0	0	0	0	0	0	12,342	0	0	12,342
Water purchase	0	0	0	0	0	37,147	0	0	0	0	0	37,147
Contract labor	1,481	0	4,175	39,768	0	0	0	0	307	72	0	45,803
Capital outlay	291	0	0	0	21,500	0	0	0	20,624	0	0	42,415
Election	291	0	0	0	0	0	0	0	0	0	0	291
Legal	4,013	0	0	0	0	8	0	0	0	0	0	4,021
Mayor/aldermen expense	180	0	0	0	0	0	0	0	0	0	0	180
Membership dues and fees	533	0	0	935	0	202	0	0	0	0	0	1,670
Office supplies	639	0	0	0	0	0	0	0	0	0	0	639
Petty cash	552	0	0	0	0	0	0	0	0	0	0	552
Postage	532	0	0	0	0	831	0	0	88	0	0	1,451
Fuel	0	0	0	0	0	0	0	3,471	0	1,464	0	4,935
Repair and maintenance	524	0	0	5,648	0	1,671	1,038	2,667	2,171	6,964	0	20,683
Supplies	987	0	0	0	0	1,271	0	127	180	0	4,620	7,185
Utilities	3,615	9,875	112	3,348	0	2,267	275	0	2,790	402	0	22,684
Other	633	230	19	0	0	746	388	0	0	2,764	815	5,595
Transfer out	1,234	19,935	1,568	15,063	1,320	14,547	1,637	3,727	2,037	1,320	0	62,388
Total Disbursements	88,767	30,040	5,874	66,203	22,820	58,801	24,903	9,992	42,046	12,986	5,435	367,867
RECEIPTS OVER (UNDER)												
DISBURSEMENTS	(20,899)	(8,146)	(520)	(16,513)	(9,366)	1,699	(9,179)	20,652	(267)	1,807	(331)	(41,063)
CASH, JANUARY 1, 2009	(11,163)	12,833	52,364	72,730	510,666	7,777	(67,789)	48,830	9,222	(10,386)	3,401	628,485
CASH, DECEMBER 31, 2009	\$ (32,062)	4,687	51,844	56,217	501,300	9,476	(76,968)	69,482	8,955	(8,579)	3,070	587,422

Note: Police Funds include the Police and POST Funds. Other Funds include RV Park, Fireworks, Website, Building, and Local Law Enforcement Block Grant bank accounts.

City of Deepwater
Year Ended December 31, 2008

	General Fund	Street Light Fund	Cemetery Fund	Sewer Fund	Special Sewer Fund	Water Fund	Police Funds	Roads Fund	Fire Fund	Grounds Fund	Other Funds	Total
RECEIPTS												
Property tax	\$ 11,974	3,967	2,917	0	0	0	523	9,477	7,778	0	0	36,636
Sales tax	10,395	0	0	0	0	0	0	0	0	0	0	10,395
Franchise tax	770	15,907	0	0	0	0	0	0	0	0	0	16,677
Motor fuel and vehicle fees	0	0	0	0	0	0	0	19,734	0	0	0	19,734
Water and sewer fees	0	0	0	49,936	0	61,167	0	0	0	0	0	111,103
Interest	0	0	1,360	0	17,861	0	0	0	0	0	1	19,222
Fines, fees, grants, and other	8,577	0	9,158	0	5,000	0	5,264	0	27,378	3,780	994	60,151
Transfers in	39,635	0	0	25,721	0	0	0	0	0	0	1,117	66,473
Total Receipts	71,351	19,874	13,435	75,657	22,861	61,167	5,787	29,211	35,156	3,780	2,112	340,391
DISBURSEMENTS												
Wages and payroll taxes	54,300	0	0	0	0	0	19,146	0	0	0	0	73,446
Insurance	17,708	0	0	0	0	0	650	0	1,150	0	0	19,508
Burial opening/closing	0	0	3,375	0	0	0	0	0	0	0	0	3,375
Water purchase	0	0	0	0	0	38,260	0	0	0	0	0	38,260
Contract labor	1,907	195	4,437	15,954	5,000	844	2,344	0	383	2,260	0	33,324
Capital outlay	2,620	0	0	0	48,100	2,477	871	0	26,905	0	0	80,973
Election	937	0	0	0	0	0	0	0	0	0	0	937
Legal	4,218	0	0	0	0	0	0	0	0	0	0	4,218
Mayor/aldermen expense	840	0	0	0	0	0	0	0	0	0	0	840
Membership dues and fees	388	0	0	299	0	202	0	0	0	0	0	889
Office supplies	415	0	0	0	0	0	0	0	0	0	0	415
Petty cash	691	0	0	0	0	0	0	0	0	0	0	691
Postage	477	0	0	0	0	886	0	0	84	0	0	1,447
Fuel	0	0	0	0	0	0	40	0	0	2,538	0	2,578
Repair and maintenance	2,807	0	0	9,352	0	4,083	849	1,165	4,869	3,861	0	26,986
Supplies	1,733	0	2	0	0	539	0	0	424	0	0	2,698
Utilities	3,119	9,744	108	0	0	2,400	275	6,074	3,598	909	0	26,227
Other	604	0	18	0	0	826	0	0	900	2,671	29	5,048
Transfer out	1,117	1,678	1,889	12,759	26,931	12,902	1,465	4,314	1,833	1,210	375	66,473
Total Disbursements	93,881	11,617	9,829	38,364	80,031	63,419	25,640	11,553	40,146	13,449	404	388,333
RECEIPTS OVER (UNDER)												
DISBURSEMENTS	(22,530)	8,257	3,606	37,293	(57,170)	(2,252)	(19,853)	17,658	(4,990)	(9,669)	1,708	(47,942)
CASH, JANUARY 1, 2008	11,367	4,576	48,758	35,437	567,836	10,029	(47,936)	31,172	14,212	(717)	1,693	676,427
CASH, DECEMBER 31, 2008	\$ (11,163)	12,833	52,364	72,730	510,666	7,777	(67,789)	48,830	9,222	(10,386)	3,401	628,485

Note: Police Funds include the Police and POST Funds. Other Funds include RV Park, Fireworks, Website, and Building bank accounts.