



Office of Missouri State Auditor
Nicole Galloway, CPA

FOLLOW-UP REPORT ON AUDIT FINDINGS

Village of Leasburg

Report No. 2016-045

July 2016

auditor.mo.gov

Village of Leasburg

Follow-Up Report on Audit Findings

Table of Contents

State Auditor's Letter

2

Status of Findings*

1.	Missing Monies	3
2.	Accounting Practices, Reporting, and Monitoring	3
3.	Controls and Oversight	6
4.1	Accounting Records and Procedures - Receipting and depositing procedures.....	8
5.1	Utility System Controls - Water meters.....	9
5.4	Utility System Controls - Water reconciliations.....	9
5.5	Utility System Controls - Penalties.....	10
5.6	Utility System Controls - Utility deposits.....	10
6.2	Payroll and Related Matters - Withholding and reporting of compensation	11
6.3	Payroll and Related Matters - Time records and overtime	11
6.4	Payroll and Related Matters - Employee benefits.....	12
7.1	Disbursements - Water and sewer services.....	12
8.	Elected Officials and Election Procedures.....	13
9.	Monitoring of Excess Revenues	15
10.	Sunshine Law Compliance and Ordinances	15
11.1	Property Controls and Records - Asset records and inventories.....	16

*Includes selected findings



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the Honorable Chairperson
and
Members of the Board of Trustees
Village of Leasburg, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2015-116 *Village of Leasburg* (rated as Poor), issued in November 2015, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the village about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

Our methodology included working with the village, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed documentation provided by village officials and held discussions with the officials to verify the status of implementation for the recommendations. Documentation provided by the village included Board of Trustees meeting minutes, bank statements and reconciliations, monthly settlements, receipt and disbursement records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed by May 2016.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

Village of Leasburg

Follow-Up Report on Audit Findings

Status of Findings

1. **Missing Monies** From January 1, 2011, through December 31, 2013, receipts totaling \$9,971 were not deposited by the village. Missing receipts included \$7,547 received for utility services, \$1,300 received for utility security deposits, and \$1,124 received for miscellaneous items. Credit memos issued to various customer utility accounts were used to conceal the theft of \$3,963 of those receipts. Some essential records were altered including bank reconciliations, deposit records, accounting system reports, and Board of Trustees (Board) minutes.

Recommendation The Board of Trustees work with law enforcement officials regarding possible criminal prosecution related to the missing funds, including restitution.

Status **Not Implemented**

According to village officials, the Board of Trustees has directed the Leasburg Police Chief to give a copy of the audit report to the Crawford County Prosecuting Attorney to review for possible criminal prosecution. As of June 22, 2016, the Police Chief had not contacted the Prosecuting Attorney.

The State Auditor's Office contacted the Crawford County Prosecuting Attorney in November 2015. To meet the intent of the recommendation, village officials should proactively work in conjunction with law enforcement officials to recoup missing funds, not simply provide a report copy for consideration.

2. **Accounting Practices, Reporting, and Monitoring** The village's accounting practices needed improvement.

2.1 **Accounting practices** A lack of proper accounting for activities, not maintaining accurate accounting records, and using multiple bank accounts led to commingling of funds, excessive transfers between bank accounts, and disbursing restricted revenues for reasons other than their intended purpose.

- The village had 8 checking accounts and 5 savings accounts. Most monies from various sources including restricted utility receipts were first deposited into the general bank account. Checks were then issued from the general account to transfer utility monies to each respective utility fund bank account.
- The village did not maintain accurate accounting records.
- The village had no documentation to justify the allocation of salaries and employee fringe expenses to various funds for employees that performed multiple activities. In addition, the Board did not reconcile approved payments to checks issued.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

- During the year ended December 31, 2013, the village deposited Law Enforcement Training (LET) fees totaling \$208 into the general account, without tracking the receipts, disbursements, and balances of these restricted monies.

Recommendation

The Board of Trustees require proper accounting of village activities, including reducing transfers from the general bank account to the fund bank accounts and properly document the calculations used to allocate expenses among the village's funds. In addition, the Board should consider reducing the number of village bank accounts. The Board should also ensure accounting records are accurately maintained, the list of bills approved each month is complete and reconciled to the corresponding checks issued, and LET funds are expended in accordance with state law.

Status

Partially Implemented

In May 2016, the Bookkeeper implemented a new process that clearly shows the utility receipts received from customers and how these amounts are allocated between the various fund bank accounts.

The Board has not closed any bank accounts since closing the police account in January 2014. Board members indicated a further reduction in the number of accounts is not necessary.

We reviewed the list of payables approved by the Board for January 2016 and determined that it did not include all bills paid. In addition, there was no documentation of an independent review of the Bookkeeper's work to reconcile the payables list to the corresponding checks issued.

The LET monies are documented on an LET listing and have been added to the monthly financial report; however, they are not shown as a liability of the general account when bank reconciliations are performed. No procedures have been established to ensure LET funds are expended in accordance with state law.

2.2 Financial statements

The village did not comply with state law regarding publishing financial statements and submitting financial statements to the SAO. In addition, the village's monthly finance report provided to Board members combined all accounts (General, Street, Water, Sewer, and Sanitation) into a consolidated statement, which did not allow for a clear, detailed analysis of each fund's financial status.

Recommendation

The Board of Trustees ensure complete and accurate financial statements are published and submitted to the SAO as required by state law.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

Status

Not Implemented

As of June 30, 2016, the Board has not published financial statements or submitted financial statements to the SAO as required by state law for the years ended December 31, 2014, and 2015. Board members indicated they plan to present financial statements for each account, but did not know when this would be done.

2.3 Annual audits

The village did not obtain annual audits as required. The last audit of village finances occurred for the fiscal year ended June 30, 2007. The village fiscal year was changed to a calendar year beginning January 1, 2011.

Recommendation

The Board of Trustees obtain annual audits as required by law, bond covenants, and grant and/or loan agreements.

Status

Not Implemented

As of May 2016, the Board had taken no steps to obtain an annual audit for the year ended December 31, 2015, or any prior year as required by law, bond covenants, and grant and/or loan agreements. Board members indicated an audit would be cost prohibitive at this time.

2.4 Budgets

Annual budgets did not contain all elements required by state law and the village had not established adequate procedures to monitor or amend budgets.

Budget preparation

The Board prepared budgets for each village department checking account. However, the budget did not include all required information. In addition, the budget reported inaccurate beginning cash balances, and actual disbursements were reported for the incorrect year without considering financial circumstances for the ensuing year. Also, budgets were not approved timely.

Budget monitoring

The Bookkeeper provided the Board with monthly financial statements at each Board meeting; however, the reports did not include budget-to-actual information and the financial statements were not broken down by fund.

Recommendation

The Board of Trustees ensure budgets comply with state law and monitor budget-to-actual information.

Status

In Progress

The approved budget for 2016 does not include all information required by state law. In addition, we reviewed the monthly financial information provided to the Board at the January 2016 Board meeting and noted it did not include budget-to-actual information. According to village officials, the



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

2017 budget will include all required information, and the Board should be receiving budget-to-actual information in the July 2016 Board packet.

3. Controls and Oversight Controls and oversight of several village functions had serious weaknesses.

3.1 Oversight The Board did not take sufficient steps to properly segregate accounting duties or implement adequate independent reviews of the work performed by the Village Clerk and Bookkeeper. Despite becoming aware in early 2014 of alterations being made to village records and other concerns with village finances and records, lack of Board oversight continued to be a problem.

The Village Clerk was responsible for supervising the work performed by the Bookkeeper and ensuring the accuracy of village records. During the audit period, two signatures were required on checks and although another Board member was authorized to sign checks, the Village Clerk and Board Chairperson signed the majority of checks issued without adequate independent reviews of the work performed.

Recommendation

The Board of Trustees segregate accounting duties to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed and investigation into unusual items and variances is necessary. The Board should also consider appointing someone other than the Village Clerk as a check signer.

Status

In Progress

As of May 2016, the Bookkeeper was made the Village Clerk and is still primarily responsible for the day-to-day financial operations of the village. Village officials indicated a Board member will be responsible for providing a documented independent review of the Village Clerk's work. The Village Clerk and 2 Board members are authorized to sign checks and 2 signatures are still required on all checks.

3.2 Electronic data security The Board had not established adequate password controls to restrict access to computer systems and electronic data to only authorized users and had not limited user access rights. The Bookkeeper and Village Clerk were not required to change passwords on a periodic basis and they shared passwords. In addition the village had not established procedures to disable computer access promptly upon employee terminations or changes in Board members.

Village officials had not established sufficient policies or procedures to ensure village computer systems were adequately protected from malware and did not install adequate virus protection software until May 2014.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

Additionally, adequate computer and malware protection controls had not been established for the police department computer.

Recommendation

The Board of Trustees establish policies and procedures to ensure village computer systems are protected against unauthorized access and malware and require confidential unique user identifications and passwords for all employees. In addition, the Board should ensure passwords are not shared and are periodically changed.

Status

Implemented

The Board purchased new antivirus software and had it installed on all computers. Each employee with computer access now has a unique password. Additionally, employees are required to change their passwords every 3 months, and when employees are terminated their access is removed from the computer system.

3.3 Cash controls

Controls over cash had not improved since the change in Bookkeeper in January 2014 and Board members in April 2014. For example, in May 2014, the Bookkeeper, who was responsible for making deposits, held a utility deposit for 37 days prior to depositing the monies. In addition, these monies were deposited over the weekend at a bank branch location approximately 30 miles from the village. Other general operation deposits made on the same date and at the same location were held in excess of 46 days.

Recommendation

The Board of Trustees establish the necessary cash controls to account for all revenues and ensure receipt slips are issued and accounted for properly and receipts are deposited timely.

Status

Partially Implemented

We compared the January 2016 receipt listing to the receipt slips documented on the January 2016 bank statements. One receipt on the listing could not be traced to a deposit, and several cash and check receipts deposited were not on the receipt listing. In addition, there was no indication the Bookkeeper or any other village official accounted for the receipts or ensured they were being deposited intact. January deposits were made timely.

3.4 Payroll check dates

Information in the computerized accounting records did not always agree with information on the actual payroll checks issued. The computerized accounting system allowed the user to change the date posted to the system.

Recommendation

The Board of Trustees work with its software provider to add control features to the accounting system that will prevent changes from being made to check information after the checks have been issued.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

Status

Partially Implemented

Village payroll is now processed using Quickbooks Payroll Software. The Bookkeeper creates the payroll checks using timesheets prepared by village personnel, then the timesheets and the checks are reviewed by 2 Board members to ensure the hours charged and the amount paid are correct before the checks are signed. We reviewed two pay periods and noted that the time sheets and the check stubs matched. We also compared this information to the canceled checks per the January 2016 bank statement, and noted no discrepancies. However, village officials have not contacted the software provider to determine if control features can be added to the system that would prevent changes from being made to check information after the checks have been issued.

4.1 Accounting Records
and Procedures -
Receipting and
depositing procedures

The village did not maintain adequate records of receipts and depositing procedures were poor. As a result, there was no assurance monies collected were properly handled, recorded, or deposited.

- The village did not issue receipt slips for payments received by check or money order unless requested and a receipt log was not maintained for payments placed in the village hall drop box.
- The only documentation available to support some cash register withdrawals were informal notes, some of which were initialed by village officials.
- The village did not issue manual receipt slips in date order, consistently indicate the method of payment, or reconcile the method of payment to the composition of receipts recorded in the computerized accounting system or to the deposit.
- Monies deposited were not reconciled to receipt records.

Recommendation

The Board of Trustees require all receipt slips be issued in date order, the method of payment documented on the receipt slips, and the composition of receipts reconciled to the composition of deposits. The Board should ensure all monies are deposited intact and timely.

Status

Not Implemented

The Board has not established procedures to ensure receipt slips are issued in order, the method of payment documented, and the composition of the receipts reconciled to the composition of deposits. We reviewed January 2016 receipt and deposit information and determined the same problems identified during the audit were still occurring. Village officials indicated the Board would takes steps to implement the recommendation in the future,



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

but they provided no specific details on how or when this would be accomplished.

5.1 Utility System Controls
- Water meters

Some village residents were not connected to the village's utility system. Municipal Ordinance 83 approved by the Board on September 19, 1989, required all dwelling units within the village to have a water meter. In addition, revenue bonds issued on January 29, 2002, required the owners of all houses, buildings or properties, situated within the village, at the owner's expense to connect directly with the utility system within a reasonable time.

Village officials entered into a 20-year loan agreement for \$17,401 in July 2010 with the Missouri Department of Natural Resources (DNR). Grant documents indicate the village agreed to replace 118 water meters, in addition to other water system program improvements. The water/sewer contractor's records showed 29 meters had been replaced, and in May 2014, we, along with the water/sewer contractor, observed about 50 meters in storage. However, the Board Chairperson signed CDBG close out documents in January 2012 reporting installation of 118 new meters.

Recommendation

The Board of Trustees consult with legal counsel and investigate the village's legal obligations regarding some village residents not being connected to the utility system. The Board should also consult with appropriate state and federal agencies regarding incorrect reporting and noncompliance with grant or loan arrangements.

Status

Not Implemented

Village officials indicated the Board has had discussions with legal counsel regarding some village residents not being connected to the utility system, but these discussions were not documented. They indicated it would be cost prohibitive to extend the village's utility system to all residents. The Board has not consulted with any state and federal agencies regarding incorrect reporting and noncompliance with grant or loan arrangements.

The State Auditor's Office has been in contact with the DNR. To meet the intent of the recommendation, and considering the known noncompliance and misreporting, it is important for village officials to contact state and federal agencies to ensure appropriations actions are taken.

5.4 Utility System Controls
- Water reconciliations

The village did not perform monthly reconciliations of amounts billed, payments received, and amounts unpaid for utility services during 2013. In addition, the most recent water loss review performed by the water/sewer contractor was for the period ending 2011 and indicated water lost or unaccounted for was 39 percent of water pumped.

Recommendation

The Board of Trustees ensure monthly reconciliations of system water loss amounts and amounts billed to amounts collected and delinquent accounts



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

are performed. In addition, the Board should ensure documentation to support reconciliations is retained.

Status

Implemented

The village and the water/sewer contractor began preparing a monthly water reconciliation report in May 2016, which the water/sewer contractor presents at the monthly Board meeting. In addition, the Village Clerk reconciles amounts billed to amounts collected and contacts customers that have not paid their bill by the monthly deadline.

**5.5 Utility System Controls
- Penalties**

The village assessed late fees on utility bills even though village Ordinance 400, approved by the Board on July 21, 2010, repealed the collection of late fees. We noted numerous instances in the accounting records where village officials waived customer late fees without documentation supporting the reason. In addition, monies received for late fees and reconnection fees were transferred to the General Fund and used to fund general operations.

Recommendation

The Board of Trustees consistently enforce utility account penalties as appropriate, clarify utility system ordinances, and cease transferring restricted utility fees to the General Fund.

Status

Implemented

The Board approved a new utility system ordinance that addresses such issues as utility rates and late fees for delinquent accounts. In addition, village officials indicated utility receipts are no longer transferred to the General Fund.

**5.6 Utility System Controls
- Utility deposits**

Refundable water deposit monies held in the utility escrow account were not accounted for properly. Several questionable transfers were made to and from the utility escrow account. In February 2011, \$1,200 was transferred from the utility escrow account to the police checking account. In March 2011, \$200 was transferred from the street account to the utility escrow account. In August 2011, \$3,750 was transferred from the general account into the utility escrow account.

Recommendation

The Board of Trustees ensure an accurate list of utility deposits is prepared and reconciled monthly to monies in the Utility Escrow Fund bank account. Any discrepancies should be investigated and resolved.

Status

In Progress

New customer refundable deposits are being accounted for in the Utility Escrow Fund. However, deposits paid by existing customers have not been completely identified. The Village Clerk indicated she is continuing to go through the older paper files to identify all deposits. She plans to have a



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

complete list of utility deposits by the end of 2016 that will reconcile to the escrow account balance.

6.2 Payroll and Related
Matters - Withholding
and reporting of
compensation

Village officials failed to withhold federal taxes from employee pay checks. Village officials also did not properly maintain employee I-9 and W-4 forms as required by law. In addition, the former Bookkeeper failed to file federal payroll tax reports for quarters ending March 31, 2012, September 30, 2012, and December 31, 2013. The village had not paid the taxes, penalties, and interest related to late filing of the 2012 reports, and the amount due to the Internal Revenue Service (IRS) was at least \$870. The village paid penalties and interest totaling \$406 for the late 2013 report.

Recommendation

The Board of Trustees monitor all payroll activity to ensure payroll taxes are withheld and deposited, and payroll checks are authorized. In addition, the Board should ensure payroll tax returns are filed timely and delinquent payroll taxes are remitted. The Board should also ensure I-9 and W-4 forms are maintained for all employees.

Status

Implemented

The Bookkeeper uses a software program that calculates the payroll taxes due. We reviewed IRS documents and check stubs and verified that quarterly payments are being made as required. The village has paid the IRS for all taxes, penalties, and interest owed related to the 2012 taxes. We reviewed one employee's personnel file and verified that I-9 and W-4 forms were present.

6.3 Payroll and Related
Matter - Time records
and overtime

We noted the following problems related to payroll records and disbursements.

- The village overpaid the police officer because compensation was based on working 12 hours each pay period. However, the officer did not always work 12 hours and notes on timesheets indicated exceptions.
- The police officer was compensated at the overtime rate (time and one-half) for working on holidays, even though hours worked did not exceed 40 hours per week and the employee handbook provided for holiday pay to be at the employee's normal compensation amount. The officer was also paid overtime compensation for the day after Thanksgiving, even though this day is not listed as a holiday in the employee handbook.
- The village did not have documentation for 14 of 18 payroll disbursements totaling \$3,505 to Board Chairperson Byrd's son from March 2013 through December 2013.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

Recommendation

The Board of Trustees ensure timesheets and time summaries are prepared and signed by employees and reviewed and approved by the Board, and employees record actual time worked. In addition, the Board should ensure the village's overtime policies are followed.

Status

Partially Implemented

We reviewed the January and February 2016 timesheets. They were prepared by the employees, but only one employee signed his/her timesheet. According to the Bookkeeper, the Board reviews the timesheets before authorizing payment; however, there was no documentation on the time sheets or in the meeting minutes of this review and approval. Village officials indicated the Board no longer allows any overtime.

6.4 Payroll and Related Matters - Employee benefits

The village improperly paid and provided benefits to some employees even though village policy stated employee benefits are not offered. The village also paid personal medical bills for some employees.

Recommendation

The Board of Trustees ensure the village's personnel policy is followed when determining employee benefits paid, and discontinue the practice of issuing checks for employees' personal bills.

Status

Implemented

The Bookkeeper indicated that no employee benefits are paid and checks are no longer issued for employees' personal medical bills. We reviewed the January and February 2016 timesheets and paycheck stubs and the January 2016 bank statement for all checks made payable to employees. We identified no checks issued for employees' personal bills.

7.1 Disbursements - Water and sewer services

We identified the following concerns related to water/sewer contractor services:

- The village did not solicit bids for contracted water and sewer services or services to install water meters.
- A former bookkeeper indicated the water/sewer contractor was a relative of the Board Chairperson that served on the Board until March 2014, and the Chairperson did not always abstain from voting on the contract approvals and payments to this relative, and also signed the contract with the water/sewer contractor.
- The village did not adequately monitor the contract with the water/sewer contractor. The contract provided for various services, including collecting special water samples. However in September



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

2013, the village paid an additional \$200 for costs related to collecting water samples. In another instance, the village paid \$100 for the contractor to attend a conference, which was not included in the contract terms.

Recommendation

The Board of Trustees ensure bids are solicited for purchases of goods or services in accordance with village ordinance and policy and closely examine village transactions to identify apparent and actual conflicts of interest. The Board should also implement procedures to monitor contract compliance.

Status

Implemented

We reviewed the contractor's 2015 agreement, payments to the contractor, and also Board meeting minutes. The contractor reports to the Board monthly regarding any issues with the water and sewer operations. If additional work needs to be performed above what is stated in the contract, the contractor must have prior approval from the Board and must give the Board a detailed invoice before additional compensation is paid. In addition, there is no longer a conflict of interest.

8. Elected Officials and Election Procedures

A Board member's actions resulted in nepotism and problems were noted with election procedures.

8.1 Nepotism

According to the April 25, 2012, Board meeting minutes the Board Chairperson voted to employ her son. In addition, in March 2013, the Board Chairperson voted to contract with her first cousin's husband for water and sewer services and voted to hire another first cousin's husband to clean ditches in May 2011.

Recommendation

The Board of Trustees ensure Board members abstain from voting when a relative's appointment is involved and consult legal counsel regarding the village's position regarding this issue.

Status

Implemented

The Board member who had a conflict of interest is no longer on the Board. There are currently no conflicts of interest. Current Board members indicated they understand a member must abstain for a voting decision if he/she has a conflict. Since the Board member is no longer on the Board, a legal opinion was not obtained.

8.2 Candidate qualifications

The village has not established adequate procedures to ensure all candidates for the position of trustee are qualified to run for office.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

- Although a Trustee pled guilty to a felony in 2005, she ran for the Board in April 2014 and was then appointed to fill a vacant seat in April 2014 after not being elected.
- The Board Chairperson was listed on the April 2013 municipal election ballot when her village real estate and personal property taxes were in arrears for tax years 2011 and 2012.
- Another Trustee, elected to the Board in April 2013, owed 2012 village property taxes at the time he was elected to the Board.

Recommendation

The Board of Trustees ensure candidates for village office possess the statutory qualifications for holding office. The Board should also consider seeking legal advice from the Village Attorney regarding the current Board members without the statutory qualification to hold office.

Status

Implemented

The Trustee not qualified to run for public office resigned from the Board in April 2016, and no current Trustees owe village property taxes. We reviewed the process the Board went through for the April 2016 election. The notice for filing posted documented all of the statutory requirements. In addition, candidates must attest to meeting these requirements when completing various affidavits necessary to get their names on the ballot. The police chief conducts background checks on all candidates to ensure they are qualified to run for public office. The village also checks with the County Collector to determine if candidates owe any taxes.

8.3 Late municipal certification filings

Village officials failed to submit April 2012 Board candidate certifications to the county election authority timely. Because the deadline was missed, the village had to hold its election in August 2012. The village incurred additional election costs totaling \$450 because the August 2012 election was a primary election that included candidates for federal office and fewer entities filed election certifications for that election.

Village officials again failed to submit Board candidate certifications to the county election authority timely for the April 2013 election. The village incurred \$550 in additional filing and attorney fees to provide the county election authority a required court order to have village candidates' names printed on the April 2013 election ballot.

Recommendation

The Board of Trustees establish procedures to ensure municipal candidacy for elective official filings are submitted to the county election authority prior to the final certification deadline.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

Status

Implemented

We reviewed the documentation for the April 2016 election. The village completed all requirements by the deadline. In addition, the Village Clerk posts filing deadlines on the public bulletin board and sets reminders for village officials to ensure that filings are submitted prior to the final certification deadline.

9. **Monitoring of Excess Revenues**

The village did not calculate the percent of annual general operating revenue from fines and court costs related to traffic violations for 2013 and 2014, determine whether excess revenues should be distributed to the state Department of Revenue (DOR), and provide an accounting of the percent in its annual financial report as required by state law.

Recommendation

The Board of Trustees work with the municipal division to develop procedures to monitor, track, and report excess revenues from traffic violations, and make appropriate payments to the DOR for any excess revenues.

Status

Not Implemented

The village has not done any excess revenue calculations for past or current years. However, the police department now only issues tickets for ordinance violations. The only fines and court costs for traffic violations that the municipal division will collect will be from the few outstanding tickets remaining unpaid.

10. **Sunshine Law Compliance and Ordinances**

The village did not always ensure compliance with the Sunshine Law and significant improvement to village ordinances was needed.

10.1 **Board meeting**

We noted problems with Board meetings and minutes.

Closed minutes

- Closed meetings were not always properly posted.
- Meeting minutes were not prepared for 32 of 46 closed Board meetings held from January 1, 2011, through December 9, 2014. In addition, closed meeting minutes were not always approved timely.
- We identified numerous discussions in closed meetings that were not allowed by law.

Meeting minutes

Board procedures over meeting minutes needed to be improved.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

- Village officials were unable to locate official minutes for meetings prior to January 1, 2011.
- Some open meeting minutes did not include the time and place of the meeting.

Recommendation

The Board of Trustees ensure all closed meetings are properly posted, prepare and properly approve minutes for all closed meetings, and limit discussions in closed meetings to only those specifically allowed by law. The Board should ensure meeting minutes are maintained in an orderly manner, include all information required by law, and prepared and approved for all meetings.

Status

Implemented

We reviewed open Board meeting minutes from July 2015 to February 2016; the Board did not have any closed meetings during that time period. There were minutes prepared and approved for all meetings, and the minutes included all information required by law.

10.2 Ordinances

Ordinances were not comprehensive or maintained in an organized manner, village practices were not always consistent with ordinances, and the village had not established ordinances in all instances where needed. Many fees collected by the village were not authorized by ordinance.

Recommendation

The Board of Trustees maintain a complete updated set of village ordinances in an organized manner and adopt ordinances setting the rate for all village fees.

Status

In Progress

We noted the village's ordinance books have been organized and the Board has updated several ordinances, including ordinances related to bad check fees and the collection of late fees on utility bills.

**11.1 Property Controls and
Records - Asset records
and inventories**

Capital asset records had not been updated since 2010; property was not tagged, numbered, or otherwise identified as village property; and an annual physical inventory was not performed. In addition, some village assets could not be located.

Recommendation

The Board of Trustees ensure property records are adequately maintained and include all pertinent information for each asset, such as cost, acquisition date, and identifying number; annual physical inventories are conducted; and village assets are tagged to display ownership.



Village of Leasburg
Follow-up Report on Audit Findings
Status of Findings

Status

In Progress

The Board has not taken any steps to implement this recommendation; however, village officials indicated they plan on creating an asset listing and tagging items when a full physical inventory is performed by September 2016.