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Missouri State Auditor

Fourth Judicial Circuit

City of Maryville Municipal Division



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Fourth Judicial Circuit, City of Maryville Municipal Division

Accounting Procedures	The municipal division did not adequately reconcile the bond account to the bond liabilities list, making it difficult to ensure sufficient funds are available for payment of liabilities. The book balance of the bond account is overstated due to several non-sufficient funds checks. Adequate procedures need to be developed to investigate outstanding checks in the bond account to help ensure monies are appropriately disbursed. The bank reconciliation included checks totaling over \$1,500 that have been outstanding for over 9 years (one for over 20 years).
Tickets	Neither the police department nor the municipal division maintains adequate records to account for traffic tickets or parking tickets. Because tickets are not adequately tracked by number and ultimate disposition, the municipal division cannot be sure all tickets assigned and issued are properly submitted or voided. The municipal division has not developed adequate procedures for collecting approximately 1,020 unpaid parking tickets and has not issued warrants for some of these unpaid tickets.
Additional Comments	We evaluated the municipal division's internal controls over significant financial functions, including receipt and disbursement procedures, and its compliance with certain legal provisions, including rules governing fines, costs, and bonds. For the areas audited, no significant deficiencies, other than those noted above, were identified.

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

American Recovery and Reinvestment Act (Federal Stimulus)	The Fourth Judicial Circuit, City of Maryville Municipal Division, did not receive any federal stimulus monies during the audited time period.
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*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Fourth Judicial Circuit

City of Maryville Municipal Division

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THOMAS A. SCHWEICH
Missouri State Auditor

Presiding Judge
Fourth Judicial Circuit
and
Municipal Judge
Maryville, Missouri

We have audited certain operations of the City of Maryville Municipal Division of the Fourth Judicial Circuit in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended September 30, 2009. The objectives of our audit were to:

1. Evaluate the municipal division's internal controls over significant financial functions.
2. Evaluate the municipal division's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

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

For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Maryville Municipal Division of the Fourth Judicial Circuit.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Richard Stuck
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Fourth Judicial Circuit

City of Maryville Municipal Division

Management Advisory Report - State Auditor's Findings

1. Accounting Procedures

The municipal division did not adequately investigate a difference which existed between the reconciled balance of the bond account and the bond liabilities list, and numerous old bonds remain on hand related to inactive cases. The book balance of the bond account has not been adjusted for several non-sufficient funds (NSF) checks received by the municipal division in prior years, and some checks written on the account have been outstanding for many years.

1.1 Bond liabilities

The municipal division did not adequately investigate a \$393 difference between the reconciled balance of the bond account and the bond liabilities list, and several old bonds remain on the list. At February 28, 2010, the reconciled balance of the bond account was \$20,955, while the bond liabilities list totaled \$21,348. This difference has existed for years, but no follow up action was taken. After we notified the municipal division of the difference in November 2010, a \$325 error, which occurred in 2003, was discovered and corrected. After this correction, the unidentified difference is \$68. In addition, nine bonds, totaling \$1,511, have been on hand since the 1990s and another eight bonds, totaling \$2,464, have been on hand more than 4 years.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities. To properly monitor bonds and ensure monies are appropriately disbursed as provided by state law, procedures should be established to routinely investigate bonds remaining on the liabilities list over a specified period of time. Section 479.210, RSMo, authorizes bonds to be forfeited and paid over to the city treasury if the defendant failed to appear in court. If the bond is to be refunded but the payee cannot be located, Section 447.595, RSMo, requires bonds remaining unclaimed for a year after disposition of the case be turned over to the state Unclaimed Property Section.

1.2 Bank reconciliations

The book balance of the bond account is overstated and has to be adjusted each month to reconcile to the bank balance. This overstatement is caused by several NSF checks received and not adjusted when returned by the bank. On the February 28, 2010, bank reconciliation the book balance was reduced by \$2,728, related to three NSF checks totaling \$2,335 and a \$393 difference that has existed for years (see section 1.1).

Failure to adjust the book balance for NSF checks results in inaccurate accounting records.

1.3 Outstanding checks

The municipal division has not developed adequate procedures to follow up on outstanding checks in the bond account. The February 28, 2010, bank reconciliation for the bond account, prepared by the Finance Director,



included eight checks, totaling \$1,549, which have been outstanding for over 9 years, with one check over 20 years old.

To properly monitor disbursements and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law, procedures should be established to routinely investigate outstanding checks.

Recommendations

The City of Maryville Municipal Division:

- 1.1 Work with the city to ensure the liabilities list for the bond account is accurate and reconciles to the reconciled account balance, and ensure outstanding bonds are investigated and disposed in accordance with state law.
- 1.2 Work with the city to identify items improperly included in the book balance of the bond account and make adjusting entries as necessary.
- 1.3 Work with the city to implement adequate procedures to follow up on outstanding checks.

Auditee's Response

The Municipal Judge, City Manager, and City Finance Director jointly provided the following written response:

- 1.1 *While the City and the Court system do ensure the bond liability account is accurately reconciled each month, the Court will investigate old bonds routinely for proper disposition.*
- 1.2 *While the book balance and bank balance do agree each month, other than for routine reconciling items such as outstanding checks and non-sufficient funds checks, the City and Court will communicate with each other regarding the necessary follow up action on these outstanding items.*
- 1.3 *The Court will routinely follow up on outstanding checks to determine the appropriate action to be taken.*

2. Tickets

Uniform citations and parking tickets are not accounted for adequately by either the police department or municipal division. The municipal division has not established procedures to follow up on unpaid parking tickets.

2.1 Ticket accountability

Neither the police department nor the municipal division maintains adequate records to account for traffic tickets or parking tickets assigned and issued, and their ultimate disposition. As a result, there is no assurance all citations are accounted for properly. A record is maintained of traffic ticket books assigned to officers. Traffic tickets issued are supposed to be posted to a



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computer spreadsheet; however, not all tickets are posted and the numerical sequence of tickets is not accounted for adequately. A record is not maintained of parking ticket books assigned to officers and no tracking system has been developed for parking tickets.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the police department and the municipal division cannot be assured all tickets assigned and issued are properly submitted to the division. A log listing ticket books assigned, each ticket number, the date each ticket is issued, and the violator's name, which is reviewed by an independent person, would help ensure all tickets issued are submitted to the municipal division for processing or properly voided. A record of the ultimate disposition of each ticket should also be maintained to ensure all tickets have been accounted for properly.

2.2 Unpaid parking tickets

The municipal division has not developed adequate procedures for collecting unpaid parking tickets. Parking tickets received from the Police Department are entered by the Court Administrator into a spreadsheet, sorted by license number, and deleted from the spreadsheet once paid. While the Court Administrator indicates a summons is issued for unpaid parking tickets and warrants are issued in some instances, warrants have not been issued for some unpaid parking tickets. As of August 1, 2010, there were approximately 1,020 unpaid parking tickets still listed in the spreadsheet, some dating back to January 2006. Many of the license numbers had multiple tickets, with one vehicle issued 10 parking tickets between March 2007 and April 2008.

To increase revenue and deter citizens from disregarding parking tickets in the future, the municipal division should institute procedures to collect amounts owed for parking tickets.

Recommendations

The City of Maryville Municipal Division:

- 2.1 Work with the Police Department to ensure the numerical sequence and ultimate disposition of all tickets issued are accounted for properly.
- 2.2 Establish adequate procedures to collect unpaid parking fines owed the municipal division and discuss with city personnel options available to pursue collection of unpaid parking tickets.

Auditee's Response

The Municipal Judge, City Manager, and City Finance Director jointly provided the following written response:

- 2.1 *The City of Maryville keeps records of citation books issued and the sequence of numbers is determined in each book. Citations issued*



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are cataloged into the City's law enforcement database and all final dispositions are recorded in the database accordingly for accountability purposes. Regardless, we have implemented additional steps and segregated duties to ensure accountability and tracking of all citations.

- 2.2 *The City agrees there are outstanding parking tickets that have yet to be collected. The City however, does make every effort to locate, contact, and collect outstanding parking tickets and will continue to do so.*

Fourth Judicial Circuit

City of Maryville Municipal Division

Organization and Statistical Information

The city of Maryville Municipal Division is in the Fourth Judicial Circuit, which consists of Atchison, Gentry, Holt, Nodaway, and Worth Counties. The Honorable Roger Prokes serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Personnel

At September 30, 2009, the municipal division employees were as follows:

Title	Name
Municipal Judge	John Baker, Jr.
Court Administrator	Pat Castillo

Financial and Caseload Information

	Year Ended September 30, 2009
Receipts	\$444,604
Number of cases filed	2,050

American Recovery and Reinvestment Act of 2009 (Federal Stimulus)

The Fourth Judicial Circuit, City of Maryville Municipal Division, did not receive any federal stimulus monies during the year ended September 30, 2009.