

State of Missouri - Audit Report - January 2010
Audit Recommendations
Status and Comments from Board of Trustees- September 28, 2010

<u>Section</u>	<u>Ref</u>	<u>Recommendation and Response/Status</u>
1- Missing Funds Status: Resolved and closed.	A	Board of Trustees work with law enforcement officials regarding criminal prosecution and take necessary action to recover missing funds. <u>Response/Status</u> - Trustees have cooperated. It is the intention of the Trustees to seek the maximum amount of restitution and criminal prosecution of the former Treasurer.
2- Accounting Procedures Status: All resolved and closed	A	1. Segregate cash custody duties to the extent possible. 2. Develop procedures to provide adequate oversight of accounting functions. 3. Insure all receipts are properly deposited, all disbursements are legitimate and village accounting records accurately document all financial activities. <u>Response/Status</u> 1. Duties have been segregated to the extent possible. 2. Accounting records and bank statements are reviewed by members and review is indicated by trustees initialing and dating the original documents. Financial statements are prepared and reviewed at meetings. Financial comments are included in the bi-monthly newsletter (Leawood Ledger) to residents. 3. All disbursements with appropriate original documents are approved. To the extent possible reoccurring transactions are direct deposited or paid electronically automatically.
Updated 9/28/2010 Status: Open	B	Obtain bond coverage for all officials with access to village assets. <u>Response/Status</u> Bond coverage is not possible until an audit by a CPA firm. The annual cost of an unqualified audit (\$8,000) couldn't be justified for a bond. To further protect the residents against fraud, an audit committee of residents may be established.
3-Village Disbursements Updated 9/28/2010 Status: Open	A	1. Obtain written agreements for all contractual services. 2. Establish formal bidding procedures and policies. 3. Maintain documentation to support non-employee compensation on Form 1099. 4. Determine if more appropriate to compensate Public Works/Safety Director as an independent contractor or an employee. <u>Response/Status</u> 1. There are contracts/agreements with Empire (lights and franchise taxes), AW for trash hauling, Horton for snow removal, and Talley for legal fees. 2. Currently drafting an ordinance to address bidding procedures. 3/4. No longer applicable due to services terminated in 2008.
4- Budgeting and Financial Reporting Status : All resolved, done and closed	A	Prepare annual budgets with all information required by state law with formal approval at meeting and documented in meeting minutes. <u>Response/Status</u> Budget was approved for 2008 and 2009 and included comparative data for the two previous years. The 2009 a budget was approved at the January 2010 meeting, as noted in the minutes from the January 19, 2010 meeting.
	B	Submit annual financial reports to State auditor's office, as required by state law. <u>Response/Status</u> 2008 report was filed in August 2009 and Leawood is no longer listed on the delinquent list of the State Auditor.
	C	Publish or post semiannual financial statements that the provide citizens an account of all village financial activities, as required by state law. <u>Response/Status</u> The financial statements for 2009 were approved by trustees and the January 19, 2010 meeting and noted in the minutes and mailed with the March bi-monthly newsletter to residents and posted with the March 2010 meeting agenda. Current financial information is also included through out the year in the newsletter.
5- Property Tax Collections Status: All resolved and closed.	A	Village tax collector duties are properly segregated and annual statements of property tax chargers, collections and delinquent as of January 1st are prepared. Should turn over delinquent taxes to he County Collector, as required by law. <u>Response/Status</u> An agreement for collection of property taxes by the Newton County Tax Collector was executed for collection of 2009 property taxes. Issued resolved.
	B	Insure property tax receipts are deposited in a timely manner. <u>Response/Status</u> See above response. Residents pay the County Tax Collector and then the County makes a payment to Leawood the following month. Issue resolved.

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	C	Hold public hearings on proposed tax rates and established the annual tax levy by ordinance, as required by state law. <u>Response/Status</u> Hearing was held in August 2009 and the required the reports filed with the state of Missouri.
6-Road Funds Status: Resolved done, and closed	A	Establish a separate fund or separate accounting to insure motor vehicle-related revenues are spent in accordance with the state constitution. <u>Response/Status</u> A separate accounting of road funds is being maintained. Issue closed
	B	Maintain adequate documentation to account for all road projects, including the total cost of each project and amounts paid by residents. <u>Response/Status</u> Trustees were not aware of situation, where residents paid for road repairs. Documentation will be maintained, if there are such situations.
7-Meeting Minutes and Ordinances Status: Resolved Status: Resolved	A	Ensure meeting minutes include adequate detail of actions taken and are signed by the Chairman and preparer. <u>Response/Status</u> This has been done since the July 2009 meeting. Issue closed.
	B	Hold Board of trustee meetings within the time period required by state law after the April election. <u>Response/Status</u> Election is scheduled for April 6, 2010 and a meeting has been scheduled for April 26th to be within 20 days of election.
Status: Resolved	C	Ensure apparent and actual instances of nepotism are voided. <u>Response/Status</u> We concur and will ensure trustees abstain from voting on issues that involve related parties and the abstention will be documented in the meeting minutes.
Status: Resolved	D	Maintain a complete updated set of village ordinances in an organized manner, establish procedures to enforce ordinances, and adopt ordinances, as required by law. <u>Response/Status</u> In process of resolving.
Open	E	Adopt an ordinance addressing proper method to retain and transmit village records to subsequent elected officials. <u>Response/Status</u> Currently discussing policies and procedures for maintaining and transmitting village records. An ordinance will be drafted and approved, so village records are consistently maintained.
Open - Updated 9/28	F	Develop a public access policy to comply with state law. <u>Response/Status</u> Resolution completed. Need to put in Ledger