



**PIKE TOWNSHIP
STODDARD COUNTY, MISSOURI
YEAR ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-26
March 25, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

March 2003

The following problems were discovered as a result of an audit conducted by our office of the Pike Township, Stoddard County, Missouri.

- It appears the township trustee, as ex officio treasurer, and other township officials were overpaid in 2001. The board should review these situations and ensure the excess amounts paid to the township trustee and the board are recovered. In addition, the township board has not determined whether the township collector is an employee or is self-employed. In March 2001, the township reimbursed the Township Collector \$622 for her federal self-employment tax for 2000.
- The township board does not prepare and adopt annual budgets in compliance with state law. In addition, the township board did not publish annual financial statements and inventory listings as required by state law.
- Board minutes are prepared by the township clerk; however, they are not generally signed by the township clerk and board president. The board minutes did not generally include sufficient detail of matters discussed and actions taken at the board meetings. The minutes did not document the public hearings on proposed tax levies and did not always contain information required by statute. In addition, the township does not have a formal policy regarding public access to township records.
- The township does not have formal written bidding policies and procedures. State law required bids on any purchase greater than \$4,500. In addition, some payments to the road foreman appeared to be questionable and supporting documentation for some gravel purchases was not adequate. Also, the township does not have a formal written policy for installing culverts and township residents may have received culverts at special township prices and avoided paying sales tax.

The audit also includes recommendations related to personnel policies, procedures, and records, road maintenance, and fixed assets.

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YELLOW SHEET

PIKE TOWNSHIP
STODDARD COUNTY, MISSOURI

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Directors
Pike Township
Stoddard County, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit Pike Township, Stoddard County, Missouri. The scope of our audit of the township included, but was not necessarily limited to, the year ended December 31, 2001. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the township.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

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

The accompanying Management Advisory Report presents our findings arising from our audit of Pike Township, Stoddard County, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

October 10, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Katherine Cardenas, CPA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

PIKE TOWNSHIP
STODDARD COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Township Officials' Compensation and Bond Coverage

It appears the township trustee, as ex officio treasurer, and other township officials were overpaid in 2001. In addition, the township board has not determined whether the township collector is an employee or is self-employed. Also, bond coverage for township officials was not adequate.

- A. The township trustee, as ex officio treasurer, did not properly calculate her commission in 2001, and as a result, it appears she was overpaid \$597. Section 65.230(2), RSMo 2000, provides for the township trustee to be compensated two percent on the first \$1,000 and one percent on all amounts above \$1,000 for receiving and disbursing all monies as ex officio treasurer. From January to May, 2001, the township trustee received two percent commission on each check less than \$1,000 and one percent on each check greater than \$1,000. According to the township trustee, her understanding was that her commission should be calculated using two percent for any amount below \$1,000; however, in June 2001, she started taking only one percent after attending a seminar in which a consultant discussed the appropriate compensation for an ex officio treasurer.

The board should review this situation and ensure the amount of excess commission paid to the township trustee is recovered.

- B. It appears some township officials were overpaid for attending board meetings in 2001, as follows:

<u>Name of Official</u>	<u>Overpayment Amount</u>
D. Jane Bollinger	\$ 235
Alan DeJournett	235
Charles Jordan	235
Gaynell Fowler	235

Section 65.230(1), RSMo 2000 provides that the township board and clerk are to receive up to \$25 per day for the first meeting each month and up to \$10 for each meeting thereafter during the month.

For several years, the township's policy was to pay the board members and the clerk \$50 per meeting. In April 2001, the board changed this policy to \$25 per meeting for the first meeting and \$10 per meeting for each meeting thereafter during the month. According to township officials, the board changed its policy

after they attended a seminar in which a consultant discussed the appropriate compensation for board members.

The township board should review this situation and ensure the amounts overpaid to these officials are recovered.

In addition, the board should ensure any future compensation paid to township officials is in accordance with state law.

- C. The township board has not determined whether the township collector is an employee or is self-employed. In March 2001, the township reimbursed the Township Collector \$622 for her federal self-employment tax for 2000. Township records indicate that she was not reimbursed for her federal tax in the earlier or subsequent year.

If the township collector is determined to be an employee, the township needs to properly report commissions, withhold payroll taxes, and pay the employer's share of social security in accordance with state and federal law. However, if the township collector is determined to be self-employed, then the township should refrain from paying her self-employment tax.

- D. Bond coverage for township officials was not adequate during 2001.

- The township trustee, as ex officio treasurer, is bonded for \$10,000. However, Section 65.460, RSMo 2000, requires the township trustee and ex officio treasurer to be bonded in an amount equal to one-half the largest amount on deposit during the year preceding election or appointment. A scan of the bank statements for all township bank accounts for 2000 indicated balances over \$200,000.
- The members of the township board are not bonded; however, they are authorized to sign checks.

The township trustee should obtain bond coverage in accordance with state law. In addition, the failure to properly bond individuals who have check signing authority exposes the township to risk of loss.

WE RECOMMEND the Township Board:

- A&B. Review the situations and ensure the excess commissions paid to the township trustee and the excess compensation paid to township officials are recovered. In addition, the board should ensure any future compensation paid to township officials complies with state law.
- C. Contact their tax advisor and determine if the township collector is an employee or is self-employed.

- D. Ensure the township trustee is bonded in accordance with state law. In addition, the board should consider obtaining adequate bond coverage for other individuals who are authorized check signers.

AUDITEE'S RESPONSE

- A&B. We partially agree with this recommendation. The board decided to forgive these debts since no one on the board realized they were not complying with state law.*
- C. We agree with this recommendation. We consulted the township's attorney and consider the collector to be self-employed.*
- D. We agree with this recommendation. We plan to get adequate bonding for everyone authorized to sign checks.*

2. Budgeting and Financial Reporting

Annual budgets are not prepared and adopted. In addition, the township board does not publish its annual financial statements.

- A. The township board does not prepare and adopt annual budgets in compliance with state law. According to the township trustee, the budget for the year ended December 31, 2002 was the first budget prepared by the board; however, this budget did not contain all required information. The budget only included separate schedules of three prior years' actual revenues and expenditures. In addition, the board did not formally approve the budget.

Section 67.010, RSMo 2000, requires each political subdivision to prepare an annual budget, and Sections 67.010 to 67.080, RSMo 2000, set specific guidelines for the format, approval, and amendments of the annual operating budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the preceding two budget years, and the beginning and estimated ending available resources.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for township operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. It will also assist in setting tax levies and informing the public about township operations and current finances. In addition, indication of approval of the budget should be documented in the official minutes of the board.

- B. The township board does not publish annual financial statements and inventory listings as required by state law. Section 231.280, RSMo 2000, requires the

township to publish annual financial statements and inventory listings in any newspaper of general circulation within the township which is published in the county. Publication of annual financial statements would allow residents to be better informed as to the township's financial activity and condition.

Published financial statements containing the beginning cash balance, actual receipts by source for the year, actual expenditures by major category for the year, and the ending cash balance would provide a more complete picture of the township's financial situation. In addition, an inventory of property should be included, as required by state law.

WE RECOMMEND the Township Board:

- A. Ensure complete and accurate budgets are prepared annually. The board should ensure actual expenditures do not exceed budgeted amounts and periodically compare actual revenues and expenditures with budgeted amounts to monitor township finances. In addition the board's approval of the budget should be documented.
- B. Ensure annual financial statements and inventory listings are published in accordance with state law.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We will implement the recommendation.*
- B. *We agree with this recommendation. The 2002 financial statements and inventory listing were published in a local paper.*

3. Board Meetings and Records

Board minutes are not signed by the township clerk and board president. In addition, formal written minutes are not prepared for closed meetings, and the board has not established a formal written policy regarding public access to township records. Also, significant discussions and decisions are not adequately documented in the minutes.

- A. Board minutes are prepared by the township clerk; however, they are not generally signed by the clerk. In addition, the president of the board does not sign the minutes. Section 65.310, RSMo 2000, requires the board president to sign all orders and official acts.

The board minutes should be signed by the township clerk as preparer and by the board president to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- B. Formal written minutes are not prepared for closed meetings. Although minutes for closed meetings are not specifically required by law, minutes constitute the record of proceedings of the Township Board. Formal written minutes for closed meetings result in a better record of township transactions, proceedings and decisions. In addition, such minutes provide evidence that any discussions or business conducted in closed meetings pertains to matters authorized by the Sunshine Law, Chapter 610, RSMo.
- C. The township does not have a formal policy regarding public access to township records. A formal policy would establish guidelines for the township to make the records available to the public. This policy should establish a person to contact, provide an address to mail requests for access to records, and establish a cost to provide copies of public records. Section 610.023, RSMo 2000, lists requirements for making township records available to the public.
- D. The board minutes did not generally include sufficient detail of matters discussed and actions taken at the board meetings. There were several instances when the board decided to take bids for the purchase of road and bridge equipment, but the bids were never discussed or documented in subsequent minutes. Also, the minutes did not document the public hearings on proposed tax levies. In addition, the minutes of the board meetings did not always contain information required by statute. When the minutes indicated a motion was made, the minutes did not always indicate the number of votes taken for and against and if the motion passed.

Complete and accurate minutes provide an official record of board actions and decisions. In addition, Section 610.020, RSMo 2000, requires the minutes to include a record of votes taken.

WE RECOMMEND the Township Board:

- A. Ensure the township clerk and board president sign the minutes to attest to their completeness and accuracy.
- B. Ensure minutes are prepared for all closed meetings.
- C. Establish formal written policies and procedures regarding public access to township records.
- D. Ensure all significant discussions and actions taken are documented in the minutes.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We will implement the recommendation.*
- B. *We agree with this recommendation. We have already started preparing minutes for closed meetings.*
- C. *We agree with this recommendation. We will establish a formal written policy with regard to public access to township records.*
- D. *We agree with this recommendation. We are currently doing this.*

4. Expenditures

The township does not have a formal bidding policy. In addition, some payments to the road foreman appear questionable; supporting documentation for some gravel purchases was not adequate; and operating costs are not properly allocated to restricted funds. Also, payroll vouchers do not always include sufficient detail information. Finally, the township does not have a formal written policy for installing culverts and township residents may have received culverts at special township prices and avoided paying sales tax.

- A. The township does not have formal written bidding policies and procedures. As a result, the decision whether to solicit bids for a particular purchase is made on an item by item basis. In addition, we noted several instances when the township purchased gravel from a higher bidder, but did not document reasons for selecting other than low bidder. Bids were not solicited or bid documentation was not retained for the following purchases:

Pickup truck	\$ 14,500
Fuel	5,057
Property insurance	5,360
Liability insurance	5,955
Gravel	7,311

Although these purchases represent one payment for the item, the township may spend more than these amounts for fuel, gravel, and insurance on an annual basis.

Formal bidding procedures for major purchases provide a framework for economical management of township resources and help ensure the township receives fair value by contracting with the lowest and best bidders. In addition, Section 50.660, RSMo 2000, requires bids on any purchase greater than \$4,500. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the township's business. Not only can bids be obtained by telephone quotation, but bids can also be obtained by written quotation, by sealed bid, or by

advertised sealed bid. Various approaches are appropriate, based on the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and the reasons for selecting the winning bid.

B. Some payments to the road foreman appear questionable:

- The road foreman was paid \$5,363 during the year ended December 31, 2000, for the rental of his dozer; however, the rental of the dozer was not competitively bid. The invoices indicate the township paid for over 97 hours of work at a rate of \$55 an hour. Without competitive bidding, this situation has an appearance of a conflict of interest. Also, the township did not report the dozer rental to the Internal Revenue Service (IRS) by issuing Form 1099-Miscellaneous. The Internal Revenue Code requires payments of \$600 or more for rents and services be reported to the federal government on Forms 1099-Miscellaneous.
- The township board approved some reimbursements to the road foreman without supporting documentation, such as an invoice or paid receipt. The road foreman was reimbursed for the purchases of a truck seat, in December 1998, and a cell phone, in May 2001, totaling \$115 and \$200, respectively. Adequate supporting documentation is necessary to ensure the purchases represent a valid expense of the township.
- The township reimbursed the road foreman for both mileage and gasoline when he used his personal vehicle on township business. Reimbursements, totaling \$350, for mileage/gasoline were paid during the two years ended December 31, 2001. The purpose of a mileage reimbursement is to reimburse for use of the personal vehicle which includes gasoline. Therefore, it appears reimbursing for both mileage and gasoline is not appropriate.

C. The township board approved payments for gravel, totaling approximately \$1,700, without adequate supporting documentation, such as an itemized invoice from the vendor. For some payments, the documentation consisted of a piece of paper completed by the road foreman's wife indicating the number of loads and the price. For other payments, no documentation was available to support the payment.

All expenditures should be supported by paid receipts and/or vendor-provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate use of public funds. In addition, the board should ensure adequate documentation is available prior to approval of the payment.

D. The township is not properly allocating costs to its restricted funds (Road and Bridge Fund and Johnson Grass Fund). For example, the township pays all of its

fuel purchases from the Johnson Grass Fund. Section 263.265, RSMo 2000, requires the Johnson grass tax monies be used for the expenses of controlling and eradicating Johnson grass on county roads and rights-of-way. While a portion of the fuel costs could be allocated to the fund, a larger portion would be more appropriately allocated to the Road and Bridge Fund. Other costs that could be charged to the Johnson Grass Fund include employees' salaries for time spent on weed control and chemicals used in the weed control process.

Since the Johnson grass and road and bridge tax revenues are restricted for specific purposes by state law, it is essential that the township properly allocate expenses to these funds. The township should maintain the documentation necessary to allocate expenses to the appropriate funds. According to the trustee and ex-officio treasurer, she was told to charge expenses this way when she took office.

- E. The Township Trustee's payroll vouchers are not adequate. Her payroll vouchers do not clearly identify amounts for fees, compensation for meetings, and mileage reimbursement, along with the withholdings. The trustee's payroll vouchers basically consisted of a list of numbers on a sheet of paper.

Complete documentation on the payroll voucher of the payments made to the Township Trustee would prevent errors from going undetected. For example, in August 2001, the Township Trustee erroneously included a mileage reimbursement to herself as compensation on the payroll register. While the amount reported was not significant, it would be less likely to occur if amounts were clearly identified on the payroll vouchers.

- F. The township does not have a formal written policy for installing culverts for township residents. In addition, the township purchases the culvert(s) and bills the residents for the cost of the culvert(s). By purchasing the culvert(s) in this manner, the township resident may have received them at special township prices and avoided paying sales tax.

According to board members, the board sells culverts to township residents who request them. This is usually done when the township is doing work on a township road adjacent to a resident's property because it helps maintain the township roads. The township sold culverts, totaling approximately \$1,600, to residents during the three years ended December 31, 2002.

The township should not allow such expenditures to be incurred using its sales tax-exempt status. Doing so violates the terms of the township's sales tax exemption letter. In addition, a formal written policy for installing culverts would help ensure all township residents are treated equitably. This policy should be communicated to township residents.

WE RECOMMEND the Township Board:

- A. Establish formal bidding policies and procedures, including documentation requirements, regarding the bids or quotes received and justification for the bid selected. In addition, bids should be obtained for all purchases greater than \$4,500.
- B. Ensure goods and services provided by township employees are competitively bid, and avoid actual or apparent conflicts of interest. In addition, Forms 1099-Miscellaneous should be prepared and submitted to the IRS, as required. Also, the board should ensure reimbursement payments to employees are supported by adequate documentation and should discontinue the practice of reimbursing employees for both mileage and gasoline for the use of personal vehicles.
- C. Ensure adequate supporting documentation is obtained prior to board approval and is retained for all expenditures.
- D. Ensure all expenditures are properly allocated to the restricted funds and the allocations are supported by adequate documentation.
- E. Ensure the payroll vouchers clearly identify the various payments to township officials, including withholdings.
- F. Refrain from purchasing items for individuals which results in the payment of sales tax being avoided. In addition, the township should prepare a written policy regarding the installing of culverts and ensure this policy is communicated to township residents.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We have always tried to get bids, but the bids have not always been in writing.*
- B. *We agree with this recommendation. We checked around and renting the dozer from the road foreman was the least costly to the township. We just failed to document what we did.*
- C. *We agree with this recommendation. We always try to make sure there is supporting documentation for all expenditures.*
- D&F. *We agree with these recommendations. We plan to implement the recommendations.*
- E. *We agree with this recommendation. We are currently doing this.*

5.**Personnel Policies, Procedures, and Records**

A comprehensive written personnel policy has not been prepared, nor is there a policy regarding the employment and supervision of related parties. In addition, adequate time records are not prepared and leave records are not maintained.

- A. The township has not prepared a formal written personnel policy to address issues such as vacation and sick leave, overtime and compensatory time, regular work hours, hiring and firing procedures, use of township vehicles, and mileage reimbursement.

In addition, the board does not have a policy regarding the employment and supervision of related parties. In May 1997, the board hired the road foreman's son-in-law to work for the road and bridge department. The road foreman supervised his son-in-law during his employment with the township from May 1997 to May 2001. Employees should not be supervised by a closely related family member. This type of relationship should be avoided to ensure all employees are treated equitably and fairly.

A comprehensive written personnel policy manual would provide guidance and control to ensure equitable treatment among employees, and the avoidance of misunderstandings.

- B. Employees do not prepare time sheets. Payroll checks are prepared from a document the road foreman's wife prepares for each employee indicating the number of hours worked each day for the pay period. This document is prepared from information maintained by the road foreman regarding hours worked by each employee. In addition, this document is not signed by the employee or the road foreman.

Time sheets are necessary to document hours actually worked, substantiate payroll expenditures, and provide the board with a method to monitor hours worked. The board should require all employees to prepare detailed time sheets of actual time worked and leave taken. The time sheets should be approved by the township board, and filed with the township's payroll records.

- C. Records are not maintained for leave earned and/or taken. According to the township trustee, the township's informal policy provides that employees earn one week vacation after twelve months of employment and up to two weeks vacation after twenty-five years of employment. In addition, vacation must be used in the year earned and does not accrue. Accurate and properly maintained leave records are necessary to provide assurance that leave policies are being followed.

WE RECOMMEND the Township Board:

- A. Prepare and maintain a written personnel policy manual to provide documentation of the board's procedures and policies for township employees. In addition, the board should establish a written related party policy which restricts related employees from directly supervising each other.
- B. Require township employees to complete time sheets which reflect actual time worked and leave taken. The records should be prepared by employees, approved by the township board, and filed with the township's payroll records.
- C. Maintain leave records in a manner that provides a complete record of the amount of leave earned, taken, and any accumulated balances.

AUDITEE'S RESPONSE

A&C. We agree with these recommendations. We will implement the recommendations.

B. We agree with this recommendation. We will make an effort to implement the recommendation.

6. Road Maintenance

The township does not prepare a maintenance plan for township roads and does not have a current agreement with Stoddard County for County Aid Road Trust (CART) monies. In addition, the township does not maintain records to support the amount of property tax monies collected or spent on roads within city limits to ensure compliance with state law.

- A. A formal maintenance plan for township roads is not prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, the board should consider holding a public hearing to obtain input from township residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of roads throughout the year.

- B. The township does not have a current written agreement with Stoddard County for CART monies received from the county. The last annual agreement was dated

March 1997. The township received CART funds totaling approximately \$154,000 during the year ended December 31, 2001.

Article IV, Section 30(a) of the Missouri Constitution and Section 231.441, RSMo, require the monies be used for the construction, reconstruction, and maintenance and repair of roads, bridges and highways. A written agreement with the county would help ensure the monies are expended for road-related purposes in accordance with constitutional and statutory provisions and that both parties are aware of their duties and responsibilities for the CART monies.

- C. The township does not maintain records of the amount of property tax monies collected or spent in cities in the township. Section 65.295, RSMo 2000, states that a township may not expend more than one-fourth of the tax revenue generated from property within a city on the roads within the city.

Without documentation of the tax revenue generated from property within a city or of monies spent on roads within a city, there is little assurance the township has complied with state law.

WE RECOMMEND the Township Board:

- A. Prepare and document a maintenance plan at the beginning of the calendar year and periodically update the plan throughout the year, as needed. In addition, the board should review the progress made in the repair and maintenance of roads to make appropriate decisions on future projects.
- B. Obtain a written annual agreement with Stoddard County for the CART monies.
- C. Consult with its legal advisor on how to comply with this state law.

AUDITEE'S RESPONSE

- A. *We disagree with this recommendation. We try to grade every road in the township, but work on the worst road first.*
- B. *We agree with this recommendation. We will do this.*
- C. *We agree with this recommendation. We have been complying with the state law. We just did not maintain records.*

The township does not maintain adequate fixed asset records. In addition, maintenance records, fuel usage logs, and mileage logs are not maintained for township vehicles and heavy equipment.

- A. The township does not maintain adequate records to account for fixed assets owned by the township, as required by state law. Section 231.280, RSMo 2000, provides that a complete inventory of all tools, road machinery and other property belonging to the township be maintained. Although the township maintains a list of fixed assets, the list is not complete. In addition, the fixed assets have not been tagged or otherwise identified as property of the township, an annual physical inventory is not performed, and fixed asset additions are not accounted for as they occur.

Fixed asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the asset including name, make and model number, asset identification number, cost, acquisition date, the physical location of the asset, and the date and method of disposition of the asset when disposed of. In addition, the township should conduct annual physical inventories, and property purchases should be reconciled to property additions on a periodic basis.

Inventories are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete items. Asset identification numbers allow for identification of the property in the records and limit the potential for personal use of township assets.

In addition to showing compliance with state law, adequate fixed asset records are necessary to secure better internal controls and safeguard township assets which are susceptible to loss, theft, or misuse, and provide a basis for determining proper insurance coverage required on township property.

- B. The township does not prepare or maintain maintenance records, fuel usage logs, or mileage logs for its vehicles and heavy equipment.
- Maintenance records should include oil changes, any repairs or other work done to the vehicles/equipment, parts purchased, the date the work was done, and the odometer/meter reading. Comprehensive maintenance records on each vehicle/equipment should be maintained and periodically reviewed to ensure that preventive maintenance procedures are performed.

Maintenance and repair records would help the township to anticipate the need and probable timing of major repairs. Such information would help

the township in making budgetary decisions and in deciding when to dispose of a particular vehicle or item of equipment.

- A fuel usage log should include date of fuel purchases, number of gallons purchased, the vehicle, odometer readings, gallons pumped, and a computation of miles per gallon. In addition, a periodic reconciliation of gallons pumped and gallons on hand to actual fuel purchases, along with an analysis of hours of operation, should be performed to ensure all usage is recorded and appears reasonable.
- Mileage logs should include the beginning and ending odometer readings, destination, and purpose of each trip. These logs are necessary to document the appropriate use of the vehicles and are useful in evaluating fuel costs. The logs should be reviewed by the township board to help ensure vehicles are used for township business and are being properly utilized. In addition, the logs should be reviewed in conjunction with the fuel and maintenance records.

WE RECOMMEND the Township Board:

- A. Ensure fixed asset records are maintained which include all pertinent information for each asset, such as description, cost, acquisition date, identification number, location, and the subsequent disposition. The township should also tag, number, or otherwise identify all applicable township property and conduct annual physical inventories. In addition, the physical inventories should be reconciled to the detailed fixed asset records, and property purchases should be reconciled to property additions on a periodic bases.
- B. Require maintenance records and fuel usage and mileage logs be maintained for township vehicles and heavy equipment. In addition, the township board should periodically review the records and logs for completeness and reasonableness.

AUDITEE'S RESPONSE

- A. *We agree with this recommendation. We will endeavor to keep better inventory records.*
- B. *We agree with this recommendation. We will try to do the best we can to implement the recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

PIKE TOWNSHIP
STODDARD COUNTY
HISTORY AND ORGANIZATION

Pike Township is one of seven townships in Stoddard County and is located in the northeast region of that county. Stoddard County elected a township organization in 1868. There are approximately 143 miles of roads maintained by the township. The population of the township in 2000 was 3,747.

The township's elected Board of Directors (governing body) consists of the township trustee (board member), who serves as the ex officio treasurer, and two members of the township board. One of these two board members is appointed by the board as president. Other officers are the township clerk and the township collector. All officers are elected biennially and take office in April following the election.

Officers at December 31, 2001 were as follows:

	Term Expires	Actual Compensation For the Year Ended December 31, 2001	Amount of Bond
Gaynell Fowler, Trustee and Ex Officio Treasurer (1)	April 2003	\$ 3,940	\$ 10,000
Anson Knoderer, President (2)	April 2003	191	
Charles Jordan, Member	April 2003	670	
Edna Scheible, Collector	April 2003	11,041	297,635
D. Jane Bollinger, Clerk	April 2003	705	

- (1) Compensation includes \$705 for meetings, \$3,235 for fees.
- (2) Alan DeJournett resigned in August 2001 and Anson Knoderer was appointed on August 16, 2001 to serve the remainder of the term.

In addition to the elected officials, the township has 4 full-time employees.

Assessed valuation and tax rate information for 2001 were as follows:

	<u>2001</u>
ASSESSED VALUATION	
Real estate	\$ 24,872,903
Personal Property	<u>14,516,496</u>
Total	<u>\$ 39,389,399</u>

TAX RATES PER \$100 OF ASSESSED VALUATION

General	\$.09
Road and bridge		.23
Johnson grass		.04

A summary of financial activity of the Pike Township (excluding the Township Collector's account) for the year ended December 31, 2001 is presented below:

	General Fund	Road and Bridge Fund	Johnson Grass Fund	Total
RECEIPTS:				
Property taxes	30,475	73,991	12,850	117,316
Railroad and utility taxes	3,957	7,860	1,367	13,184
Intergovernmental				
BRO projects	0	2,148	0	2,148
CART	0	153,778	0	153,778
Interest income	469	4,349	211	5,029
Miscellaneous	201	1,503	0	1,704
Total Receipts	<u>35,102</u>	<u>243,629</u>	<u>14,428</u>	<u>293,159</u>
DISBURSEMENTS:				
Salaries	6,274	68,070	0	74,344
Payroll withholdings	18,961	1,638	0	20,599
Utilities	3,464	0	0	3,464
Road maintenance	0	18,438	0	18,438
Supplies	0	86,303	791	87,094
Insurance	18,130	22,241	0	40,371
Fuel	0	0	12,790	12,790
Miscellaneous	5,286	3,648	0	8,934
Total Disbursements	<u>52,115</u>	<u>200,338</u>	<u>13,581</u>	<u>266,034</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,013)	43,291	847	27,125
CASH BALANCE, JANUARY 1,	21,095	68,631	6,840	96,566
CASH BALANCE, DECEMBER 31,	<u>4,082</u>	<u>111,922</u>	<u>7,687</u>	<u>123,691</u>

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