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Report to City Council and Management, 2005

City of Ellisville

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CITY OF ELLISVILLE, MISSOURI

**REPORT TO CITY COUNCIL
AND MANAGEMENT**

DECEMBER 31, 2005



BOTZ, DEAL & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

March 3, 2006

Honorable Mayor
and City Council Members
Ellisville, Missouri

We are pleased to discuss the results of our audit of the general purpose financial statements of City of Ellisville, Missouri for the year ended December 31, 2005.

The accompanying report addresses matters with respect to our 2005 audit and other information which we believe will be of assistance and interest to you, as well as specific matters required by professional standards to be reported to you. This report is intended solely for the information and use of the Mayor and City Council Members.

Sincerely,

Botz, Deal & Company PC

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OVERVIEW OF 2005 AUDIT

AUDITORS' RESPONSIBILITY	<ul style="list-style-type: none">* Audit performed in accordance with auditing standards generally accepted in the United States of America.* Objective being reasonable - not absolute - assurance about the financial statements being free of material misstatement.
REPORT ON 2005 AUDIT	<ul style="list-style-type: none">* Issued an unmodified opinion dated March 3, 2006.
INTERNAL CONTROL OVER FINANCIAL REPORTING	<ul style="list-style-type: none">* Reviewed controls to extent necessary to obtain an understanding of the structure in order to render an opinion on financial statements.* Recommendations set forth on pages 3 and 4.
MANAGEMENT COOPERATION	<ul style="list-style-type: none">* Received full cooperation.

OTHER MATTERS

The Auditing Standards Board of the AICPA requires that we communicate certain matters to the Audit Committee, or its equivalent of an organization. These requirements are set out in Statement on Auditing Standards Nos. 53, 54, 61 and 89 and our comments thereto are presented below.

ERRORS

* None came to our attention.

FRAUD AND OTHER ILLEGAL ACTS

* None came to our attention.

SIGNIFICANT ACCOUNTING POLICIES

* No significant changes to accounting policies.

MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

* Reviewed management's formulation of accounting estimates and concluded they were reasonable.

CONSULTATIONS WITH OTHER ACCOUNTANTS

* None.

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

* No reportable differences.

RECOMMENDATIONS TO MANAGEMENT

OVERALL

- * Considered internal control over financial reporting to determine auditing procedures.
- * Audit procedures would not necessarily disclose all matters in internal control over financial reporting that may be material weaknesses.

CURRENT YEAR

- * Governmental Accounting Standards Board has issued Statement No. 44 "*Economic Condition Reporting: Statistical Section*". The City will be required to implement this statement for the fiscal year ending December 31, 2006. GASB No. 44 makes numerous changes to the statistical section of the comprehensive annual financial report (CAFR). We recommend the City begin accumulating information during the year, so the new requirements do not delay the preparation of the CAFR.

PRIOR YEAR

- * Receipts are not always remitted to the finance department to support credit card charges. Even though the charges appear on the credit card statements it is good practice to turn in receipts. The receipts should document the business purpose of the charge.

Status: Management has implemented this change. Every effort is made to have all receipts turned in with every credit card statement.

RECOMMENDATIONS TO MANAGEMENT

-continued-

PRIOR YEAR - continued

- * Occasionally City credit cards are used for personal charges. If this practice is necessary, the City should record a receivable from the employer, so the amount owed can be easily identified. These amounts should be repaid monthly.

Status: Management has implemented this change. A line item has been created and is used for personal expenses.

- * We noted several cell phone bills with charges for usage in excess of the established plan. Some charges have been reimbursed by City employees for personal calls. However, to insure all cell phone usage is in accordance with the conduction of City business, we recommend that all cell phone bills be reviewed by responsible City officials, and a receivable should be recorded for personal use in excess of established plans.

Status: Management has implemented this change. The Mayor reviews and signs off on all City Manager expenditures.