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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Warrenton

Real Estate Acquisition and Planning	In 2007, the city purchased 6.91 acres of land for $791,000 ($114,450 per acre) for construction of a recreational facility, but did not obtain an appraisal prior to making the purchase. The city had planned to construct a recreational facility on the property, but the associated tax issue needed to finance the construction failed on two separate occasions. The city has not developed a contingency plan for the land and has no alternative means to finance this project. In January 2006, the Industrial Development Authority (IDA) borrowed $908,600 to purchase 30 acres in a neighboring city for industrial development, and the city signed a 15 year "lease" agreement with the IDA. After the purchase the IDA determined it was too costly to develop the property and the project was abandoned. The city has not utilized the property and has no documented plans for its future use, but has begun making lease payments to the IDA so the loan payments can be made. At the completion of the "lease" the city will have paid $717,000 plus interest to the IDA, and the IDA will own the property.
Health Insurance Procurement	The city did not ensure all potential health insurance bidders had sufficient historical claims information to provide complete proposals, thereby favoring the existing contractor. Since the existing contractor was an insurance agency owned by the Mayor at the time of the bidding, this arrangement has the appearance of a conflict of interest. By not providing the same level of information to all potential bidders the city's process is flawed. City officials also did not adequately document the evaluation and selection process.
Restricted Funds	The city transfers monies from the Park Fund to the General Fund, but does not separately track parks and recreation expenses within its General Fund. As a result, the city cannot be sure restricted parks monies are being spent for the intended purpose, as required by state law. In addition, the city used $218,000 in recreational capital improvements monies to purchase a building which is partly used for non-recreational activities. The city has not established a separate fund or accounting procedure to ensure law enforcement training receipts are expended only for local law enforcement training.

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

*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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