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Missouri State Auditor

City of St. Louis Office of Treasurer



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Office of
Missouri State Auditor
Susan Montee, CPA

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The following findings were included in our audit report on the City of St. Louis Office of Treasurer.

The Treasurer's Office is comprised of the Treasury Division and the Parking Division. At March 10, 2008, city funds held by the Treasurer's Office totaled approximately \$41 million in bank accounts and \$292 million in various investments.

The Treasury Division does not adequately document the competitive procurement of services for the deposit of city funds. Banks and accounts utilized by the Treasury Division have not changed in recent years. The financial advisor indicated he sends questionnaires to potential new depositories seeking information about rates and community involvement. The Treasurer should solicit formal bids or proposals for banking services.

The Treasury Division has not resolved old reconciling items in its accounts. The Dormant Account contains old unidentified monies from other bank accounts that were closed ten or more years ago totaling about \$350,000, and the Payroll Account contains about 420 outstanding checks from 1 to 8 years old totaling approximately \$170,000. The Treasury Division has not attempted to contact the payees and reissue the checks. In addition, the Treasury Division does not always promptly prepare bank reconciliations and does not maintain adequate documentation to support investment decisions.

The procedures of the Treasury Division for posting electronic deposits to the daily ledger and contacting other departments about unremitted Receipt Coding Forms or adjustments related to those electronic deposits are not sufficient to ensure timely posting of those receipts. For example, monies from the parking bond trustee electronically deposited in September, October, and November 2007, totaling \$728,767, were shown as reconciling items and not recorded on the daily ledgers until January 2008. While the Treasurer's Office has identified the reconciling items, failure to post such items timely to the daily ledgers results in inaccurate cash balances on the city's accounting records.

During the eighteen months ended December 31, 2007, average monthly receipts of cash and checks by the Treasury Division totaled approximately \$36 million. While procedures appear adequate to ensure monies recorded on the daily ledger are deposited, procedures could be further strengthened to provide more assurance that all monies collected are recorded on the accounting records and deposited.

The Treasurer's Office did not maintain adequate documentation to support payments to financial advisors and one financial advisor received payments exceeding the contract amount. The Parking Division used two financial advisors to assist with the 2006 and

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YELLOW SHEET

2007 revenue bond issuances and for other financial advisory services. The advisors received payments from the bond proceeds totaling about \$267,000 and payments from the Parking Fund totaling about \$74,000 during the eighteen months ended December 31, 2007. The Treasurer's Office did not execute written agreements for the services paid from the bond proceeds. In addition, the Parking Division made payments to the other advisor from the Parking Fund for ongoing financial advisory services based upon invoices that were not detailed. Further, as of May 2008, the Treasurer's Office had not installed a new automated payroll/personnel system that it acquired and paid \$37,000 for in December 2007, and some of the warranties had already expired.

The Treasurer's Office does not have a formal procurement policy. Costs were incurred during the eighteen months ended December 31, 2007, for some professional services without soliciting competitive bids/proposals, including legal services of \$205,000, financial advisory services of \$341,000, investment management services of \$463,000, feasibility studies of \$87,000, and engineering services of \$77,000. Additionally, the Treasurer's Office did not execute formal written contracts for these legal services, engineering services, and feasibility study services as required by state law.

The Parking Division had not ensured a developer complied with contract terms regarding invoices, documentation, and payment for the Euclid/Buckingham garage under construction. As of December 31, 2007, the Treasurer's Office had paid the developer \$3 million of the \$4 million contract for construction; however, billings and payments to-date significantly exceeded the actual construction progress.

The Treasurer's Office does not adequately verify the monthly billings of the contractor responsible for processing parking tickets and the contract was amended in March 2005 to provide additional bonuses to the contractor while requiring no increased services. Payments to the contractor during the eighteen months ended December 31, 2007, totaled about \$2.7 million.

The Parking Division has not analyzed and compared parking meter costs and related revenues. The Parking Division could increase its efficiencies by eliminating the meters for which costs exceed revenues or reduce its costs related to those meters by reducing the servicing, replacement, or frequency of collections from those meters.

The Treasurer's Office has not established policies addressing related employees, enforced employee leave policies, or maintained leave balances accurately.

Vehicle usage/maintenance logs are not complete and the review of fuel usage is not adequately documented.

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CITY OF ST. LOUIS
OFFICE OF TREASURER

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Larry C. Williams, Treasurer
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2007. Additionally, the City of St. Louis Office of Treasurer engaged KPMG LLP, CPAs, to audit the Parking Division's financial statements for the year ended June 30, 2007. To minimize duplication of effort, we reviewed the CPA firm's audit reports. We have conducted an audit of the City of St. Louis Office of Treasurer. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2007. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' concerns and perform various procedures to determine their validity and significance.
2. Determine if the office has adequate internal controls over significant management and financial functions.
3. Determine if the office has complied with certain legal provisions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, 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. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 contract or 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. However, providing an opinion on compliance

with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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

The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Office of Treasurer.

Additional audits of various officials and departments of the city of St. Louis fulfilling our obligations under Section 29.230, RSMo, are still in process, and any additional findings and recommendations will be included in subsequent reports.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

OFFICE OF TREASURER
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Bank Accounts and Investments

The Treasurer's Office is comprised of the Treasury Division and the Parking Division. The Treasury Division does not adequately document the competitive procurement of services for the deposit of city funds or maintain documentation to support investment decisions. Also, the Treasury Division does not promptly prepare bank reconciliations or timely resolve reconciling items on various bank reconciliations.

The Treasurer's Office processes city monies through 26 accounts at eight banks and maintains various short term investments. At March 10, 2008, city funds held by the Treasurer's Office totaled approximately \$41 million in bank accounts and \$292 million in various investments.

The Funds Committee, comprised of the Treasurer, Mayor, and Comptroller, adopted an investment policy for the city in 1998. The policy outlines the investment priorities, from highest to lowest, as security, liquidity, investment return, local economic benefit, and social policy. The policy also outlines various other investment standards including the suitable and authorized investments.

A. The Treasury Division does not adequately document the competitive procurement of services for the deposit of city funds. The city's General Fund receipts and disbursements (except city payroll which is processed through other accounts) are processed through two accounts at one bank, collectively referred to as the clearing account. Other accounts are maintained for various enterprise and fiduciary funds of the city. The Treasurer earns varying rates of interest on the accounts and interest earnings on the large-balance accounts during February 2008 ranged from .49 percent to 4.06 percent. Various factors can affect the rate of interest earnings such as frequency, type, and amount of transactions, required minimum balances, type of institution, and collateral needs.

The investment policy requires the Treasurer to annually select financial institutions through a formal, competitive procurement process. However, the Treasury Division has not competitively procured the bank depositaries and the banks and accounts utilized by the Treasury Division have not changed in recent years. The Treasury Division indicated that it is not possible to utilize other local banks for deposit of city funds because those banks are unable to provide sufficient collateral to secure city funds. However, the Treasury Division maintains no current documentation comparing the collateral capabilities of the various banks. The Treasurer's financial advisor indicated he sends questionnaires to potential new depositaries seeking information about rates and

community involvement, but not discussing collateral. The Treasurer should solicit formal bids or proposals for banking services. The solicitations should include the various factors used in making the selection of depositaries such as interest rates to be earned, minimum balance requirements, collateral limits, and other considerations outlined in city policy. By periodically soliciting formal bids or proposals, the Treasurer's Office could demonstrate compliance with the investment priorities and procurement process outlined in the investment policy, as well as ensuring it is obtaining the required level of service at a reasonable cost.

- B. The Treasury Division has not always resolved reconciling items on some bank reconciliations timely.
1. The Treasury Division has not resolved old reconciling items in its accounts. The Dormant Account contains old unidentified monies from other bank accounts that were closed ten or more years ago totaling about \$350,000. Also, as of October 31, 2007, the Payroll Account contained about 420 outstanding checks from 1 to 8 years old totaling approximately \$170,000. The Treasury Division has not attempted to contact the payees and reissue the checks.

The Treasury Division should attempt to identify the monies, contact the payees, and reissue the checks. If the monies cannot be identified and payees located, the monies should be remitted to the State Treasurer's Office, Unclaimed Property Section.

2. The procedures of the Treasury Division for posting electronic deposits to the daily ledger and contacting other departments about unremitted Receipt Coding Forms (RCF) or adjustments related to those electronic deposits are not sufficient to ensure timely posting of those receipts. We reviewed the November 30, 2007, bank reconciliation for the clearing account and noted several items recorded on the reconciliation that had been electronically deposited into the bank account, but were not posted to the daily ledger until at least a month or more later. For example, monies from the parking bond trustee electronically deposited in September, October, and November 2007, totaling \$728,767, were shown as reconciling items and not recorded on the daily ledgers until January 2008. Additionally, the reconciliation lists items for electronic deposits received in August, September, and October 2007, totaling \$475,499, that had not been posted to the daily ledger because the RCFs for those deposits had not been received from the applicable city department. In these cases, the Treasury Division notifies the other departments of the electronic deposit and the need to submit a RCF or an adjustment to identify how the deposit should be credited and then waits for receipt of the documentation before posting to the daily ledger. While the Treasurer's Office has identified the reconciling items, failure to post such items timely to the daily ledgers

results in inaccurate cash balances on the city's accounting records. Prompt posting of these items to the daily ledger is necessary to update the daily cash balances to enable the Treasurer to make informed decisions about the funds available for investment.

- C. The Treasury Division does not always promptly prepare bank reconciliations. As of May 2008, the reconciliations on the Payroll Account had not been completed since October 2007. Extended employee absences for illness have contributed to the delays. The division supervisor occasionally reviews the completed reconciliations, but does not monitor the status of uncompleted reconciliations. Timely bank reconciliations are necessary to ensure city records agree to the bank statements and allow discrepancies to be promptly resolved.
- D. The Treasury Division does not maintain adequate documentation to support investment decisions. The Treasury Division holds the city's funds in bank accounts, certificates of deposit (CDs), and obligations of federal agencies with varying maturities. At March 10, 2008, the Treasury Division held city funds of approximately \$333 million in accounts and investments.

When determining the amounts available for investment and the desired maturities, Treasury Division staff indicated they consult with the applicable departments about cash flow needs for upcoming expenses and consider the bank balances and maturities of existing investments. However, the Treasury Division does not document these processes, including the information received and the reasons for the decision made. Additionally, while bids are solicited prior to the placement of many investments, the investment manager will sometimes reinvest maturing investments into similar instruments at the same bank without obtaining bids if the reinvestment rate offered by the bank seems reasonable. However, documentation is not maintained of the evaluation of the reasonableness of the rate offered. The Treasury Division should maintain documentation of its investment decisions and the factors considered to provide assurance that its decisions provide for sufficient liquidity of the city's funds and maximize investment returns. This documentation should include the reasons for selecting the investment amount, type, and maturity and how the reasonableness of the rate was evaluated.

WE RECOMMEND the Treasurer's Office:

- A. Periodically solicit formal bids or proposals for banking services and maintain adequate documentation of the factors considered and the decisions made.
- B.1. Contact the payees and attempt to resolve the old outstanding checks and unidentified monies. If payees cannot be located, the amounts should be turned over to the state's Unclaimed Property Section. Old outstanding checks and unidentified monies should be followed up on and resolved timely.

2. Work with other city departments as necessary to ensure that receipts are promptly posted to or adjusted on the accounting ledgers.
- C. Perform bank reconciliations timely for all accounts.
- D. Maintain documentation to support investment decisions.

AUDITEE'S RESPONSE

- A. *On an ongoing basis, the Treasurer's Office solicits proposals for banking services from banks identified as eligible for receipt of city funds. These banks are identified as eligible by means of an annual survey undertaken by the Treasurer's Office and the City of St. Louis Planning and Urban Design Agency, as directed by City Ordinance 57332 (as amended by Ordinance 57500). The "local benefit" ranking of the bank is taken into account as to the prioritization of city deposits.*

Per best practice, most cities do not solely rely on bids for ensuring the competitive procurement of banking services. There are more cost-effective ways to obtain cost-effective banking services than bids, such as requests for proposals and market surveys. Moreover, most local governments use a variety of factors in making such decisions (e.g., bank capabilities and services, earnings credit rates, compensating balances, collateral, reserve requirements and deposit insurance fees). The report's focus on bids does not reflect the complexities of such decisions.

In the future, the Treasurer's Office will more thoroughly document the criteria and factors related to its depository decisions.

- B.1. *The Treasurer's Office agrees with the recommendation. All unclaimed funds subject to escheat to the State will be transferred to the State Treasurer's Unclaimed Property Section in their entirety immediately after their three (3) year anniversary date.*
2. *The Treasurer's Office will work with the Comptroller's Office to address this issue. The Treasurer's Office notifies the Comptroller's Office-Federal Grants Section electronically when funds are received electronically. Periodically throughout the month, this office informs the Comptroller's Office-Federal Grants Section of outstanding amounts requiring a RCF to complete the posting to the Treasurer's ledger. Historically, we have relied upon the Comptroller's office to expedite the timely posting of electronic transfers to the Treasurer's ledger which will in turn provide timely posting to the Comptroller's general ledger. In conjunction with the Comptroller's Office and the Mayor's Office, the Treasurer's Office will work to address this issue.*
- C. *The Treasurer's Office agrees with this recommendation and will reconcile all accounts in a timely manner. As a point of clarification, all accounts were reconciled in a timely manner until a key employee was out of the office for medical reasons. His absence placed a short-term staffing burden upon our Fiscal Section which resulted in a few reconciliations of certain accounts being delayed. Upon the return of this employee, all*

accounts were reconciled and continue to be reconciled in a timely manner. The Treasurer's Office will review staffing levels in the Fiscal Section to prevent any recurrence of this problem.

- D. *The Treasurer's Office does maintain investment documentation, but agrees that the documentation could be more thorough. The Treasurer's Office maintains files that document the investment purchases, including the proposals for investments and the trade/purchase tickets, but agrees that improvements can be made in the handling of this documentation and will work towards this end.*

2. Segregation of Duties

Receipting procedures do not provide adequate control over monies received in the Treasury Division. Strengthening procedures could provide more assurance that all monies received are recorded on the accounting records and deposited.

The various city departments turn over collections of fees, taxes, and other monies received to the Treasury Division for deposit into city accounts. The remitting city departments document each turnover on a RCF and a Form 449 and remit these forms along with the collections to the cashier in the Treasury Division. The Treasury Division indicated these forms are not prenumbered due to the forms originating in multiple city departments. The Treasurer's cashier verifies the cash and checks to the form, stamps the RCF paid, records a sequential number on the form, remits one copy of the RCF to the Comptroller's Office and returns one copy of the RCF to the remitting department. The cashier also records the collections and RCF document numbers on the daily ledger, deposits the cash collections, and sends the checks and Forms 449 to a clerk in the Treasury Division who deposits the checks and compares the Forms 449 to the daily ledger. The cashier's supervisor compares the bank deposits to the daily ledgers and the Comptroller's Office conducts unannounced verifications of the receipts on hand for one day each month. These procedures appear adequate to ensure monies recorded on the daily ledger are deposited; however, errors or irregularities could occur that would not be detected by current procedures. Because the RCFs and Forms 449 are not prenumbered, but are instead assigned a sequential number by the cashier who receives these forms directly from the remitting departments and deposits the cash, there is less assurance that all collections are posted to the daily ledger. During the eighteen months ended December 31, 2007, average monthly receipts of cash and checks by the Treasury Division totaled approximately \$36 million.

Prenumbered receipts or supporting documents would provide more assurance that all transactions are accounted for properly and assets are adequately safeguarded. If prenumbered documents or receipts are not feasible, the Treasury Division should consider having someone independent of the cashier periodically confirm recorded RCF documents with the various remitting departments. This confirmation would identify any documents returned to remitting departments which were not ultimately recorded on division records and deposited.

WE RECOMMEND the Treasurer's Office strengthen controls over monies collected in the Treasury Division.

AUDITEE'S RESPONSE

The Treasurer's Office agrees that there are always opportunities for strengthening revenue collection controls, procedures, and systems. We will discuss with the Comptroller's Office the recommendation concerning pre-numbering the RCF forms to address your concerns. We will also remind the various departments of the need to perform monthly internal reconciliations of departmental deposits to verify all deposits are accounted for and properly recorded.

3.

Expenditures

The Treasurer's Office does not have adequate procedures for contracting and procurement of some services received. Written agreements were not executed for some services, payments for some services exceeded the contract amount, and some invoices were not adequately detailed. Additionally, the Treasurer's Office has not promptly installed an automated payroll/personnel system purchased. The disbursements of the Treasurer's Office from the Parking Fund and city's General Fund total about \$16 million annually. In December 2006, the Parking Division issued revenue bonds totaling about \$57 million to refinance existing bonds and to provide funds for parking garage construction. In December 2007, the Parking Division issued additional revenue bonds totaling about \$13 million for further parking garage construction.

- A. The Treasurer's Office did not maintain adequate documentation to support payments to financial advisors and one financial advisor received payments exceeding the contract amount.

The Parking Division used two financial advisors to assist with the 2006 and 2007 revenue bond issuances and for other financial advisory services. The advisors received payments from the bond proceeds totaling about \$267,000 and payments from the Parking Fund totaling about \$74,000 during the eighteen months ended December 31, 2007.

1. The Treasurer's Office did not execute written agreements for the services paid from the bond proceeds. Except as noted below, the Treasurer's Office maintained no written agreements, bids, or other documentation evidencing the agreement for financial advisory services connected to the bond issuances. The Treasurer's Office indicated the amounts paid for those services were based on verbal agreements. Additionally, the advisors remitted the invoices directly to the bond trustee for payment, and the Treasurer did not document or maintain evidence of formal approval of the payments. Furthermore, the invoices noted only the total amount due and provided no detail as to how the amount due was derived. Consequently, there is no documentation maintained by the Treasurer's

Office to represent the basis for the amounts paid or to indicate the payments were for services and compensation agreed upon.

For the 2006 bond issuance, the Treasurer's Office contracted with one of the financial advisors to assist with the bond issuance and other matters for \$48,000 for one year. The Parking Division subsequently made monthly payments to the advisor totaling \$48,000 from the Parking Fund. Additionally, the advisor invoiced the bond trustee directly and received another payment totaling \$37,000 from the proceeds of the 2006 bonds. Consequently, it appears the advisor received \$37,000 more than he was entitled to under the terms of the contract. The advisor indicated the Treasurer verbally agreed to the additional compensation because the bond issuance was more difficult than originally anticipated, but the contract was not formally amended.

2. The Parking Division made payments to the other advisor from the Parking Fund for ongoing financial advisory services based upon invoices that were not detailed. The monthly invoices from the advisor indicated only the total due (\$3,000) for ongoing financial advisory services and provided no information about the hours worked, services provided, or hourly rate. The most recent contract with the advisor, dated in 1997, indicates the advisor is to be compensated at an hourly rate to be determined by the Treasurer's Office subject to a \$6,000 monthly maximum. The Parking Division's Chief Fiscal Officer indicated the advisor agreed to reduce the maximum to \$3,000, but the contract was not formally changed.

Adequate documentation should be maintained to support all payments made. The documentation should consist of detailed invoices, contracts, and bids when applicable. Invoices specifying the dates of service, hours worked, services provided, and hourly rate, if applicable, should be obtained, verified to the contract, and formally approved for payment to provide assurance that billings are proper. Additionally, Section 432.070, RSMo, requires contracts of political subdivisions be in writing. Likewise, any contract amendments should also be in writing. The Treasurer's Office should review the payments made to the financial advisors and determine whether amounts were overpaid and, if so, take steps to recover those amounts.

- B. As of May 2008, the Treasurer's Office had not installed a new payroll/personnel system that was acquired in December 2007 and some of the warranties have already expired. The system includes biometric hand-readers and other computer hardware and equipment for an employee time and attendance system. The warranties on the ethernet communication, backup batteries, and printer head have apparently already expired and the hand-readers, ID badge printer, and software have one year warranty periods from the date of purchase. The Treasurer's Office has made payments totaling \$37,000 for the system and about \$7,000 more will

be due upon installation for training and maintenance. The Treasurer indicated the system had not yet been installed as he intended to make staffing reorganizations to coincide with implementation of the system.

C. The Treasurer's Office does not have a formal procurement policy. As a result, the decision of whether to solicit competitive bids/proposals for a particular purchase is made on an item-by-item basis. We noted costs were incurred during the eighteen months ended December 31, 2007, for the following services without soliciting competitive bids/proposals:

Legal services	\$205,000
Financial advisory services	341,000
Investment management services	463,000
Feasibility studies	87,000
Engineering services	77,000

The financial advisory services included assistance with the issuance of revenue bonds noted in part A above and ongoing consulting for Parking Division operations. Investment management services consist of helping manage city funds under the control of the Treasury Division, for which the fee is calculated at 20 basis points of the market value of the related assets. The Treasurer's Office indicated it has dealt with many of these service providers for many years, generally ten years or longer, and is satisfied with the quality of the services provided and consequently has not solicited competitive bids or proposals for these items from other entities.

Through ordinance, the city has established a procurement policy for city departments and agencies. Under certain circumstances, the city policy allows professional services to be obtained by sole source engagement. The city policy requires the reasons and qualifying circumstances for these sole source engagements to be adequately justified and limits such contracts to \$50,000. However, as a separately elected official, the Treasurer has the authority to establish procurement policy for his office.

Formal procurement procedures would provide a framework for the economical management of resources of the Treasurer's Office and help ensure the Treasurer's Office receives fair value in its contracts as well as help ensure all parties are given an equal opportunity to participate in the business of the Treasurer's Office. Bids can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. In addition, a request for proposal or request for qualification process may be more appropriate for professional services. For engineering services, Sections 8.289 and 8.291, RSMo, provide guidance on obtaining, evaluating, and negotiating for such services. These sections require the office to obtain annual statements of qualifications and performance data from

interested firms and consider at least three highly qualified firms. No matter which approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

- D. The Treasurer's Office did not execute formal written contracts for legal services, engineering services, and feasibility study services. In these cases, written proposals or engagement letters were received from the service providers, but written contracts signed by both parties were not executed. Proposals for engineering services and feasibility studies are obtained on a project by project basis. The engagement letter for legal services is several years old.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The Treasurer's Office should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Current, written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

WE RECOMMEND the Treasurer's Office:

- A.1. Execute written contracts for financial advisory services on bond issuances, document approval of related invoices, and ensure amounts paid are consistent with the contract terms. Additionally, the Treasurer should review the payments to the financial advisors and consider obtaining repayment for any amounts paid in excess of agreed-upon terms.
- 2. Require adequately detailed invoices for ongoing financial advisory services.
- B. Install the automated payroll/personnel system promptly. Future equipment purchases should be installed in a timely manner.
- C. Establish formal procurement policies and procedures, including documentation requirements regarding the bids or proposals received and justification for the vendor selected.
- D. Execute formal written agreements for services received.

AUDITEE'S RESPONSE

- A.1. *The Treasurer's Office has reviewed the payments for financial advisory services relating to the 2006-2007 bond issuances and has determined that all payments were warranted. Financial advisory services are unique services, which require a high level of education, experience and skill. Their services are critical in recommending actions that can result in the successful financing of projects at the lowest borrowing cost over many years. Since debt issues typically have terms of at least twenty years, and the challenges inherent in managing revenue bond projects are daunting, the Treasurer's Office has*

determined that long-term relationships with expert financial advisors is in the city's best long-term interests. Nevertheless, we will reexamine our contract procedures to determine the extent to which they can be improved to clarify the terms under which the financial advisory services are provided.

Case in point, the specific 2006 refunding issuance cited in the report proved much more difficult than had been anticipated, but through the extraordinary efforts of the financial advisors involved the Treasurer's Office was able to close in a timely fashion and realize present value savings of \$2,400,000 to the city. The extraordinary difficulties, and the efforts to overcome those difficulties, had been discussed in advance and in great detail with the Treasurer, and the Treasurer approved a closing memorandum which was forwarded to the Bond Trustee, who made the payments a part of the record with signed requisitions clearly including the payments in question. In future financings, the Treasurer's Office will document and execute its contracts with all financial advisors to improve their transparency and better ensure that all services and payments rendered are consistent therewith.

2. *Procedures have been put in place to require more detailed invoices for financial advisory services.*

- B. *The Treasurer's Office agrees with this recommendation with one comment. Due to the requirements of this system, it was necessary to both build out an operational area for the payroll equipment, and to adequately train the operational staff. These needs delayed implementation of the new system. The system has since been installed and is up and running in all departments within the Treasurer's Office. In the future, all systems will be installed as quickly as possible in accord with relevant best practices for system implementation projects of this nature, subject to any circumstances beyond our control that could affect the schedule.*

- C. *The Treasurer's Office will recommend to the Parking Commission the adoption of a policy for the procurement of professional services. While this policy will take into account cost, it will more heavily weigh other factors to ensure that such services add value in a cost-effective manner (e.g., capabilities, the ability to perform the necessary services, and knowledge relating to the undertaking).*

- D. *The Treasurer's Office will implement a procedure to ensure that written agreements are in place for all professional services*

4. Euclid/Buckingham Garage

The Parking Division has not ensured a developer complies with contract terms regarding invoicing and payment for the Euclid/Buckingham garage currently under construction.

In September 2005, the Treasurer's Office sold the air rights to a city-owned parcel of land to a developer for \$500,000. Under the ownership agreement between the two

parties, the developer is to construct a building that will include a parking garage, condominiums, and retail space. The agreement allows the Treasurer's Office to own and operate the public parking garage portion of the structure. In April 2007, the Treasurer's Office contracted with the developer to construct the parking garage component, containing 180 spaces, for \$4.5 million and to complete the project by October 31, 2008. In August 2007, the developer began invoicing the Treasurer's Office for monthly amounts of \$750,000 and through December 31, 2007, the Treasurer's Office had paid the developer \$3 million for construction. The developer submitted another invoice for \$750,000 in January 2008, but as of May 2008, the Treasurer's Office has not paid the invoice because total billings and payments to-date exceeded the actual construction progress.

- A. The Parking Division has not required the developer to provide documentation of construction progress as a basis for requesting payment. The invoices from the developer do not provide any information about the construction progress or percentage of completion, nor does the developer provide the Parking Division with periodic written construction status reports or lien waivers from major subcontractors. The contract requires monthly payments be made to the developer based upon the value of the work completed and requires the developer provide lien waivers with each application for payment. The construction manager of the Parking Division indicated he monitors the project by attending weekly progress meetings with the developer and being on-site during significant construction events; however, he does not receive or maintain documentation of construction progress or lien waivers.
- B. The Parking Division processed the payments to the developer without applying the credit for the sale of the air rights. The contract requires the Treasurer's Office sale of the air rights to the developer for \$500,000 be credited against the payment obligations of the Treasurer's Office. The invoices from the developer incorrectly state the total contract value at \$4.5 million while the actual contract value is \$4 million after considering the \$500,000 credit.

The employees in the Parking Division responsible for monitoring the project and processing invoices for payment did not appear to be fully aware of the contract terms noted above. The construction manager indicated the construction was delayed due to the weather and to relocate an underground cable. However, these delays were not considered in the billings to the Parking Division. As a result, it appears the Parking Division has likely made payments to date exceeding the value of construction completed. Upon our request, the Parking Division obtained a construction schedule from the developer which indicates construction began in May 2007 and the entire project is expected to be completed in January 2009. It is not clear from this schedule whether the parking garage portion of the project will be completed before the entire project. The construction manager indicated the parking garage portion probably will be completed before the entire project, but the expected completion of that part of the project has not been defined. Based on this construction schedule, it appears through December 31, 2007, about 7 months of the expected 20 months construction timeframe

had elapsed, or about 35 percent, yet the Parking Division had already paid \$3 million of the \$4 million contract value, or 75 percent.

WE RECOMMEND the Treasurer's Office ensure staff responsible for monitoring projects and approving invoices are aware of significant contract terms and make no further payments to the developer without documentation of construction completion and lien waivers. Subsequent payments should be linked to the documented percentage of construction completed. Additionally, amounts paid to the developer should be net of the \$500,000 air rights credit.

AUDITEE'S RESPONSE

To attempt to ensure that necessary staff had access to copies of relevant contracts, it has been and continues to be standard practice of the Treasurer's Office to post all development related contracts, including construction contracts to a shared website file room. This file room can be accessed by top executives in the Treasurer's Office, including the fiscal department. The file room currently contains over five hundred documents. Due to the evolving nature of the Euclid Buckingham project it was first referred to as "Euclid Laclede" and then later as the "Forest Park Garage." It is believed this has led to some difficulty by users in retrieving documents relating to this project. All documents relating to this project will be unified under a single title "Euclid Buckingham Garage."

Regarding the progress payments related to the construction company, the construction manager makes frequent on-site visits and attends numerous meetings related to the construction. No payment was approved without his countersignature to the payment application as referenced in the audit findings. All payments were stopped until such time as the progress matched the schedule and currently no payments are made until such time as the progress is verified and lien waivers provided.

The construction contract was subsequently amended to provide for a cash payment for the air rights, and the "air rights credit" referenced has since been paid and properly credited.

5. Parking Ticket Processing Contract
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The Treasurer's Office does not adequately verify the monthly billings of the contractor responsible for processing parking tickets and the contract was amended in March 2005 to provide additional bonuses to the contractor while requiring no increased services.

In October 2003, the city of St. Louis and the Parking Commission executed an agreement with the contractor to manage, process, and collect payments on parking violation tickets issued by the Parking Division and city police. The original contract was for a five year period, with an option of 2 one year extensions. The original contract allowed the contractor a per unit ticket processing fee, a per unit paid ticket fee, a fee based on delinquent account collections, and bonuses for exceeding targets for early collection, total collections, and various other performance criteria. The contractor's fees

are split between the Parking Division and city police based on tickets issued. The contract was amended in 2004 for document imaging and other changes. The contract was amended again in 2005 to modify the bonuses. Payments to the contractor during the eighteen months ended December 31, 2007, totaled about \$2,700,000 of which about \$2,000,000 and \$700,000 was paid by the Parking Division and city General Fund (for police), respectively.

- A. The Parking Division does not consistently verify the number of processed tickets, paid tickets, or delinquent collections on the contractor's billings. The contractor reports these numbers and amounts in summary on its monthly billings and the Parking Division and city routinely pay the amounts invoiced without verifying the data to detailed supporting reports. In addition, the contractor does not provide a detailed report of delinquent collections. The contractor maintains an electronic database of tickets issued and produces detailed reports of tickets processed and collected that could be used to verify the monthly billings. The Parking Division has access to the database and its reports, but does not use the existing reports to verify the billings or require additional reports of delinquent collections.
- B. The Parking Division does not consistently verify the contractor met the performance criteria for the performance bonus. The contract establishes 23 performance standards and allows the contractor a monthly bonus of \$5,000 or \$10,000 for scoring 90 percent or 96 percent, respectively, on the standards. In its monthly billing, the contractor submits a summary report indicating the total results of its own measurements of its performance on the standards. The contractor does not routinely provide the Parking Division with the details of its performance measurements. After we inquired about the issue, the Parking Division contacted the contractor who provided reports supporting its January 2008 measurements. Additionally, the Parking Division does not periodically test the contractor's measures or its compliance with most standards. The Parking Division's Director of Support Services indicated he occasionally tests the contractor's compliance with two of the performance standards related to customer service, but he does not document these tests. Since the Parking Division has access to the contractor's system, the division could periodically select samples of tickets and test the handling of those tickets for compliance with the standards to ensure the contractor's measurements are reasonable. Based on the billings, the Parking Division and city paid the contractor a total performance bonus of \$10,000 each month during the 18 months ended December 31, 2007, for a total of \$180,000.
- C. The 2005 contract amendment appears to have provided no additional services to the Parking Division and city while allowing the contractor to earn additional bonuses related to the early collection incentive bonus. Previously, the contract allowed the contractor annual collection incentive bonuses of \$140,000 each for early collections and total collections exceeding \$8 million per year and \$12 million per year, respectively. Annual collections were significantly less than

these amounts and consequently, the contractor actually earned no collection incentive bonuses under the original contract.

The amended contract eliminated the old criteria and added new criteria for a collection incentive bonus of \$10,000 per month for collecting monthly revenues per ticket issued in excess of \$15.51. It appears the amendment effectively provided additional compensation to the contractor in exchange for no new services as the revenue per ticket generally exceeded \$15.51 both before and after the contract amendment. Additionally, the average monthly per ticket revenue since the contract amendment (\$17.94) is actually less than the corresponding averages for the 12 months before the amendment (\$18.33). Essentially, the contractor is now being paid an additional \$120,000 per year in bonuses to attain no more than the level of service they were previously providing before the amendment.

To ensure the amounts billed by the contractor are valid and accurate, the Parking Division should obtain and compare the data on tickets issued, processed, and collected, as well as delinquent account activity, to detailed reports. Additionally, the Parking Division should test the contractor's compliance with performance criteria to ensure the contractor is entitled to the performance bonus and these tests should be documented. Furthermore, the Parking Division should require additional services from the contractor for contract amendments allowing additional bonuses.

WE RECOMMEND the Treasurer's Office:

- A. Verify the number of tickets processed and paid and the delinquent collections on the contractor's billings to the totals of detailed reports.
- B. Require the contractor routinely provide reports supporting its performance measurements and periodically test the contractor's compliance with each of the performance standards before paying the performance bonus.
- C. Require additional services from the contractor for any subsequent contract amendments which allow additional bonuses.

AUDITEE'S RESPONSE

- A. *The fiscal office verifies the reconciliation of processed and paid tickets as well as collections of the delinquent collections. The fiscal office and the Comptroller's Office perform monthly reconciliations of the monies collected as well as the fees charged. The fiscal office prepares the monthly payment voucher that has the agreed to billing amount as well as the backup for the billing. This voucher is prepared and certified by the Chief Fiscal Officer and the Comptroller's representative. The Director of Support Services then recertifies the amounts to be paid before returning to the fiscal office for payment. At this point there have been three levels of certification prior to payment. Nevertheless, we will expand the verification process to include regular audits of representative samples of processed tickets.*

- B. *The contractor provides the supporting data for the bonus calculation. However, due to a change in the contractor's project staff, the contractor failed to supply the data required for a brief time period. The current project manager routinely provides the data to support the bonus calculation. However, we have had discussions with the contractor to revamp the bonus provision. As a condition pre-requisite to the extension of the current contract, we plan to restructure the bonus provision. The new bonus structure will include a clearer monitoring process. We also will develop a new testing protocol to strengthen our ability to determine the contractor's compliance with the performance standards and explore the feasibility of engaging an outside accounting firm to perform such testing.*
- C. *The contract provides that the city may authorize a two year extension effective June 30, 2009. As indicated above, negotiations are underway relative to this possible extension, and the Treasurer's Office hopes to modify several contract provisions. However, due to the fact that such negotiations have not been completed, and may involve proprietary vendor information, the city cannot provide any additional comment on the status of the items being discussed until such negotiations are completed.*

6.	Parking Meters
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The Parking Division has not analyzed and compared meter costs and related revenues. The Parking Division maintains many meters that produce little revenue. The Parking Division owns about 10,000 meters located throughout the city and each meter is assigned to one of seven zones based on location. With teams of three employees, the Parking Division collects the revenues weekly from all meters on the various collection routes in each zone and also identifies any meters needing repairs at that time. We noted the average calendar year 2007 meter revenues varied from \$21 per meter to \$870 per meter among the seven zones as follows:

Zone	Total 2007 Meter Revenues	Total Meters	Average 2007 Revenue per Meter
1	\$1,023,425	1,177	\$870
2	648,080	2,156	301
3	385,923	2,045	189
4	190,953	889	215
5	731,316	1,626	450
6	135,148	942	143
7	17,449	825	21
Totals	\$3,132,294	9,660	\$324

Annual salary costs for the employees collecting the meter revenues total about \$250,000, or about \$26 per meter. In 2006, the Parking Division adopted a meter replacement policy that assumes a 10 year life for the meter mechanisms and a current cost of \$150 per meter mechanism, or about \$15 per meter annually. Other salary costs for supervisors and maintenance staff and equipment and fuel costs should also be

considered in an analysis of meter costs and revenues. Based on the above data, it appears the average annual meter costs total at least \$41 per meter (not including vehicles and fuel), which exceeds the average 2007 revenue per meter for zone 7. The Parking Division has not eliminated the low-revenue meters because the meters also produce ticket revenues and meter revenues may increase in the future if residential and commercial developments occur in those areas.

The Parking Division could increase its efficiencies by eliminating the meters for which costs exceed revenues or reduce its costs related to those meters by reducing the servicing, replacement, or frequency of collections from those meters. Eliminating some low producing meters and routes may allow other routes to be reorganized and higher income routes collected more frequently.

WE RECOMMEND the Treasurer's Office analyze and compare meter costs and revenues and consider removing the low revenue meters or service, replace, and collect coins from those meters with less frequency than other meters.

AUDITEE'S RESPONSE

The Treasurer's Office does review meter usage and periodically makes changes in meter locations. Many factors go into the decision to deploy or remove meters. For example, there are certain areas where lower yielding meters are retained as a matter of policy, since they may surround an area of high meter activity. If these lower yielding meters were to be removed, it would provide an opportunity to customers who are currently paying at meters in the center of an area to move to the periphery and pay nothing. If viewed singularly, these lower yielding meters may seem inefficient to maintain. But viewed as part of an overall strategy, they play a key role in maintaining revenues from the overall area.

AUDITOR'S COMMENT

The decision to leave low yielding meters deployed for the reasons noted above does not necessarily mean that the same level of resources needs to be expended to service and collect the meters. It may be more cost-effective to service and collect those low-yielding meters less frequently than other high-yielding routes.

7.

Personnel Policies and Payroll Procedures

The Treasurer's Office has not established policies addressing related employees, enforced employee leave policies, or maintained leave balances accurately.

The Treasurer's Office employs about 200 individuals and expended about \$7.5 million for salaries for the eighteen months ended December 31, 2007. As a separately elected official, the Treasurer is not subject to the city's civil service personnel policies. The Treasurer has established personnel policies addressing compensated leave, timekeeping, and other administrative issues.

- A. The Treasurer's Office does not have written policies addressing related employees. Employees are not required to disclose to management their relationship to other employees and related employees are sometimes in a supervisory/subordinate position. Upon our request, the Human Resources Manager prepared a listing of 43 employees related to one or more other employees. We noted one instance where a parking attendant and his immediate supervisor were related and the supervisor signed the attendant's daily cash report. Additionally, we noted an instance where a supervisor signed the bi-weekly timesheet of a related employee.

Policies should be developed addressing related employees. If employing related persons is allowed, the policy should require employees to disclose these relationships and prohibit employees from supervising related employees. Such a policy can help ensure all employees are treated equitably and reduce opportunities for controls to be circumvented through collusion by related employees.

- B. Policies related to employee leave are not always enforced, and leave balances are not always maintained accurately. Employees of the Treasurer's Office record their work attendance on daily timecards or sign-in sheets. Payroll clerks then record the attendance data on bi-weekly timesheets which are reviewed and approved by the employee's supervisor and subsequently remitted to the Human Resources Section within the Treasurer's Office and the Comptroller's Office to support the payroll and update the employee leave balances. The Human Resources Section also uses the timesheets to update its own records of employee leave balances. For twenty employees, we reviewed the timesheets, timecards, and sign-in sheets for one pay period, along with the leave records maintained by the Treasurer's Office. For five additional employees, we reviewed the leave records. We noted the following:

- For one employee, documented approval for negative vacation leave balances was not maintained.
- For seven employees, excessive vacation leave balances were carried forward from the prior year.
- For one employee, the compensatory time leave balance exceeded the maximum accrual.
- For one employee, vacation leave donated to another employee was not reflected on his leave records.
- For one employee, subsequent leave accruals were not reduced to recoup the prior advancement of future leave.
- For two employees, the sick leave and compensatory time amounts posted to the employee leave records were incorrect based on the timesheets.

The policies of the Treasurer's Office require documented approval from the appointing authority for negative employee leave balances. The policies also limit the allowable amount of vacation leave which may be carried forward into

the next year and the maximum accrual of compensatory time. It appears the lack of careful review of timecards and leave balances by employees, supervisors, and the Human Resources Section have allowed these policy exceptions and errors to occur.

Additionally, employees are not periodically notified of their accumulated leave balances and the leave balances kept by the Treasurer's Office are not periodically compared to the balances maintained by the Comptroller's Office. We compared the leave records maintained by the two offices for three employees and noted the balances in the Treasurer's records exceeded the balances in the Comptroller's records for each of the employees. The Human Resources Manager could not explain the discrepancies between the two records.

To ensure all employees are treated equitably, employee leave policies should be enforced. Additionally, leave records should be accurately maintained to ensure payroll and employee benefits are proper. To further ensure the accuracy of the employee leave records, employees should be periodically notified of their leave balances and the leave balances compared to the balances maintained by the Comptroller's Office. Any discrepancies should be promptly resolved.

WE RECOMMEND the Treasurer's Office:

- A. Develop a written policy on related employees, require employees to disclose such relationships, and prohibit employees from supervising relatives.
- B. Enforce employee leave policies and ensure accurate leave balance records are maintained. Periodically, employees should be notified of their leave balances and leave balances should be reconciled with the Comptroller's Office.

AUDITEE'S RESPONSE

- A. *The Treasurer's Office agrees. The Treasurer's Office will develop a policy as to employees and their relatives who may be employed by this office. The two examples cited in the finding were isolated instances where the relative supervisor was filling in for another employee and has since been rectified.*
- B. *The Treasurer's Office agrees. The newly instituted payroll system will accurately track sick and vacation leave. It will post to the system and maintain accurate leave balances providing employees with accurate sick and vacation leave balances.*

8.

Vehicle Policies and Records

Vehicle usage/maintenance logs are not complete and the review of fuel usage is not adequately documented.

The Treasurer's Office maintains a fleet of approximately 45 vehicles. Most of the vehicles are used by staff in the Parking Division. The vehicles are generally assigned to specific units within the division and are used as pool vehicles by the employees of those units. However, ten vehicles are assigned to specific individuals and six of these individuals, including the Treasurer, use the vehicles for both commuting to/from work and for their work duties. Average monthly expenditures of the Treasurer's Office for fuel for all vehicles total about \$5,700.

- A. Vehicle usage/maintenance logs are often incomplete. Usage/maintenance logs are maintained in each vehicle and contain columns for the date, beginning and ending odometer readings, fuel dispensed, and maintenance. We noted fourteen of the usage/maintenance logs had no odometer readings recorded for 2007, although the fuel invoices indicate usage for those vehicles, and many of the other logs lacked usage data for one or more days during 2007. Also, none of the logs included information about the daily destinations and purposes of the trip. The official in the Treasurer's Office responsible for maintaining the logs indicated that he does not require the odometer readings be completed because the odometer readings are recorded on the fuel system when the vehicles are fueled. While odometer readings and fuel amounts on fuel system reports allow for an analysis of fuel mileage efficiency, without information on trip destinations and purposes, it is difficult for management to assess the propriety and reasonableness of vehicle usage.

To ensure the vehicles are used appropriately and efficiently, and to allow for the accurate reporting of personal or commuting mileage on W-2 forms, the odometer readings, destinations, and purposes should be recorded on the usage/maintenance logs and the logs periodically reviewed for reasonableness of the destinations and mileage.

- B. The review of fuel usage is not adequately documented. When fueling vehicles, employees sign out cards to procure fuel from the fuel vendor and enter the PIN, vehicle number, and odometer readings into the fuel system. Monthly statements from the fuel vendor are grouped by vehicle, noting for each fueling the employee name, odometer readings, and gallons dispensed, and calculate the fuel mileage per gallon. The statements note an error code when the odometer readings are out of sequence. The Treasurer's Office official responsible for monitoring fuel activity indicated he reviews the statement and contacts the employee's supervisor about any error codes. He indicated that generally the problems are due to employees misreporting the odometer readings into the system when fueling. However, he does not document these follow-up reviews and his findings. We reviewed one monthly invoice and noted 10 instances with error codes where apparently the odometer reading was incorrectly recorded.

To ensure fuel charges are proper and reasonable, fuel mileage parameters should be developed for each vehicle and documented investigations performed of mileage outside those parameters.

WE RECOMMEND the Treasurer's Office:

- A. Require employees record daily destinations, purpose, and odometer readings on the usage/maintenance logs. The logs should be periodically reviewed and the usage of the vehicles evaluated for reasonableness and propriety.
- B. Develop expected fuel mileage parameters for each vehicle and document the investigation of mileage outside the established parameters.

AUDITEE'S RESPONSE

- A. *The department is in the process of updating the vehicle usage/repair forms. This department currently reviews the mileage/repair filings weekly. The fuel provider sends an electronic report weekly that is reconciled to the daily vehicle usage and posted to an electronic log. A part of the reconciliation is to determine if there are abuses or errors. This is performed as part of the normal weekly routine. The fleet services manager is informed of irregularities and performs an investigation to determine if the alleged irregularities are material and maintains a file on all reports.*
- B. *The Treasurer's Office Fleet Services Department has been receiving weekly statements from the fuel supplier since January 2007 and has consistently reconciled the fuel report with the mileage sheets. The Treasurer's Office reconciliation could have been more formal. The Treasurer's Office will reevaluate current monitoring procedures to ensure more accurate reporting of vehicle mileage.*

Beginning January 2008, a more detailed reconciliation is being performed and any discrepancy in the reported mileage is being reported via memoranda to each department head detailing the last three mileages reported, the date, the vehicle number, and the driver. The department heads are requested via the memoranda to instruct the employee in the proper procedure to follow when entering mileage and to stress accuracy.

Developing mileage parameters is more problematic. Vehicles are assigned to collection routes and patrol beats on a daily basis. Meter maintenance assignments can be in multiple locations throughout the city. Most route destinations are reached via city street with most locations not being easily reached using an interstate highway.

City driving as well as the weight carried in the vehicle are two of the determining factors in calculating miles per gallon. All drivers have varied driving habits. Allowances for driving habits are difficult to assess. Driving habits are therefore left out of the equation.

Federal mile per gallon standards dictate that for every 200 pounds carried by a vehicle, a subtraction of one mile per gallon is warranted, as well as one mile per gallon for city driving (i.e., stop and go driving). We have now prepared a mileage standard table that includes all vehicles except for sweeping machines and a portable compressor.

We have calculated the average miles per gallon for the last 12 months. We have also researched "www.fueleconomy.gov" and included the federal city mile per gallon standard for each vehicle. We then averaged the two and made subtractions for the additional weight and stop and go driving to determine an average mile per gallon for each vehicle.

We will then reconcile the average fuel mileage on a weekly basis and determine if the fuel mileage falls within the parameter. If the fuel mileage is outside of the parameter, we will then determine if the vehicle needs servicing or if an irregularity has occurred. If we determine that an irregularity has occurred, it will be researched as referenced in response A for follow up action.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF ST. LOUIS
OFFICE OF TREASURER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Office of Treasurer is an elective office. The Treasurer's duties are defined in Missouri statutes and the city of St. Louis Revised Code. These duties include serving as the custodian of city funds, ensuring the amount of money needed for current city operations is available, and investing money not currently needed in investment vehicles as allowed by the city's investment policy. Additionally, as provided by Section 82.485, RSMo, the Treasurer serves as the supervisor of city parking meters and facilities. As supervisor, it is the Treasurer's responsibility to collect all parking meter fees, enforce parking laws, supervise the expenditures for repairs and maintenance, and to make all disbursements on any parking contracts. Also as supervisor, the Treasurer may issue revenue bonds for capital improvements. The Treasurer currently operates six off-street parking facilities – three of these facilities were constructed with bond proceeds. Another parking facility financed with revenue bonds is owned by the St. Louis Parking Commission Finance Corporation (SLPCFC), a component unit of the Parking Division, and operated by a contracted entity.

Larry C. Williams currently serves as the Treasurer and Parking Meter Supervisor for the city of St. Louis. He has served in that capacity since his appointment in May 1984. He was elected to his position in November 1984 and reelected during each succeeding election. His current term expires in December 2008. Office functions are performed and supervised by the Treasurer's appointed staff in the Parking Division and the Treasury Division. The Treasurer employs approximately 200 employees in the Parking Division and 12 employees in the Treasury Division.

See Appendices A and B for additional information for the Office of Treasurer.

Appendix A

CITY OF ST. LOUIS
 OFFICE OF TREASURER
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
 VARIOUS CASH AND INVESTMENT POOLS
 YEAR ENDED JUNE 30, 2007
 (UNAUDITED)

	General Pool	Airport	Water	Law Enforcement	Fire Debt	Public Safety Bonds	Public Safety Bonds - 2006	Section 108 Loan Program	Public Facilities Protection Corporation	Revenue Anticipation Notes	Parking
TOTAL RECEIPTS	\$ 737,896,308	234,817,126	45,409,815	0	5,458,976	343,011	13,117,759	317,461	1,992,768	37,615,136	14,889,734
TOTAL DISBURSEMENTS	734,066,748	243,035,104	42,463,302	531,649	4,588,419	1,185,600	304,455	3,792,860	2,422,503	37,615,136	15,604,294
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,829,560	(8,217,978)	2,946,513	(531,649)	870,557	(842,589)	12,813,304	(3,475,399)	(429,735)	0	(714,560)
CASH AND INVESTMENTS, JULY 1	109,132,260	131,280,675	18,371,075	531,649	7,042,453	7,733,201	0	8,047,661	470,823	0	12,066,787
CASH AND INVESTMENTS, JUNE 30 \$	112,961,820	123,062,697	21,317,588	0	7,913,010	6,890,612	12,813,304	4,572,262	41,088	0	11,352,227

Appendix B

CITY OF ST. LOUIS
 OFFICE OF TREASURER
 COMPARATIVE SCHEDULE OF PARKING BONDS PAYABLE

		June 30,		
		2007	2006	2005
Series 1996 revenue bonds	\$	0	22,085,000	22,595,000
Series 1999 revenue bonds		0	9,805,000	10,135,000
Series 2002 revenue bonds		0	20,170,000	20,620,000
SLPCFC Series 2003A tax exempt revenue bonds		5,560,000	5,745,000	6,115,000
SLPCFC Series 2003B taxable revenue bonds		6,660,000	6,732,000	6,799,000
Series 2006 revenue bonds		57,900,000	0	0
Total	\$	<u>70,120,000</u>	<u>64,537,000</u>	<u>66,264,000</u>

In December 2007, the Treasurer's Office issued Series 2007 revenue bonds totaling \$12,705,000.