



Susan Montee, JD, CPA
Missouri State Auditor

City of Rolla



May 2009

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Office of the
Missouri State Auditor
Susan Montee, JD, CPA

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The following findings were included in our audit report on the city of Rolla.

The city needs to develop a plan to address the financial impact to the city's Centre and SplashZone operations when the park sales tax revenue ends in 2013. Without the sales tax monies these facilities would have operated at a loss for three of the past five years.

The administrative fee charged various city funds is not based on actual administrative costs or other documented rationale. In addition, the city has not documented the administrative costs for collecting the tourism tax and does not take adequate steps to ensure all applicable taxes are collected. The city collected tourism tax totaling over \$520,000 in fiscal years 2006 and 2007, but did not examine or inspect the books and records of the hotels and motels to ensure the amounts paid were accurate.

The City Council does not document how some items discussed in closed meetings comply with the Sunshine Law. Sometimes the council discussed issues other than the specific reasons for going into a closed meeting and closed meeting minutes did not always include sufficient detail of matters discussed. The vote taken in closed meetings is not properly made available to the public. Also, the city does not maintain a log of public requests to ensure all requests are handled in compliance with the Sunshine Law.

The city's payment of \$750 to each full-time employee in October 2008 may violate the Missouri Constitution. Some expenditures do not appear to be prudent, reasonable, or necessary uses of city funds, such as an annual safety awards banquet for all employees and their spouses and a police department annual awards banquet for department personnel and their spouses.

Capital asset acquisitions and dispositions are not accounted for as they occur. The city does not have a written vehicle policy for effective monitoring procedures regarding vehicle use and fuel and usage logs are not maintained.

The Rolla Municipal Utilities (RMU) needs to evaluate its relationship with the Missouri Joint Municipal Electric Utility Commission (MJMEUC) to determine proper disclosures about the relationship in the RMU and city financial statements.

The RMU does not have documentation to support and justify the amount charged to the city for billing/collecting the city's sewer and refuse fees. In addition, the RMU has not developed criteria and methodology for determining the adequacy of water rates, does not periodically review and evaluate the service availability fees for either its electric or water services, and has not established adequate policies and procedures to

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properly allocate some expenses between the Electric and Water Funds.

The RMU needs to improve its policies and procedures related to closed meetings. Minutes were not always maintained of closed meetings, the specific reasons for a closed meeting were not documented, sufficient detail of matters discussed and action taken was not always documented, and the vote taken is not properly made available to the public. Also, the public records policy and procedures need to be improved.

The RMU purchasing policy needs to be improved. The policy is limited and only provides for competitive bid/quotations for purchases greater than \$1,500. Plus, purchases greater than \$10,000 are approved by the board and purchases less than \$10,000 are approved by the general manager, operations manager, or business manager. There is no oversight over the general manager's expenses, such as his expense account or other travel related expenses.

The RMU has not established a formal salary schedule for its employees. The board approves new employees' salaries and subsequent increases; however, a formal analysis of RMU compensation to local/regional market standards has not been conducted. The RMU does not have a nepotism policy which addresses related employee issues. The RMU does not maintain a list of related employees, and employment applications do not disclose relatives already employed by the RMU.

The RMU does not have a written vehicle policy to communicate to employees the proper use of the RMU vehicles, and fuel and usage logs are not maintained. The commuting use of vehicles by employees is not reported to the IRS.

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CITY OF ROLLA

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the Honorable Mayor
and
Members of the City Council
and
Members of the Board of Public Works
City of Rolla, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Rolla. The city engaged Evers & Company, CPA's, L.L.C. (Certified Public Accountants) to audit the city's financial statements for the year ended September 30, 2007. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit included, but was not necessarily limited to, the year ended September 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 city has adequate internal controls over significant management and financial functions.
3. Determine if the city 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 city, 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. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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, grant agreement, 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 city's management and was not subjected to the procedures applied in our audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Rolla.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CIA, CGFM
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Terri Erwin, MBA
Audit Staff:	Toni Wade Kutrell Barnes

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ROLLA
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Financial Condition of the Centre and SplashZone

The city needs to develop a plan to address the financial impact to the city's Centre and SplashZone operations when the park sales tax revenue ends in 2013.

A 15-year 1/2 of 1 percent cent sales tax was passed in 1998 to provide local park funds to construct "... at a minimum an Indoor Walking Track, Indoor Swimming Pool/Aquatic Center, Outdoor Aquatic Facility, and an Indoor Recreation Center." General obligation bonds were issued to build the Centre/SplashZone to accomplish these goals. The bonds will be paid off in 2012. According to city personnel, it is the city's intention that the Centre/SplashZone be self-sufficient and not be subsidized by other city funds.

Currently, the sales tax is used to pay bond costs and to help pay operating costs of the Centre/SplashZone. From 2004 to 2008, sales tax monies exceeded the bond costs by an average of over \$400,000 a year. However as noted in the table below, without the sales tax monies these facilities would have operated at a loss for three of the past five years.

Centre/SplashZone financial information:

	Year Ended September 30,				
	2008	2007	2006	2005	2004
Total revenues	\$ 3,440,904	3,493,385	3,356,302	3,076,635	3,044,329
Less: Sales tax revenues	<u>1,836,203</u>	<u>1,879,328</u>	<u>1,810,605</u>	<u>1,773,116</u>	<u>1,726,817</u>
Adjusted revenues	1,604,701	1,614,057	1,545,697	1,303,519	1,317,512
Less: Operating expenditures	<u>1,632,422</u>	<u>1,605,595</u>	<u>1,535,727</u>	<u>1,565,322</u>	<u>1,454,634</u>
Operating profit (loss)	<u>\$ (27,721)</u>	<u>8,462</u>	<u>9,970</u>	<u>(261,803)</u>	<u>(137,122)</u>
Sales tax revenues					
Less: Bond costs	\$ 385,456	441,102	358,341	448,354	551,222

In 2008, the city attempted to be proactive about this issue by forming an ad hoc advisory committee to look into the situation and bring recommendations to the city council. However, the main recommendation from the committee was to ask citizens to extend the sales tax. Although an extension of the sales tax may be one option, the city needs to consider other options if citizens do not vote to extend the tax.

The city needs to monitor and evaluate the financial condition of the Centre/SplashZone and develop a plan with multi-options to address the decrease in funding as a result of the loss of the sales tax revenue. Options to increase revenues could include increasing fees charged for the various activities and membership fees. Also, the city should consider reducing expenditures. The various programs and services offered by the Centre/SplashZone should be reviewed and evaluated to determine where expenditures could be decreased. Such a plan could be presented to the public in order to explain the city's position for a proposed tax increase and/or to educate the community on any changes to services. Thorough and detailed documentation should be prepared and maintained to support and justify any plan the city implements.

WE RECOMMEND the City Council closely monitor the financial condition of the Centre and SplashZone. A plan should be developed to address the financial impact to the operation of these entities when the park sales tax ends. In addition, thorough and detailed documentation should be prepared and maintained to support and justify any plan the city implements.

AUDITEE'S RESPONSE

The City Council provided the following written response:

The City Administration and Council receive a detailed monthly report on the financial condition and operation of The Centre and SplashZone. However, the City Council will continue to closely monitor the financial condition of the Centre and Splash Zone. A plan is being developed to address the long-term support of the Centre beyond the existing 1/2 cent park sales tax sunset which ends in 2013. To ensure its long-term viability the City established the Rec Center Depreciation Reserve Account in 1999 with the express purpose of maintaining the facilities and supporting the operation of the Centre and SplashZone beyond the sunset sales tax. The Depreciation Reserve Account has a balance of \$2,780,000 as of September 30, 2008.

2.

City Policies and Procedures

Neither the administrative fee charged to certain city funds to cover a portion of the costs incurred by various departments, nor the administrative fee retained from the tourism tax collected by the city are based on actual costs or other documented rationale. Also, the city has not taken adequate steps to ensure all applicable tourism tax is collected. In addition, it is unclear if the gross receipts fee charged on the electric and water services should also be charged on the utilities' service availability fees (SAF). Finally, the city's published financial statements do not include the indebtedness of the city.

- A. The 7 percent administrative fee, transferred to the General Fund from certain other city funds, is not based on actual administrative costs or other documented rationale. The city assesses an administrative fee calculated on 7 percent of certain revenues of certain funds to cover a portion of the costs incurred by

various departments such as finance, engineering, administration, and legal for these activities on behalf of all funds. There is no ordinance authorizing the administrative fee.

For fiscal years 2008 and 2007, the administrative fees transferred to the General Fund from other funds totaled:

	Year Ended	
	September 30,	
	2008	2007
Recreation Center	\$ 103,000	99,750
Sewer	128,940	110,040
Solid Waste	202,396	135,620
Street	313,309	300,858
Total transfer	<u>\$ 747,645</u>	<u>646,268</u>

The Finance Department provides services to city funds such as maintaining accounts payable and receivable, preparing payroll, and managing the city's cash and investments; the Engineering Department provides engineering and planning for public works activities and other departments; the Administration Department provides the general administrative support for the city including the mayor and city council; and legal support is provided by the city prosecutor and the city's legal counsel. Also, the administrative fee is to cover the cost of the city's Management Information System (MIS) Department. This administrative fee is not charged to other city funds because the funds either have limited revenue streams or require transfers from the General Fund to meet expenses.

It is essential the city properly allocate expenses to its various funds. The administrative fee should be in direct proportion to the benefits received by the various funds from the various departments. This information is needed for the city to properly establish user charges for its utilities. Furthermore, the uses of certain funds, such as the Street Fund, are limited by state law for specified purposes. Documentation of administrative fee calculations is needed for both management and compliance purposes.

The city should develop a methodology to determine the appropriate administrative fee to allocate the costs of the various departments to various funds, and thorough and detailed documentation should be maintained and retained to support and justify the fee. Additionally, the city should authorize the administrative fee through an ordinance.

- B. The city has not documented the administrative costs for collecting the tourism tax and does not take adequate steps to ensure all applicable taxes are collected.

In April 1993, city voters approved a tourism tax pursuant to Section 94.830, RSMo, which provides for the collection of a 3 percent tax on hotel/motel charges. The proceeds from this tax are used to fund the Rolla Area Chamber of Commerce in order to promote tourism.

- 1) Although the city retains an administrative fee of 10 percent of the tourism tax collected, the city has not documented the administrative costs of collecting the tax. There is no documentation which shows how this administrative fee was determined. In addition, Section 94.830, RSMo, provides that if the Department of Revenue (DOR) collects the tourism tax, the DOR may only retain between 1 and 3 percent of the total collections. For fiscal years 2006 and 2007, the city retained administrative fees totaling over \$52,000.

The administrative fee should be set at a level to cover the costs of the service. The city needs to calculate and document the actual administrative costs of collecting the tourism tax.

- 2) The city collected tourism tax totaling over \$520,000 in fiscal years 2006 and 2007, but did not examine or inspect the books and records of the hotels and motels to ensure the amounts paid were accurate.

A monthly or quarterly report of gross receipts is required to be submitted by the hotels/motels to the city's Finance Department along with the sales taxes due. According to the city's Finance Director, the City Code authorizes her to examine and inspect the books and records of the hotels/motels to ensure the amounts reported are accurate. However, instead of examining/inspecting the books and records of the hotels/motels, she compares monthly reports for significant fluctuations.

To ensure hotels/motels are accurately reporting gross receipts, the city should consider implementing procedures to periodically examine the records of the hotels and motels in the city.

- C. It is unclear if the gross receipts fee should be charged on the SAF. The SAF is a fee charged on electric and water accounts to cover fixed expenses of the Rolla Municipal Utilities (RMU). For the 2 years ended September 30, 2007, gross receipts fees totaling almost \$155,000 were collected on the SAFs.

In October 2007, the city authorized the RMU to collect a 5 percent gross receipts fee on basic water and electric service, including operating revenues generated from the residential, commercial, and industrial sale of water and electric service. The RMU collects and transfers this fee to the city on a quarterly basis for deposit in the city's General Fund.

It does not appear SAFs are operating revenue as defined in the city's ordinance. According to city personnel, although not specified in the ordinance, it was the intention of the city council to assess the gross receipts fee on the SAFs.

The city should review and clarify its ordinance related to the collection of the gross receipts fee to ensure these fees are properly handled and to avoid any misunderstanding.

- D. The semi-annual financial statements published by the city do not include the indebtedness of the city as required by state law. Section 77.110, RSMo, requires the city to publish "... a full and detailed statement of the receipts and expenditures and indebtedness of the city ... " every six months.

WE RECOMMEND the City Council:

- A. Develop a methodology for determining the administrative fee charged to various funds. Thorough and detailed documentation of the rationale and calculation of the fee should be maintained and retained. In addition, the City Council should establish an ordinance to authorize the fee.
- B.1. Ensure the actual administrative costs of collecting the tourism tax is calculated, documented, and retained.
 - 2. Implement procedures to periodically examine the books and records of the hotels and motels to ensure gross receipts used to calculate the tourism taxes are accurate.
- C. Review and clarify the ordinance related to the collection of the gross receipts fee on the SAF.
- D. Ensure the published financial statements include the indebtedness of the city.

AUDITEE'S RESPONSE

The City Council provided the following written responses:

- A. *The City will establish a formal policy to document and justify the administrative fee charged to various funds. The administrative fee charges various funds for general administration, finance, legal, IT, and engineering services provided from the City's General Fund.*
- B. *The City will ensure the actual administrative costs of collecting the tourism tax is calculated, documented, and retained. The City will also document that any hotel tax proceeds retained by the City above the collection costs are used solely for tourism-related purposes.*

- C. *The City will review the current ordinance authorizing the 5% "gross receipts" charge to RMU as it applies to the "service availability fee". Prior to the advent of the fixed-rate based SAF in 2005 the cost of fixed services was bundled with the total rates established by RMU.*
- D. *The City will ensure the semi-annual financial statements include all indebtedness of the City.*

3. City Meetings, Minutes, and Records

Weaknesses were noted in closed meetings policies and procedures. In addition, the city does not maintain a log of public requests.

- A. The council does not document how some items discussed in closed meetings complied with the Sunshine Law. For example, the council discussed the city's responsibility in regards to a piece of city property if the property was developed by a tenants association.

Section 610.021, RSMo, allows the council to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, specific personnel matters, and confidential or privileged communications with auditors. The council should restrict the discussion in closed meetings to specific topics listed in Chapter 610, RSMo.

- B. Sometimes the council discussed issues other than the specific reasons cited for going into a closed meeting. For example, in one meeting discussion of real estate transactions was listed as the reason for a closed meeting in the regular board minutes; however, both real estate and litigation were discussed. In another meeting, real estate transactions were listed as the reason for closing the meeting; however, personnel issues were also discussed.

Section 610.022, RSMo, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- C. Closed meeting minutes did not always include sufficient detail of matters discussed. For example, although the council voted to approve a salary adjustment for the city administrator, there was no documentation regarding the discussion of his performance.

Complete and accurate minutes provide an official record of council actions and decisions, and minutes serve as the only official permanent record of decisions made by the council. Inadequate or unclear meeting minutes can lead to subsequent confusion as to the council's intentions or the inability to demonstrate compliance with legal provisions. Therefore, it is necessary meeting minutes clearly document all business conducted.

- D. The vote taken in closed meetings is not properly made available to the public involving matters related to litigation; real estate transactions; and firing, hiring, disciplining, and promoting employees. Typically, the open meeting minutes only state the total vote taken.

Sections 610.021(1), (2), and (3), RSMo, and Attorney General's Opinions No. 129-97 and 30-88, provide that after the closed meeting, the governmental body must disclose the vote of each member, not just the vote total or results. The vote also includes the proposition voted on and matters or materials referred to with the proposition.

- E. Although city personnel indicated that public requests are handled in a timely manner, the city does not maintain a log of public requests to ensure all requests are handled in compliance with the Sunshine Law.

Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure compliance with state law, the city should document adequate information in a log to determine if requests are completed timely and all requests are adequately filled. Necessary information includes, but is not limited to, the date of request, a brief description of the request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.

WE RECOMMEND the City Council:

- A. Ensure items discussed in closed meetings are allowed by state law.
- B. Limit issues discussed in closed meetings to only those specific reasons cited to justify such a closed meeting.

- C. Ensure the closed meeting minutes clearly document all business discussed and votes taken.
- D. Ensure votes taken in closed meetings are properly made available to the public.
- E. Maintain a public request log to help ensure the city is complying with state law.

AUDITEE'S RESPONSE

The City Council provided the following written responses:

- A. *The City places tremendous emphasis on compliance with the MO Sunshine Law. The City will ensure items discussed in closed meetings are allowed by State Law.*
- B. *The City will limit issues discussed in closed meetings to only those specific reasons cited for such a closed meeting.*
- C. *The City will ensure that minutes of closed meetings clearly document all business discussed and the votes taken.*
- D. *The City will ensure votes taken in closed meetings are properly made available to the public upon final disposition as required by the Sunshine Law.*
- E. *The City Clerk, the designated custodian of records, maintains a file of all public requests for public information. The City concurs that a log of said requests and documentation will help ensure timely compliance with the Sunshine Law.*

4. City Expenditures

The city's payment of \$750 to each employee in October 2008 may violate the Missouri Constitution. Also, a street project was not bid and change orders for airport construction projects were not approved by the council when required. Additionally, some expenditures do not appear to be prudent, reasonable, or necessary uses of city funds.

- A. The city's payment of \$750 to each full-time employee in October 2008 may violate the Missouri Constitution. These payments totaled \$149,250. According to city officials, these payments were for future services. However, the employees were not required to perform any additional duties and their job performance was not evaluated. In addition, the payment was not considered a raise and added to employees' base compensation.

Awarding additional pay to employees on a discretionary basis appears to violate Article III, Section 38(a) of the Missouri Constitution which prohibits the granting of public monies or property to any private person, association, or corporation.

The council should ensure employee compensation is in compliance with the state constitution, and may want to consider increasing the salaries of employees rather than making one-time payments.

- B. In fiscal year 2007, the city paid \$107,000 for a street project which was not bid, as required by the city's procurement policy. In addition, there was no documentation which explained the city's decision to award the project to a sole source provider.

The vendor used a new micro-surfacing technique which was supposed to increase the life of the surface of the street. The company charged the city the same rate the company had charged another Missouri city, with minimal additional charges added for transporting the equipment and supplies to Rolla. According to city personnel, this type of surfacing technique was unique to the company; however, there was no documentation to support this assertion.

The city needs to ensure street projects are bid as required by its procurement policy. If a sole source procurement is necessary, the circumstances and decision for the sole source procurement should be fully documented.

- C. The City Council did not approve change orders for airport construction projects, as required by city policy.

For example, for one airport project reviewed, a change order increased the project by over 18 percent. However, this change order was not approved by the council. The city's procurement policy provides that any change order increasing or decreasing the formal contract amount by over 10 percent be approved by the council.

To adequately monitor construction projects and to ensure changes to the projects are reasonable and proper, change orders should be approved by the council, as required by city policy.

- D. Some expenditures do not appear to be prudent, reasonable, or necessary uses of city funds.
- The city sponsors an annual safety awards banquet for all employees and their spouses. The cost of these banquets was over \$1,400 and \$1,500 in fiscal years 2008 and 2007, respectively.

- The police department sponsors an annual awards banquet for department personnel and their spouses. In fiscal year 2008, the city contributed approximately \$1,000 of city funds toward the banquet because the mayor, council members, executive staff, and their spouses attended. In prior years, the police department funded the banquet entirely through private donations.

These expenditures do not appear to be necessary or essential to the operations of the city. The city's residents have placed a fiduciary trust in their public officials to spend city funds in a prudent manner. The city should ensure funds are spent only on items which are necessary and beneficial to the city.

WE RECOMMEND the City Council:

- A. Discontinue one-time payments to employees for future services. In addition, the council needs to ensure employee compensation is in compliance with the state constitution.
- B. Ensure street projects are bid in accordance with city policy. The circumstances and decision involving a sole source procurement should be fully documented.
- C. Approve construction change orders in accordance with city policy.
- D. Ensure all expenditures are necessary and prudent uses of city funds.

AUDITEE'S RESPONSE

The City Council provided the following written responses:

- A. *The City believes the one-time payment to employees in FY 2009 was legal and proper. However, the City has no intention to continue one-time payments to employees for future services. The City will ensure employee compensation is in compliance with State law.*
- B. *The City is committed to full compliance with procurement procedures. In those rare instance when sole source procurement is absolutely necessary full documentation will be provided to City Council.*
- C. *The city will ensure construction change orders are done in compliance with City procurement policies.*
- D. *The City takes seriously its responsibility to ensure all expenditures are necessary and prudent. The City also believes employee morale and commitment to safety is paramount to an effective workplace. As such, the City believes budgeted funds to reasonably incentivize same is a necessary and prudent use of tax-payers money.*

5.**City Capital Assets**

Capital asset records are not maintained on a perpetual basis. Also, the city does not have a written vehicle policy.

- A. Capital asset acquisitions and dispositions are not accounted for as they occur. The city's policy is to add and/or delete capital asset records in the city's detailed record of assets on an annual basis, prior to the audit of the city's financial records.

To ensure capital assets are properly accounted for and to help prevent theft or misuse of assets, capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Complete and accurate capital asset records are necessary to secure better internal control and safeguard city assets that are susceptible to loss, theft, or misuse.

- B. The city does not have a written vehicle policy for effective monitoring procedures regarding vehicle use. The city owns almost 100 vehicles assigned to various city departments.

- The city does not have a written vehicle policy to communicate to city employees the proper use of city vehicles.

A vehicle policy would help ensure vehicles are acquired, assigned, utilized, replaced, and maintained in an efficient and effective manner. Additionally, the policy should address and define the purpose and use of city vehicles, usage documentation requirements, personal use, car allowances, and identify applicable Internal Revenue Service (IRS) guidelines and reporting regulations.

- Fuel and usage logs are not maintained. As a result, fuel usage is not reconciled to fuel purchases. Also, without adequate fuel and usage logs, the city cannot effectively monitor that vehicles are used only for official business and fuel costs for vehicles are reasonable.

Fuel and usage logs should include trip information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and fuel costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for city business and evaluate operating costs.

WE RECOMMEND the City Council

- A. Ensure capital assets records are maintained on a perpetual basis.
- B. Adopt a written vehicle policy regarding the proper and allowable use of city vehicles. Fuel and usage logs should be maintained on all city vehicles including trip information.

AUDITEE'S RESPONSE

The City Council provided the following written responses:

- A. *The City currently reconciles capital assets, new and disposed, on an annual basis. The City concurs that maintaining said records on a regular basis (i.e. monthly or quarterly) is prudent.*
- B. *The City will adopt a formal written vehicle policy regarding the proper and allowable use of City Vehicles. The City will also implement usage logs on all city vehicles.*

6. Missouri Public Energy Pool Disclosures

The RMU needs to evaluate its relationship with the Missouri Joint Municipal Electric Utility Commission (MJMEUC), including the Missouri Public Energy Pool (MoPEP), a power pool managed by the commission, to determine proper disclosures about the relationship in the RMU and city financial statements.

Currently, RMU "Notes to the Financial Statements - Commitments and Contingencies", include general comments about MJMEUC and MoPEP with little or no detail about RMU ownership interest in power generating facilities under construction and/or to be constructed and the potential ownership costs. However, pursuant to Governmental Accounting Standards Board statements, it appears the relationship between the RMU and the MJMEUC/MoPEP may be a joint venture. Additionally, joint venture participants must disclose specific information including information regarding ongoing financial interest and/or financial responsibility and information to evaluate whether the joint venture is accumulating significant financial resources or causing a financial burden on the participating government in the future.

The city of Rolla, specifically through the RMU, contracts with the MJMEUC for the purchase of electric power and energy. The city/RMU, along with other Missouri municipalities, is also a member of the MoPEP. In order to provide the MoPEP members a diversified portfolio of reliable energy resources on a long-term basis due to growing load requirements of the members and to replace power and energy currently purchased under short-term contracts, the MoPEP members directed the MJMEUC to participate in the development and construction of new generating facilities.

The obligations of the MoPEP members include maintaining adequate customer rates and maintenance of power facilities and contracts in order to meet the members' commitments to the pool. If a member city, such as Rolla, decides to leave the pool, it must give a 5-year notice. At the end of the 5-year period, the city/RMU would be responsible for a pro-rata share of the ongoing capital and operation costs of each pool project based on its share of energy. According to the MJMEUC personnel, as of September 2008, Rolla/RMU's pro-rata share was 13.8 percent. Thus, the city/RMU obligation for the project bonds issued would total almost \$41 million. Additionally, bonds that may be issued in the future would increase the obligation by over \$9 million. The RMU may also be obligated for any power purchase contracts.

WE RECOMMEND the City Council and RMU consult with its independent auditors to evaluate the relationship with MJMEUC/MoPEP and determine the proper and necessary disclosures for the financial statements.

AUDITEE'S RESPONSE

The City Council provided the following written response:

The City and RMU will consult with our independent auditor to evaluate the relationship with MJMEUC/MoPEP to determine the proper and necessary disclosures for the financial statements. The FY2007 Audit included a short footnote on the disclosure.

The Board of Public Works provided the following written response:

The RBPW agrees with the State Auditor to consult with our independent auditors to evaluate the relationship with the Missouri Joint Municipal Electric Utility Commission (MJMEUC) and MoPEP, and determine the proper and necessary disclosures for the financial statements.

7. RMU Billing and Collection Services

The RMU does not have documentation to support and justify the amount charged to the city for billing and collecting the city's sewer and refuse fees.

City residents receive one statement from the RMU for electric and water furnished by the RMU and sewer and refuse services furnished by the city. The RMU charges the city approximately \$142,000 annually for billing and collecting the city's sewer and refuse fees.

According to RMU personnel, \$142,000 was an amount agreed upon between the RMU and city at some point in the past. However, neither the RMU nor the city had an agreement or other documentation to support this amount.

To ensure the billing/collecting charges to the city are reasonable and represent the true cost of the services, the RMU should establish a criteria and methodology for calculating these costs. Adequate documentation should be maintained and retained to support and justify the amounts charged.

WE RECOMMEND the Board of Public Works establish criteria and methodology for determining the proper and actual cost of its billing and collecting of the city's sewer and refuse fees.

AUDITEE'S RESPONSE

The Board of Public Works provided the following written response:

The RBPW agrees to establish written criteria to determine cost of its billing and collection of the City's sewer and refuse fees.

8. RMU Rates, Fees, and Expenses

RMU water rates are not determined by established criteria and methodology and SAFs are not periodically reviewed and evaluated. Also, policies and procedures have not been established to ensure the proper allocation of some expenses between the Electric and Water Funds.

- A. The RMU has not developed criteria and methodology for determining the adequacy of water rates. According to RMU personnel, the board informally reviews and evaluates the Water Department's revenues in relation to expenses and capital expenditures on an annual basis and establishes water rates. However, this review and evaluation is not documented.

Water fees are user charges which should cover the cost of providing the related services. The RMU should perform a formal detailed review of its costs, including depreciation and debt service costs, and set rates to cover the total cost of operation. In addition, the RMU should document and retain its justification for setting water rates.

- B. The RMU does not periodically review and evaluate SAFs for either its electric or water services. These fees are set amounts established to cover the fixed costs of the electric and water services. Currently, the monthly fee is \$10 and \$6 for each electric and water meter, respectively.

The electric SAF was established in 2003, based on fiscal year 2003 costs. Although the water SAF was also established in 2003, there is no documentation to support and justify the fee.

The RMU should periodically reassess its electric and water SAFs to ensure these fees cover the fixed costs of the respective utility service. In addition, adequate documentation should be prepared and retained to support and justify the SAFs.

- C. The RMU has not established adequate policies and procedures to properly allocate some expenses between the Electric and Water Funds.

Although salaries and other expenses, which are specific to an individual department, are charged directly to the applicable fund, administrative salaries and overhead expenses are allocated 75 and 25 percent to the Electric Fund and Water Fund, respectively. According to RMU personnel, this allocation was determined by the utility board after discussion with department heads, but no formal evaluation was done to justify the percentages.

The funds of the RMU are established as separate accounting entities to account for specific activities. Reflecting expenses in the proper fund is necessary to accurately determine the results of operations; thus, enabling the RMU to establish the level of user fees necessary to meet operating costs. Adequate policies and procedures should be established to ensure expenses are properly allocated between the two funds. Additionally, adequate documentation should be prepared and retained to support the allocation. The proper allocation of expenses and adequate documentation is useful for both management and planning purposes.

WE RECOMMEND the Board of Public Works:

- A. Develop criteria and methodology for establishing water rates. In addition, the board should prepare and retain adequate documentation to support and justify the water rates.
- B. Reassess its electric and water SAFs on a periodic basis to ensure these fees cover the fixed costs of the respective utility service. In addition, adequate documentation should be prepared and retained to support and justify the SAFs.
- C. Establish policies and procedures to properly allocate expenses between the Electric and Water Funds. In addition, adequate documentation should be prepared and retained to support the allocation.

AUDITEE'S RESPONSE

The Board of Public Works provided the following written response:

The RBPW agrees that it has, and will continue, to implement the recommendations of Sections 8A, 8B, and 8C.

9. RMU Meetings, Minutes, and Records
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Some citizens may not be able to attend board meetings, and various requirements of state law related to closed meetings were not followed. In addition, the records policy does not adequately define public records, a log of public requests is not maintained, and charges for records search/duplication activities do not appear to be in compliance with state law.

- A. The board meets once a month at 4:00 p.m. However, many citizens may still be working at that time and unable to attend.

Section 610.20, RSMo, provides that meetings shall be held at a place reasonably accessible to the public and at a time reasonably convenient to the public, unless impossible or impractical. The board needs to consider scheduling meetings at a time more convenient for the public.

- B. The RMU needs to improve its policies and procedures related to closed meetings. Various requirements in Chapter 610, RSMo (Sunshine Law), regarding closed meetings were not always followed.

- 1) Minutes were not always maintained of closed meetings. We noted two instances in fiscal year 2007 where no closed meeting minutes were maintained. Section 610.020, RSMo, requires minutes of closed meetings be prepared and retained.
- 2) Open meeting minutes and related agendas do not document the specific reasons for a closed meeting.

Typically, the open meeting minutes included the same statement, a list of issues allowed by state law which might be discussed, to close meetings. The agendas also used a similar statement to indicate a closed meeting. The statement indicated the board "... may go into closed executive session" to discuss various issues allowed for a closed meeting.

Section 610.022, RSMo, requires the specific reasons for closing a meeting be announced publicly at an open meeting and entered into the minutes. A statement including all issues which might be discussed in a

closed session appears to miss the intent of the law. In addition, this law provides that public governmental bodies shall not discuss other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- 3) The closed meeting minutes did not always include sufficient detail of matters discussed and actions taken. It was sometimes unclear what issue was being voted on and/or the final decision of the board. For example, the only information about the subject matter for one meeting was that the board discussed personnel issues.

Section 610.020, RSMo, requires minutes of closed meetings be taken and retained by all governmental bodies and indicate the date, time, and place; members present and absent; and a record of votes taken. Minutes of closed meetings serve as an official permanent record of decisions made by the board. Additionally, such minutes provide evidence that any discussion or business conducted in closed meetings pertain to matters authorized by the Sunshine Law.

- 4) The board does not document how some items discussed in closed meetings complied with the Sunshine Law. For example, salary increases for all employees were discussed at one meeting and an administrative secretarial position was discussed at another meeting.

Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, specific personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed meetings to specific topics listed in the Sunshine Law.

- 5) The vote taken in closed meetings is not properly made available to the public involving matters related to litigation; real estate transactions; and firing, hiring, disciplining, and promoting employees. Typically, the open meeting minutes briefly state the issues discussed and that an action was or was not taken.

Sections 610.021(1), (2), and (3), RSMo, and Attorney General's Opinions No. 129-97 and 30-88, provide that after the closed meeting, the governmental body must disclose the vote of each member, not just the vote total or results. The vote also includes the proposition voted on and matters or materials referred to with the proposition.

C. The public records policy and procedures need to be improved.

- 1) The records policy does not clearly and adequately define records or address issues related to email use and retention.

The policy does not provide specific guidance to employees regarding the definition of a record and the necessity to retain such records. Also, email records are not specifically covered under the policy. Electronic records, including email, must be retained and made available to the public when required. As a result, the RMU has little assurance that all necessary records will be properly retained.

Without clear, specific, and adequate guidance, there may be inconsistencies in the employees' understanding, implementation, and compliance with records retention and Sunshine Law requests.

- 2) The RMU does not maintain a log of public requests to ensure all requests are handled in compliance with the Sunshine Law.

Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure compliance with state law, the RMU should document adequate information in a log to determine if requests are completed timely and all requests are adequately filled. Necessary information includes, but is not limited to, the date of request, a brief description of request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.

- 3) The charges for records search/duplication activities do not appear to be in compliance with the Sunshine Law. The actual personnel cost is charged for these activities; however, the Sunshine Law provides the hourly fee for duplicating time is not to exceed the average hourly rate of pay for clerical staff of the entity. Research time needed to fulfill the request may be charged at the actual cost of research time. The RMU needs to ensure its charges for records requests are in compliance with state law.

Section 610.023, RSMo, lists requirements for making records available to the public and provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public records is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

Section 610.026, RSMo, allows the public governmental body to charge certain fees for furnishing copies of public records.

WE RECOMMEND the Board of Public Works:

- A. Consider ensuring the time of board meetings is more convenient to the public.
- B.1. Maintain minutes of closed meetings in accordance with state law.
 - 2. Ensure open meeting minutes and related agendas state the specific reasons for going into a closed meeting.
 - 3. Ensure minutes of closed meetings clearly document all business conducted.
 - 4. Ensure items discussed in closed meetings are allowed by state law.
 - 5. Ensure votes taken in closed meetings are properly made available to the public.
- C.1. Update the public records policy to clearly and adequately define records, including electronic records, and their retention.
 - 2. Maintain a public request log to help ensure the board is complying with state law.
 - 3. Ensure charges for records research and duplication activities are in compliance with state law.

AUDITEE'S RESPONSE

The Board of Public Works provided the following written responses:

The RBPW agrees to:

- A. *Set meetings at a time reasonably convenient to the public.*
- B. *Maintain minutes of closed meetings as required by law, disclosing votes taken in closed meetings, and restricting items discussed to that allowed by law.*
- C. *Implement an updated public records policy as recommended by Section 9C of the audit.*

10. RMU Expenditures

The RMU does not have a comprehensive purchasing policy, the general manager approves his own expenses, cash payments and other awards for the safety program are

not reported on employee W-2 forms, and some expenditures of the safety program did not appear to be prudent uses of public funds.

- A. The RMU purchasing policy needs to be improved. The policy is limited and only provides for competitive bids or quotations for purchases greater than \$1,500. Plus, purchases greater than \$10,000 are approved by the board and purchases less than \$10,000 are approved by the general manager, operations manager, or business manager. A more comprehensive policy would be more effective and should provide guidance on the appropriate solicitation method(s) and at what cost threshold a specific solicitation method may/should be used.

Depending on the situation and estimated cost of the goods and services, various methods could be used including catalog comparisons; email, telephone, and fax bids or quotations; and sealed bids. Also, consideration should be given to when bids or proposals should be formally advertised, sealed bids should be used, and requests for quotations or bids are necessary. The policy should also indicate the exceptions to the policy (i.e. emergency or sole source procurement) and the minimum number of bids required. Additionally, the policy should include guidance on the documentation required to be retained. All documentation related to each procurement should be maintained in a centralized manner so there is a clear audit path linking the solicitation process, evaluation, award, and payment.

- B. There is no oversight of the general manager's expenses such as his expense account or other travel related expenses. According to records presented to the board, the general manager's travel related expenses from October 2006 to July 2008 totaled over \$10,000.

The general manager's expenses should be reviewed and approved by a member of the board to ensure validity and propriety. In addition, the board may want to consider pre-approving his out-of-state travel.

- C. Cash payments and gift cards to employees related to the safety program were not reported on employee W-2 forms. In addition, the gift cards and annual banquet expenses may not be prudent, reasonable, or necessary uses of public funds.

As part of the RMU safety program, each employee who works accident free during a 6-month period receives \$50. Also, at the annual awards banquet, gift cards are distributed to employees. From October 2006 to December 2007, cash payments and gift awards totaled over \$9,700. It appears the cash payments and gift cards are fringe benefits which should be reported on employee W-2 forms.

In addition, the annual awards banquet includes both employees and spouses and door prizes are given away. The food cost for the banquets totaled \$2,031 and \$2,169, in October 2006 and November 2007, respectively. These expenditures do not appear necessary or essential to the operation of the RMU. The RMU has

a fiduciary duty to ensure funds are expended in a manner that provides the greatest benefit to the utility.

WE RECOMMEND the Board of Public Works:

- A. Develop a more comprehensive purchasing policy. The policy should provide guidance on appropriate solicitation methods and the applicable cost threshold for each method. The policy should also indicate the minimum number of bids required, exceptions to the policy, and documentation to be prepared and retained.
- B. Require a board member to review and approve the general manager's expenses and pre-approve his out-of-state travel.
- C. Report cash awards and gift cards on the employee W-2 forms. In addition, the board should ensure expenditures related to the safety program are necessary and prudent uses of public funds.

AUDITEE'S RESPONSE

The Board of Public Works provided the following written responses:

The RBPW agrees to:

- A. *Revise the existing purchasing policy to reflect recommendations made in section 10A.*
- B. *Establish a written policy to review travel expenses.*
- C. *Report monetary incentives on the employees' W-2 form, and the RBPW will continue to ensure expenditures are necessary and prudent uses of public funds.*

11.

RMU Personnel Issues

A formal salary schedule has not been established, a nepotism policy addressing related employees has not been adopted, and written performance appraisals are not prepared for some employees.

- A. The RMU has not established a formal salary schedule for its employees. The board approves new employees' salaries and subsequent increases; however, a formal analysis of RMU compensation to local/regional market standards has not been conducted. For fiscal years 2008 and 2007, the payroll expense, excluding fringe benefits, totaled over \$2.2 and \$2.1 million, respectively.

The RMU needs to establish a formal salary schedule based on applicable market standards for its employees to ensure salaries paid are fair and equitable and represent a prudent use of public funds.

- B. The RMU does not have a nepotism policy which addresses related employee issues. In addition, the RMU does not maintain a list of related employees, and employment applications do not disclose relatives already employed by the RMU.

At our request, the RMU Finance Director prepared a list of related employees. There are numerous related employees working at the RMU, including the general manager's wife and son-in law. While we did not note any instances where an employee was directly supervised by a related employee, it appears the RMU should monitor its employment of related personnel. The lack of a formal policy and the absence of data on related employees increases the likelihood of weakened internal controls and a lack of independent evaluation of employee performance.

Article VII, Section 6, of the Missouri Constitution defines the penalty for nepotism and states "Any public officer or employee in this state who by virtue of his office or employment names or appoints to public office or employment any relative within the fourth degree, by consanguinity or affinity, shall thereby forfeit his office or employment."

To avoid the appearance of a conflict of interest or nepotism, the RMU should adopt a formal written policy regarding the employment and supervision of related employees.

- C. Management employees including the general manager, operations manager, and department heads, do not receive formal written performance evaluations. According to RMU personnel, the board gives the general manager an oral evaluation, while the general manager gives oral evaluations to the other management personnel.

Formal written performance evaluations should be prepared for all employees. Written evaluations can lead to improvement in employee performance and may be used to evaluate employees for salary increases, promotions, and other personnel actions.

WE RECOMMEND the Board of Public Works:

- A. Establish a formal salary schedule for its employees.
- B. Adopt a formal written policy regarding the employment and supervision of related employees.
- C. Ensure formal written performance evaluations are prepared and retained for all personnel.

AUDITEE'S RESPONSE

The Board of Public Works provided the following written responses:

The RBPW agrees:

- A. It will continue to conduct a compensation analysis of local/regional market standards.*
- B. To establish a written policy regarding nepotism, in compliance with state law.*
- C. To perform and retain written performance evaluations for all personnel.*

12. RMU Vehicles

The RMU does not have a written vehicle policy, and fuel and usage logs are not maintained. In addition, commuting use of RMU vehicles is not properly reported to the IRS.

A. The RMU does not have a written vehicle policy for effective monitoring procedures regarding vehicle use. The RMU maintains 26 vehicles for use by its employees.

- The RMU does not have a written vehicle policy to communicate to employees the proper use of RMU vehicles.

A vehicle policy would help ensure vehicles are acquired, assigned, utilized, replaced, and maintained in an efficient and effective manner. Additionally, the policy should address and define the purpose and use of RMU vehicles, usage documentation requirements, personal use, and identify applicable IRS guidelines and reporting requirements.

- Fuel and usage logs are not maintained. As a result, fuel usage is not reconciled to fuel purchases. Without adequate fuel and usage logs, the RMU cannot effectively monitor that vehicles are used only for official business and fuel costs for vehicles are reasonable.

Fuel and usage logs should include trip information (i.e. employee, dates used, beginning and ending odometer readings, destination, and purpose) and fuel costs. These logs should be reviewed by a supervisor to ensure vehicles are used only for official business and evaluate operating costs.

B. The commuting use of vehicles by employees is not reported to the IRS. According to RMU personnel, the general manager and two other employees are allowed to use RMU vehicles to commute between home and work because these employees are considered first responders to a power outage.

With certain exceptions, such as law enforcement and fire department personnel, the IRS reporting guidelines provide that personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported on employee W-2 forms if the employer does not require the submission of detailed logs which distinguish between business and personal use. Additionally, the RMU may be subject to penalties and/or fines for failure to report all taxable benefits.

WE RECOMMEND the Board of Public Works:

- A. Adopt a written vehicle policy regarding proper and allowable use of RMU vehicles. Fuel and usage logs should be maintained on all vehicles including all trip information.
- B. Comply with IRS guidelines for reporting fringe benefits related to commuting in RMU owned vehicles.

AUDITEE'S RESPONSE

The Board of Public Works provided the following written responses:

The RBPW has:

- A. *Developed a written policy regarding proper and allowable use of RMU vehicles.*
- B. *Implemented a policy in compliance with the IRS guidelines related to commuting in RMU owned vehicles.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF ROLLA
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Rolla is located in Phelps County. The city was incorporated in 1861 and is currently a third-class city. The population of the city in 2000 was 16,367.

The city government consists of a mayor and a 12-member city council. The members are elected for 2-year terms. The mayor is elected for a 4-year term, presides over the council, and votes only in the case of a tie. The Mayor, City Council, and other principal officials during the year ended September 30, 2007, are identified below. The Mayor is paid \$8,000 and the City Council members are paid \$1,800 annually. The compensation of these officials is established by ordinance.

Elected Officials	Dates of Service During the Year Ended September 30, 2007	
William S. Jenks III, Mayor	October 2006-September 2007	
Montgomery (Monty) Jordan, Councilman	October 2006-September 2007	
Terry Ruck, Councilman	October 2006-September 2007	
Donald Z. Barklage, Councilman	October 2006-September 2007	
Stanley Spadoni, Councilman	October 2006-September 2007	
Susan J. Eudaly, Councilwoman	October 2006-September 2007	
Gary W. Hicks, Councilman	October 2006-September 2007	
Louis J. Magdits, Councilman	October 2006-September 2007	
Judy Jepsen, Councilwoman (1)	October 2006-September 2007	
Richard C. Morris, Councilman	April 2007-September 2007	
Terry Harris, Councilman	October 2006 to March 2007	
James D. Williams, Councilman	October 2006-September 2007	
Richard Sibley, Councilman (2)	October 2006-September 2007	
Mark W. Walburg, Councilman	April 2007-September 2007	
Charlotte Wiggins, Councilwoman	October 2006-March 2007	
Other Officials	Dates of Service During the Year Ended September 30, 2007	Compensation Paid for the Year Ended September 30, 2007
John D. Butz, City Administrator	October 2006-September 2007	\$ 103,607
Carol L. Daniels, City Clerk	October 2006-September 2007	41,701
Steffanie D. Rogers, Finance Director	October 2006-September 2007	60,930
Steve L. Hargis, Public Works		

Director	October 2006-September 2007	81,601
Robert B. Williams, Fire Chief	October 2006-September 2007	65,442
Mark A. Kearse, Police Chief	October 2006-September 2007	57,177
Kenneth J. Kwantes, Parks and Recreation Director	October 2006-September 2007	65,754
Scott D. Caron, Recreation Center Director	October 2006-September 2007	63,138
Scott A. Grahl, Communications Coordinator	October 2006-September 2007	43,966
Brady D. Wilson, Solid Waste Director	October 2006-September 2007	62,043
John S. Petersen, Community Development Director	October 2006-September 2007	69,443
Robert J. Stoltz, City Prosecutor *	October 2006-September 2007	24,600
William E. Hickie, Municipal Judge *	October 2006-September 2007	15,000
John Beger, City Attorney	October 2006-September 2007	52,257

* Elected position

(1) Donald M. Morris was elected Councilman in April 2008.

(2) Donna D. Hawley was elected Councilwoman in April 2008.

In addition to the officials identified above, the city employed 192 full-time employees and 203 part-time employees as of May 30, 2008.

The Rolla Municipal Utilities (RMU) is governed by the city's 4-member Board of Public Works. Board members are appointed by the Mayor, approved by the City Council, and serve a 4-year term. The Board Members are paid \$1,800 annually. The board members and principal officers of RMU at September 30, 2007 were:

Board Members	Dates of Service During the Year Ended September 30, 2007
Dr. James O. Stoffer, President	October 2006-September 2007
Maurice Alfermann, Vice President (1)	October 2006-September 2007
Judge John D. Wiggins, Secretary	October 2006-September 2007
Mark Rolufs, Vice-Secretary	October 2006-September 2007

(1) Mr. Alfermann passed away in February 2009. Nick Barrack was appointed to this position in April 2009.

Other Officials	Dates of Service During the Year Ended September 30, 2007	Compensation Paid for the Year Ended September 30, 2007
Dan A. Watkins, General Manager	October 2006-September 2007	\$ 120,000
David F. Stogsdill, Operations Manager	October 2006-September 2007	108,932
Rodney P. Bourne, P.E., Operation and Public Relations Coordinator	October 2006-September 2007	76,522
Dennis L. Roberts, Finance Director	October 2006-September 2007	55,955
Thomas W. Wassilak, Office Manager	October 2006-September 2007	52,455

The RMU funded approximately 56 full-time employees during 2007.

Assessed valuations and tax rates for 2007 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 186,529,765
Personal property*	44,046,034
Total	<u>\$ 230,575,799</u>

* The city does not levy taxes on personal property.

TAX RATES PER \$100 ASSESSED VALUATION

	Rate
General	\$ 0.4443
Library	0.1853
Parks and recreation	0.1094

TAX RATE(S) PER \$1 OF RETAIL SALES

	Rate
General	\$ 0.010
Capital improvement	0.005
Transportation	0.005
Park and recreation	0.005

The city also had the following tourism tax; rate is per \$1 of related sales:

	Rate
Rooms/accommodations	\$ 0.03