



Susan Montee, JD, CPA  
Missouri State Auditor

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City of St. Louis  
Office of License Collector



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June 2009  
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Missouri State Auditor  
Susan Montee, JD, CPA

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

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The License Collector's office could improve procedures to resolve non-compliance issues in the license application clearance process in a timely manner, including establishing guidelines for determining when it is appropriate to close non-compliant businesses and continuing to coordinate resolutions with other city departments. Our review found that, while license fees had been paid, numerous businesses have operated without a business license for several years due to other non-compliance issues.

Some follow-up procedures performed are not adequately documented and information is not maintained in a readily accessible, centralized location to allow for proper monitoring and supervision. The License Collector's office does not send out deficiency notices to businesses in a timely manner, if at all, when licenses cannot be issued as a result of pending applications that have deficiencies in the clearance process. The License Collector's office coded incorrect statuses for some businesses on the computerized license database, preventing the required follow-up work from being performed. The License Collector's office does not have adequate procedures in place to identify such errors on a timely basis.

The License Collector's office could improve procedures used to verify the accuracy of information reported on some types of business license applications where fees due are based solely on information provided by businesses. The License Collector's office has some categories of business license applications that require businesses to report and calculate license fees due based on information provided by the businesses. While the businesses sign a sworn statement on the applications certifying the accuracy of the information reported, no supporting information is provided and procedures to verify the reported information are limited.

Internal control procedures over receipts could be improved. During the fiscal year ended May 31, 2008, the License Collector's office processed approximately \$57 million in receipts. The License Collector's office maintains a mail log to track all monies received by mail; however, entries on the mail log are not reconciled to deposits. The License Collector's office does not have procedures in place to ensure monies collected in the field are turned over to the Finance Division for processing and depositing. In addition, records retained of monies collected in the field are not reliable.

The License Collector's office does not have procedures in place to ensure monies collected for duplicate license fees or insufficient fund (NSF) check fees are deposited. Checks received in the License Collector's office that have been remote deposited are not

YELLOW SHEET

maintained in a secure location. Independent or supervisory reviews and reconciliations of various records are not always performed or documented.

The License Collector's office does not have a formal written procurement policy. As a result, the decision to solicit competitive bids/proposals for purchases is made on an item-by-item basis and is generally obtained through informal inquiries or research. Supporting documentation of bids obtained or inquiries and research performed is generally not retained. The License Collector did not execute formal written contracts with several businesses for services provided. Services provided without current or formal written contracts included armored car services, general contract work for office renovations, and employee performance assessments.

Payroll procedures could be improved in the License Collector's office. A reconciliation is not performed between the payroll register and the adjusted payroll variance report to verify the accuracy of payroll distributions. Employees do not sign off on time records to verify accuracy and supervisors do not sign off on employee time records to indicate their review and approval. Payroll records in the License Collector's office contained a number of errors and inconsistencies. The personnel manual has not been updated to include all policies and procedures currently followed by the License Collector's office.

The License Collector, the Chief Deputy License Collector, and a manager use their assigned, unmarked, city-owned vehicles for commuting and personal use. While these individuals reported a combined 9,435 miles as commuting and personal use to the Internal Revenue Service as compensation on their W-2 forms for 2007, the officials do not maintain vehicle usage logs to document miles driven for official, commuting, and personal use. Records of vehicle use and monitoring procedures for the License Collector's vehicle fleet are not sufficient. Vehicles may not be used efficiently and effectively. Our review of monthly mileage records noted that 3 of the 12 vehicles had 8 months of inactivity during the 15-month period reviewed.

The License Collector could improve procedures to monitor and ensure bank accounts are sufficiently collateralized. The License Collector's office operated without a current depository agreement for 9 months during the audit period and has not competitively procured banking services for several years.

The License Collector's office operated without a formal current budget during fiscal year 2008. Also, the beginning operating account balance plus commission and interest revenues collected during 2008 was significantly more than needed to cover the operating expenditures for fiscal year 2008, even after distribution of excess 2007 commissions. While the commissions retained were not in excess of the maximum allowed by state law, the budget did not clearly indicate why such a large reserve was needed.

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CITY OF ST. LOUIS  
OFFICE OF LICENSE COLLECTOR

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

Honorable Michael McMillan, License Collector  
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. To minimize duplication of effort, we reviewed the CPA firm's audit report. We have conducted an audit of the City of St. Louis Office of License Collector. The scope of our audit included, but was not necessarily limited to, the 2 years ended May 31, 2008. 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 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 and Organization 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 License Collector.

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, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



CITY OF ST. LOUIS  
OFFICE OF LICENSE COLLECTOR  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1. Businesses Operating Without Valid Licenses**

The License Collector's office could improve procedures to timely resolve non-compliance issues in the license application clearance process, including establishing guidelines for determining when it is appropriate to close non-compliant businesses.

A significant number of businesses have operated without a current business license for several years. While these businesses applied and paid the required licensing fees, their licenses were never issued due to non-compliance in other areas of the approval process. Businesses applying for or renewing a business license may appropriately have the issuance of their license delayed during the clearance process, which requires businesses to have paid all other applicable taxes such as earnings tax, property tax, and state tax, and to have obtained the appropriate city permits, such as an occupancy permit. Approval for each of these requirements is documented on a special form by either the License Collector or the Collector of Revenue once compliance is verified. If problems with compliance are noted for any one of the requirements, the issuance of the business license will be delayed. As required by city ordinance, the License Collector's office will only issue the applicable business license once clearance is obtained for all items.

The License Collector's computerized database, called the LRMS, is a city-wide system used by the License Collector's office to track all known businesses in the City of St. Louis and their status in the business license process. We obtained a listing of businesses and statuses from the database as of April 2008 for license years 2005, 2006, and 2007 for major license categories, which included graduated business licenses, restaurant gross receipts, hotel/motel gross receipts, amusement taxes, and manufacturing ad valorem taxes. These categories included about 21,000 applications for over 16,000 businesses each license year. Our review focused on businesses in the categories above with the status labeled "status 99-extension". Businesses in the "extension" status are those businesses that paid license fees but had compliance problems identified during the clearance process. Our review found numerous businesses have operated without a business license for several years:

- Of the 3,208 businesses reviewed, 700 operated without a valid business license for at least 2 years due to deficiencies noted during the clearance process.
- Of the 700 businesses noted above, 235 operating without a valid business license for at least 3 years.

There have been several improvements in the License Collector's office regarding follow-up procedures for such issues. Currently, the License Collector's office works with the

Collector of Revenue's office to resolve clearance problems. In addition, when clearance cannot be given, a letter is sent to the business indicating the reason a business license has not been issued. However, while the License Collector's office has improved procedures and there are some procedures in place to try and resolve these deficiencies, some businesses continue to operate without a valid license for long periods of time. According to the License Collector's office, this problem has continued to exist partly because the city has been hesitant to close non-compliant businesses when it is already difficult to keep existing businesses and bring new businesses into the city.

The clearance process is a beneficial part of the licensing process to help ensure businesses are operating within the law and are current in their payment of applicable city taxes and fees. Areas of non-compliance noted during our review related largely to other areas of city government not under the control or responsibility of the License Collector's office other than to withhold the business license until requirements are met.

While Section 82.340, RSMo, indicates the License Collector should prevent any persons from carrying on any business without the proper license or license receipt required for that purpose, closing all such businesses may actually do more harm than good to the city. For instance, closing a functioning, valuable business due to a minor outstanding tax bill would be counterproductive. The License Collector should continue working with other city officials to identify other possible ways to resolve the clearance issues or other potential remedies available to the city. The License Collector should also consider developing formal guidelines regarding what factors will be considered when deciding whether to take the action of actually closing a business, the steps to be taken, and the timeline for making that decision. The License Collector could consider establishing a hearing process through which to receive comments from the offending business and make the appropriate decisions.

While the License Collector has properly held the issuance of the licenses until clearance issues have been resolved, allowing non-compliant businesses to continue operating without making a determination of the cost-benefit of closure has, in effect, defeated the purpose of the clearance process and resulted in inequitable treatment for businesses that are compliant.

**WE RECOMMEND** the License Collector continue to coordinate with other city departments to strengthen procedures to resolve problems with businesses obtaining clearance and determine whether there are any other legal avenues the city can take against non-compliant businesses. In addition, the office should consider developing guidelines for determining what factors will be considered when deciding whether to close a business and when those determinations will be made.

## **AUDITEE'S RESPONSE**

*The License Collector provided the following written response:*

*The Auditor's sensitivity to the prospect of closing non-compliant businesses is greatly appreciated. As indicated, this has been a long standing problem. It is a City and State problem, not just a License Collector's Office problem. Businesses in this category have paid for their business licenses. The non-compliant status usually relates to compliance deficiencies with other city departments such as the Collector of Revenue (Earnings Tax, Personal Property Tax, and Real Estate Tax), the Building Division (Occupancy Permit) and the Health Department (Health Permit) or to the State of Missouri for Sales Tax.*

*The License Collector's Office continues to coordinate activities with other City offices in an attempt to resolve these issues. The great majority of these deficiencies are Collector of Revenue issues. The License Collector's Office and the Collector of Revenue's Office are in frequent dialog on possible solutions to this problem.*

*Since the Auditor's visit, a "Compliance Team" has been convened. The first meeting of this team included representatives of the License Collector's Office, the Metropolitan Police Department, the Building Division and the City Counselor's Office. The purpose of this team is to improve coordination amongst city departments in resolving these deficiencies. The team will meet on a monthly basis. The Collector of Revenue's Office and the Health Department have been invited to the next meeting.*

*In order to facilitate the activities of the "Compliance Team," the License Collector's Office is conducting a comprehensive review of our pre tax year 2009 "99" files. Deficiency reports are being prepared for each city department. These lists will be shared with each department and their assistance will be requested in helping to resolve the deficiencies.*

*The Board of Aldermen is also beginning to focus on this problem. A meeting was held a few weeks ago with members of the Board and "Compliance Team" members to discuss compliance issues. Hopefully, new legislation will be proposed giving individual departments wider powers in solving their own compliance issues.*

### **2. Follow-up on Delinquencies and Pending Applications**

Documentation of follow-up procedures is not always adequate or maintained in a centralized location and follow-up work is not always completed in a timely manner. In addition, some businesses were coded to incorrect statuses on the office database system, preventing proper follow-up work from being performed.

The License Collector's office has several field staff responsible for performing procedures at various times during each license year to follow-up with businesses that have either failed to apply or pay for required city business licenses or have failed to resolve deficiencies in the clearance process (see Management Advisory Report (MAR)

finding number 1). These procedures generally include sending letters, making field visits, making phone calls, or placing door hangers with license information on businesses within the city. Our review of follow-up procedures noted the following:

- A. Some follow-up procedures performed are not adequately documented and information is not maintained in a readily accessible, centralized location to allow for proper monitoring and supervision. As a result, it is difficult for management to determine what follow-up work has been performed on a particular business.

Throughout the license year, field staff are assigned a daily listing of businesses to follow-up with, based on the type of license and the related status codes. Field staff each document activity on their individual daily listing detailing which businesses were contacted, the purpose of the follow-up work, any resolutions, and further actions to be taken. Our review found that while the follow-up work was generally documented on the daily listings, it was not maintained in a readily accessible centralized location, such as a database, to provide a summary of actions performed on each business over time. The actions per the daily listings are not posted to a summary file or database for each business, but rather the daily listings are maintained by each field staff, with no efficient way to link between the various actions taken on a particular business. The large amount of paperwork involved makes it difficult for management to monitor the follow-up performed for any particular business over a period of time. According to office personnel, the LRMS system is used by management to monitor the overall changes to the status of businesses in the application process; however, the system does not track the specific follow-up procedures performed. The LRMS system shows the current status of the applications and includes a section for comments; however, information in that section is often limited or non-existent. In addition, copies of most correspondence sent to businesses was not maintained in the businesses' files.

Retaining proper documentation in an accessible centralized location is essential to maintain accurate, useful, and timely information regarding the status of businesses operating without a valid business license. Centralized summary documentation of follow-up work performed would not only allow management to determine the effectiveness of field staff but would also help ensure that proper follow-up procedures have been performed timely.

- B. The License Collector's office does not send out deficiency notices to businesses in a timely manner, if at all, when licenses cannot be issued as a result of pending applications that have deficiencies in the clearance process. The clearance process involves ensuring the business has paid not only the applicable business license fee, but has also paid taxes and fees to other departments within city government. (See MAR finding number 1). We reviewed the files for 17 of the 3,208 businesses identified with deficiencies in the application process as of April 2008, relating to the 2005, 2006, and 2007 tax years for major license categories. Our review noted 3 instances where deficiency notices were mailed several

months after the clearance process took place, and 13 instances where there was no evidence that required deficiency letters were ever sent to the businesses.

Timely follow-up procedures may help the License Collector's office hold businesses more accountable for resolving delinquency, application, and clearance issues in a more timely manner. Maintaining copies of deficiency letters sent would provide documentation that the action was performed.

- C. The License Collector's office coded incorrect statuses for some businesses on the LRMS, preventing the required follow-up work from being performed. In addition, the License Collector's office does not have adequate procedures in place to identify such errors. If businesses are tracked with an incorrect status, it can prevent adequate or appropriate follow-up work from being performed. While the License Collector's office has identified some errors when follow-up work was performed on some businesses, procedures are not in place to identify such errors on a timely basis.

We obtained listings of businesses from the LRMS system as of March and April 2008 and reviewed the files of a number of businesses in various statuses. Our review noted the following:

- Several businesses in the LRMS system were coded in an incorrect status. Through several different tests, we reviewed the files of approximately 180 businesses in various statuses and found at least 8 had an incorrect status recorded. License Collector personnel updated the status for these businesses as a result of our inquiry.
- Some manufacturing businesses were incorrectly placed in the "out-of-business" status for license year 2007 (which covers applicable property on hand as of January 1, 2007, and for which the related taxes were billed in approximately October 2007 and due by December 31, 2007). We tested 20 of the 56 businesses in the "out-of-business" status as of March 2008, relating to license year 2007. Our review found that four businesses were apparently still in operation as of January 2007 and liable for taxes. As a result of the improperly coded statuses, the businesses were not billed for the taxes due on manufacturing property on hand as of January 1, 2007. An additional two businesses had been moved from "delinquent" to the "out-of-business" status even though they had a delinquent manufacturing ad valorem tax bill for 2007. Once a business is removed from the delinquent status, delinquent billings are no longer generated, resulting in possible lost revenues to the city.
- Some businesses were in the "paid not processed" status for as many as 3 years. We reviewed all businesses in the "paid not processed" status for the major municipal license categories and found that 47 of the 69 businesses reviewed had been in this status for longer than 6 months. Of

those 47 businesses, 31 had been in this status for longer than 1 year and 8 had been in this status for longer than 2 years. This status is intended to be a temporary status only for the time period the License Collector's office is determining whether or not there are any deficiencies in the clearance process. Due to the temporary nature of this status, businesses remaining in this status for any significant length of time should be a clear signal that follow-up action is needed.

Accurate record keeping is necessary to ensure proper follow-up procedures are performed timely to resolve any problems preventing the issuance of the proper business licenses. In addition, accurate records help ensure the city is collecting all outstanding fees and maximizing revenues.

**WE RECOMMEND** the License Collector:

- A. Improve procedures to ensure adequate documentation is maintained in an accessible centralized location for all follow-up work performed.
- B. Ensure follow-up work is performed consistently and timely, and documentation of such actions is maintained.
- C. Establish procedures to ensure businesses are coded to the correct status in the LRMS system and actively monitor the statuses to help ensure any errors are identified timely.

**AUDITEE'S RESPONSE**

*The License Collector provided the following written responses:*

- A. *The License Collector's Field Operations Department is updating its follow-up procedures for all license types for statuses 50 (No Reply), 51 (Filed Not Paid), 61 (Delinquent Bill) and 99 (Extension). These procedures include all steps in the follow-up process including and up to closing businesses and all forms and documents used in the process. There is a definite time-line established for each step in the process.*

*A complete description of the Field Operations data base is being prepared, along with procedures for maintaining and monitoring it. The data base supports the follow-up procedures required and is capable of producing status reports for all phases of individual and collective business follow-up procedures.*

*Field Operations' departmental filing system is being documented and integrated with the office's centralized filing system.*

- B. *As noted in Management Advisory Report (MAR) finding number 1, the License Collector's Office continues to focus on improvements in handling deficiencies. During the 2008 renewal season the timeline for the notification of businesses of deficiencies was*

*improved and rechecking on deficiencies and re-notification was done on a 30 day basis. As stated in our response to Management Advisory Report (MAR) finding number 1, a comprehensive project is in process to resolve all prior year deficiencies of this type.*

*For the 2009 renewal season, which is currently in process, notification by phone will be made immediately to businesses with these deficiencies; a follow-up letter will follow within two weeks. Support for follow-up activity will be maintained in the business files and the LRMS system.*

*If deficiencies are not resolved by this process, the next phase of follow-up will be by Field Operations and the "Compliance Team."*

- C. *As noted by the Auditor, status codes are a long standing problem. The LRMS system has the capacity to generate monthly bills for all businesses in the 51 (Filed Not Paid), and 61 (Delinquent Bill) categories. Prior to April 2008, this capacity had not been utilized for some unknown period of time. Restoration of this capacity has not only lead to increased collections of outstanding monies, but has also opened communication channels with businesses that had unresolved status issues with the License Collector's Office.*

*This increased communication has led to the implementation of a Compliance Issue/Request Form process. The following forms have been developed to document compliance, status and deficiency issues, and to document approvals of actions taken: License Waiver-Permanent/Event, Business Closings, Refunds/Credits, Move Money, Out-of-Business, Deletions, Not Liable, and Miscellaneous Adjustments. The use of these forms and the due diligence that is required to properly document and approve changes, is having a significant impact on the accuracy of our LRMS data base.*

### **3. Verification of Business License Applications**

The License Collector's office could improve procedures used to verify the accuracy of information reported on some types of business license applications where fees due are based solely on information provided by businesses.

The License Collector's office has some categories of business license applications that require businesses to report and calculate license fees due based on information provided by the businesses. For example, most businesses are required to obtain a graduated business license which requires the businesses to report the number of full-time employees and some businesses, such as restaurants and hotels, are required to report gross sales. Both amounts submitted by businesses are used in calculating the fees due to the city. While the businesses sign a sworn statement on the applications certifying the accuracy of the information reported, no supporting information is provided.

According to personnel, the office does perform some follow-up procedures when unusual fluctuations are noted or when businesses submit refund requests due to

inaccurate application data. Such procedures can include comparisons with related data in the Collector of Revenue's office; however, such reviews are limited. The License Collector's office also compares the monthly hotel/motel gross receipts to the quarterly hotel/motel gross receipts submitted by businesses on monthly and quarterly license applications to ensure the amounts are consistent; however, no procedures are in place to verify the accuracy of the information reported.

Section 8.06.170, St. Louis City Revised Code, states the License Collector has the right at all reasonable times during regular business hours to audit or examine the books and records of the applicant or licensee for the purpose of determining the truthfulness and accuracy of any statements made by the applicant or licensee in an application for a current year's or preceding year's license.

Without verifying the accuracy of pertinent data on business license applications, the License Collector's office has no assurance that all taxes and fees paid are accurate and complete and there is an increased risk that erroneous information submitted by businesses may go undetected, resulting in possible lost revenue.

**WE RECOMMEND** the License Collector develop procedures to verify the accuracy of information submitted on business license applications, at least on a periodic or sample basis. This could include performing audits or examinations of the information submitted in business license applications.

### **AUDITEE'S RESPONSE**

*The License Collector provided the following written response:*

#### **Coordination with other City Offices**

*The License Collector's Office coordinates information with other City offices and interested third parties in an effort to validate information provided by businesses.*

*There are a number of coordinating activities that are conducted with the Collector of Revenue's Office (COR). Periodically, information is requested on the number of employees reported on a specific business's payroll tax reports. Weekly, we get an ETAX New Business report, which we compare to our files to determine if these businesses also have a license. Annually, an ETAX & GBL Matching Report is prepared and analyzed for comparability of records on licensed versus COR registered businesses. The COR, because of confidentiality requirements, will not provide us with revenue information on businesses.*

*In addition, we share information and have joint monitoring responsibilities with the St. Louis Convention and Visitors Commission and the City's Excise Division.*



### Field Audit Activities

*The Auditor's comment specifically addresses field audit activities. In our review of the history of the License Collector's Office, we determined that this capacity has not existed for some undetermined time period. We agree with the Auditor's recommendation and will reinstate this process on at least a periodic or sample basis. Our current personnel resources do not allow for a more comprehensive approach at this time. A comprehensive field auditing program will be incorporated into our strategic plan.*

## **4. Internal Controls and Procedures**

Internal control procedures over receipts are in need of improvement. In addition, independent or supervisory reviews and reconciliations are not performed or not always documented.

- A. Internal control procedures over receipts could be improved. During the fiscal year ended May 31, 2008, the License Collector's office processed approximately \$57 million in receipts. Of this amount, approximately \$19 million was collected in cash and checks in the License Collector's office and approximately \$38 million was collected through debit/credit card payments and bank lockbox operations.
- 1) Monies received by mail are not adequately tracked to ensure all monies received are deposited. The License Collector's office maintains a mail log to track all monies received by mail; however, entries on the mail log are not reconciled to deposits. After being entered into the log, the checks and applications received are sent to another division to agree the payment to the supporting documentation. The License Collector's office does not have procedures in place to track checks returned from the other division to ensure all checks received in the mail are deposited. More than \$11 million was received by mail during the fiscal year ended May 31, 2008.
  - 2) The License Collector's office does not have procedures in place to ensure monies collected in the field are turned over to the Finance Division for processing and depositing. In addition, records retained of monies collected in the field are not reliable. Our review noted the following:
    - Monies are sometimes collected by field staff during on-site visits to businesses within the city. While field staff maintain receipt slip books, duplicate copies are not retained in a central location and receipt slips are not always issued. When receipt slips are issued, the original is provided to the payor and the duplicate copy is turned over to the Finance Division for processing; however, there are no procedures in place to account for the numerical sequence

of receipt slips and ensure all monies have been turned over for processing and deposit.

- Notations are sometimes made on daily summary logs of when cash is received; however, this record is not reliable as notations are not always made.

Without maintaining accurate receipt records, the License Collector's office cannot ensure all monies collected in the field are turned over for deposit.

- 3) The License Collector's office does not have procedures in place to ensure monies collected for duplicate license fees or insufficient fund (NSF) check fees are deposited. Duplicate license fees and NSF check fees, generally received in cash, are not posted to the licensing database (LRMS) system because they do not directly relate to the amount due to the License Collector. While cash slips are completed, they are not prenumbered and there is no way to ensure all cash slips and fees collected are turned over to the Finance Division for deposit. Reconciliation procedures would not catch missing fees or cash slips since there is no accountable record, either from prenumbered receipt slips or system reports, with which to reconcile monies.
- 4) Checks received in the License Collector's office that have been remote deposited are not maintained in a secure location. The License Collector's office uses a remote system for depositing checks by scanning checks into the bank records without physically sending the checks to the bank for deposit. These checks are then maintained by deposit date in an unlocked container in the Finance Division, which increases exposure to businesses' bank account numbers. Without adequate controls over these checks, they are vulnerable to both theft and misuse.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and deposited, and assets are adequately safeguarded.

B. Independent or supervisory reviews and reconciliations of various records are not always performed or documented.

- 1) Office procedures require adjustments made to the LRMS system be reviewed by the Assistant Finance Manager on a daily basis; however, the review is not documented. Several adjustments are normally made to the LRMS system on a daily basis for bad checks and posting errors, and adjustments directly affect the reconciliation to cash receipts performed prior to deposit. Without adequate documentation of this review, it is

difficult to determine whether the adjustments are reasonable and the correct amount of funds is deposited.

- 2) Bank service fees are charged to each bank account on a monthly basis; however, no documentation existed to indicate anyone reviewed the propriety of the bank fees charged.
- 3) Supervisory approvals of both manufacturing on-site inspection reports and property declarations were not always documented.

Without adequate documentation of established internal control procedures, such as reconciliations and supervisory reviews and approvals, there is no assurance procedures are in place and operating effectively.

**WE RECOMMEND** the License Collector:

- A.1. Ensure receipts recorded on the mail log are reconciled to deposits.
  2. Develop procedures to ensure monies collected by field staff are turned over to the Finance Division for deposit. This should include issuing prenumbered receipt slips, maintaining a record of receipt for all monies collected in the field, and accounting for the numerical sequence of receipt slips.
  3. Develop procedures to ensure all monies collected for duplicate license fees and NSF check fees are deposited.
  4. Adequately secure remotely deposited checks.
- B. Ensure independent reviews and reconciliations are performed and adequately documented.

**AUDITEE'S RESPONSE**

*The License Collector provided the following written responses:*

- A.1. *Mail log procedures have been changed. All checks received in the mail are still logged in the cashier's area. Applications are sent to the Municipal Department for processing, but all checks are now retained in the cashier's area. Cash slips are prepared and the checks are deposited immediately.*
2. *Field Service Representatives (FSR) are using pre-numbered receipts. Receipts are now under the control of the Finance Department. A log is being maintained of the receipt numbers issued to each FSR. When payments are collected in the field, they are turned over to Finance, along with a copy of the receipt, for processing and depositing. For the appropriate receipt number, Finance logs in the business name, address, amount, check number and date.*

3. *The City's Information Technology Services Agency is currently implementing an update to the LRMS system. This update will include the capacity to process and record duplicate license fees and NSF check fees like all other collections.*
  4. *Remotely deposited checks are now immediately stamped "CANCELLED" and have been relocated to a locked storage area.*
- B. *Adjustments to the LRMS system are now fully documented, reviewed and approved as indicated in our response to Management Advisory Report (MAR) finding number 2.*

*Bank service fees are reviewed on a monthly basis as part of the monthly reconciliation process. A sign-off of this review is now part of the documentation.*

*Supervisors are required to sign-off on their review of Site Inspection reports. This is now being verified.*

<b>5. Disbursements</b>
-------------------------

The License Collector's office does not have formal written policies for procurement and does not have current, written contracts for some services obtained.

A. The License Collector's office does not have a formal written procurement policy. As a result, the decision to solicit competitive bids/proposals for purchases is made on an item-by-item basis and is generally obtained through informal inquiries or research. Additionally, supporting documentation of bids obtained or inquiries and research performed is generally not retained. Costs were incurred for the following goods or services without documentation of competitive bids or proposals:

- Printing and copying services from seven companies totaling approximately \$51,600 for the 2 years ended May 31, 2008.
- A printer costing \$5,000.
- A new automobile purchased for approximately \$23,000 from a local car dealership.
- A company hired to perform employee performance assessments, at a cost of \$6,750.

According to office personnel, the printer is a special purpose piece of equipment and was a sole source purchase from a vendor that carried equipment compatible with existing software; however, documentation of such factors was not retained. For the automobile, officials indicated the Supply Commissioner recommended a vehicle similar to ones purchased for other city officials, but the License Collector

decided to obtain a less expensive model. Officials indicated price shopping was done; however, documentation of the prices obtained was not retained.

While the License Collector, as a separately elected official, is not required to follow city policies and typically has his own policies in place, his office has used some of the city's policies when it has not established any of its own. The city's current purchasing policy indicates that sealed bids are required for purchases over \$500 and certain advertising is required to obtain such bids for purchases over \$5,000. The License Collector should either formally adopt and follow the city's policies or develop a formal procurement policy for his office.

Formal procurement procedures provide a framework for the economical management of office resources and would help ensure the License Collector's office receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure parties are given equal opportunity to participate in the city's business. Bids can be handled by telephone quotation, written quotation, sealed bid, or advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid was selected. If the provider is a sole source, adequate documentation of that determination should be retained.

- B. The License Collector did not execute formal written contracts with several businesses for services provided. Services provided without current or formal written contracts included armored car services, general contract work for office renovations, and employee performance assessments. Contract documentation provided was either outdated or did not include final versions signed by both parties. A combined total of \$79,000 was paid for these services during the 2 years ended May 31, 2008.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The License Collector'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. 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 License Collector:

- A. Establish formal procurement policies and procedures, including documentation requirements regarding bids, quotes, or proposals received and justification for the selection made.
- B. Enter into current, formal written contracts for all services received.

## **AUDITEE'S RESPONSE**

*The License Collector provided the following written responses:*

- A. *The License Collector's Office was working on a Procurement Policy and Procedures Manual at the time of the Auditor's visit. We have adopted a policy requiring sealed bids for purchases over \$1,000. Bids can be obtained by telephone quotation, written quotation or sealed submission based on dollar amount and type of purchase. Advertising is required to obtain sealed bids for purchases over \$5,000. Complete documentation will be maintained on all bids received and the reasons noted why the bid was selected. If the provider is a sole source, adequate documentation of that determination will be retained. The manual is in the final stages of completion.*
  
- B. *Many of the contractual relationships are carryovers from the previous administration. We have begun the process of re-bidding these goods and services.*

<b>6. Payroll Procedures</b>
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Payroll procedures could be improved and payroll records are not always consistent or accurate. In addition, the personnel manual does not reflect current procedures followed in the License Collector's office.

- A. Payroll procedures could be improved in the License Collector's office. Our review noted the following:

- 1) A reconciliation is not performed between the payroll register and the adjusted payroll variance report to verify the accuracy of payroll distributions. The License Collector's personnel officer submits manual information to the City Comptroller for entry into the payroll processing system. Before processing payroll, the Comptroller's office sends a payroll variance report to the License Collector's office for review, any necessary adjustments are made manually, and the variance report is resubmitted to the Comptroller's office. Once payroll is processed, the License Collector's office receives a payroll register as its record of payroll processed. The personnel officer does not compare the final payroll register to the adjusted variance report to ensure reported adjustments are made and payroll disbursed is accurate and complete.

Failure to reconcile payroll records increases the risk that errors or irregularities will occur and not be detected on a timely basis.

- 2) Employees do not sign off on time records to verify accuracy and supervisors do not sign off on employee time records to indicate their review and approval. Staff employees do not prepare individual timesheets. Instead, staff employees sign in and out daily on a sign-in

sheet maintained by the personnel officer, which is used to update other internal payroll records. When an employee is absent, the personnel officer will document the leave taken on the daily sign-in sheet for the absent employee. Without an indication of review and approval, it is difficult to determine if the daily sign-in sheets are an accurate reflection of time actually worked.

Accurate time records provide information necessary to monitor overtime worked, leave, and compensatory time usage, and are beneficial in demonstrating compliance with personnel policies and the federal Fair Labor Standards Act. Time records should be signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the personnel officer.

B. Payroll records in the License Collector's office contained a number of errors and inconsistencies. The License Collector's office utilizes several manual payroll records to track information, including daily sign-in sheets for staff employees, employee leave request forms, daily absentee records, employee attendance cards, and bi-weekly attendance reports. In addition, information is submitted to the Comptroller's office on the bi-weekly payroll report and bi-weekly payroll variance report. We reviewed related payroll records for 10 of the 43 License Collector's employees for the pay period ended March 29, 2008. Our review of these payroll records noted the following:

- Five employee attendance cards, which track employee leave balances, contained mathematical errors.
- Leave usage reported on the bi-weekly payroll reports was not included on the daily absentee record for one employee.
- Leave usage reported for six employees did not agree between the various records. In some instances leave reported did not agree between the daily sign-in sheet, daily absentee records, employee attendance cards, or the bi-weekly attendance reports.

Reconciling the payroll information among the various payroll records would help ensure the consistency, accuracy, and completeness of payroll information for all employees.

C. The personnel manual has not been updated to include all policies and procedures currently followed by the License Collector's office. The License Collector's office has developed its own personnel manual, separate from the city; however, it does not contain some of the policies followed by the office. The personnel manual does not include information about the amount of sick leave time earned, maximum accruals allowed for leave balances, and handling of accumulated leave

balances upon termination or resignation, or guidelines for the shared leave program which allows employees to donate leave to other employees at will.

A comprehensive and updated personnel policy manual would help provide guidance and control for the effective and consistent management of office employees.

**WE RECOMMEND** the License Collector:

- A.1 Ensure the adjusted payroll variance reports are reconciled to the final payroll registers.
- 2. Ensure all time records are signed off by both employees and supervisors attesting to the accuracy of the time reported.
- B. Establish procedures to ensure all payroll records are checked for mathematical accuracy, completeness, and agreement with other records.
- C. Update the personnel manual to ensure it includes all significant personnel policies and procedures currently in use.

**AUDITEE'S RESPONSE**

*The License Collector provided the following written responses:*

*A&B. The License Collector's Office has procured and implemented an electronic time keeping and payroll processing system. This system includes an electronic time clock, which requires a pin number for each employee. This system eliminates the manual records cited by the Auditor as being inconsistent or inaccurate.*

*Reconciliations are now being performed between the payroll register and the adjusted payroll variance report. The new system generates a sign-off report for employees and their supervisors to verify and approve time records.*

*C. An updated Personnel Policies and Procedures Manual is in process.*

**7.**

**Vehicles**

The License Collector and two employees use assigned city-owned vehicles for commuting and personal use and such mileage claimed is not adequately supported. Records of vehicle usage and monitoring procedures for all of the License Collector's fleet vehicles are not sufficient. In addition, vehicles may not be used efficiently and effectively.



- A. The License Collector, the Chief Deputy License Collector, and a manager use their assigned, unmarked, city-owned vehicles for commuting and personal use. During 2007, these individuals reported a combined 9,435 miles as commuting and personal use to the Internal Revenue Service as compensation on their W-2 forms, approximately 38 percent of total miles driven on those vehicles. The officials do not maintain vehicle usage logs (see part B below) to document miles driven for official, commuting, and personal use. Without adequate documentation, the License Collector's office cannot ensure mileage claimed as compensation is accurate or complete.

In addition, while the License Collector's office properly reported personal and commuting mileage as compensation, the City Vehicle Policy Manual Section 3.8.1, states that city vehicles may not be used for personal use other than commuting unless an exception is granted in writing to the employee from the appointing authority. The License Collector's office did not provide documentation approving and justifying personal use of the vehicles.

- B. Records of vehicle use and monitoring procedures for the License Collector's vehicle fleet are not sufficient. The License Collector's office indicated it follows the city's vehicle policy; however, the city's vehicle policy does not address records to be maintained for vehicles (see audit report No. 2008-61, *City of St. Louis Board of Public Service*, issued in September 2008). While periodic mileage readings are recorded on a monthly basis and when vehicles are fueled, the License Collector's office does not require detailed vehicle usage logs be maintained to document beginning and ending odometer readings, destination, and trip purpose for any of its 12 vehicles.

Without adequate usage logs, the License Collector cannot effectively monitor that vehicles are used for official business only. Vehicle usage logs should include trip information (i.e. beginning and ending odometer readings, destination, and purpose) which should be reviewed on a periodic basis for reasonableness and to ensure vehicles are used for official business only.

- C. Vehicles may not be used efficiently and effectively. The License Collector's office has a total of 12 vehicles. Our review of monthly mileage records noted that three of these vehicles had 8 months of inactivity during the 15-month period reviewed. Mileage during this period totaled only 2,000 to 3,000 miles for each of these three vehicles.

Low mileage and periods of inactivity may indicate the office is not using the vehicles efficiently. In an effort to reduce costs and to ensure the efficient use of city-owned vehicles, the need for all fleet vehicles and the vehicle assignments should be periodically reviewed to ensure they are necessary and justified.

**WE RECOMMEND** the License Collector:

- A. Discontinue the use of city-owned vehicles for personal use or ensure proper approval documentation is maintained for any exceptions. The License Collector should also ensure personal and commuting mileage reported for compensation is adequately supported.
- B. Require the preparation of usage logs for all vehicles and ensure these logs are properly reviewed.
- C. Review vehicle usage and vehicle assignments periodically to ensure the number of vehicles in the fleet are necessary and justified.

**AUDITEE'S RESPONSE**

*The License Collector provided the following written responses:*

- A. *The License Collector has approved personal use of office vehicles by the Chief of Staff and the Manager of Field Operations. As indicated in the Auditor's comment, personal use of office vehicles is reported to the City, in accordance with City regulations, for reporting to the Internal Revenue Service as compensation on the W-2 forms of the drivers. Documentation of usage will be improved.*
- B. *In addition to procedures currently in place, the License Collector's office will require detailed vehicle usage logs be maintained to document beginning and ending odometer readings, destination, and trip purpose for fleet vehicles.*
- C. *The License Collector's Office has conducted an analysis of fleet usage. As a result of this analysis, the oldest vehicle in the fleet has been returned to the City of St. Louis and two other vehicles have been sold to the City of St. Louis.*

**8.**

**Bank Accounts**

The License Collector could improve procedures to monitor and ensure bank accounts are sufficiently collateralized. In addition, the License Collector's office operated without a current depository agreement for nearly a year and has not competitively procured banking services for several years.

The License Collector's office has utilized the same local bank for the past several years for maintaining five bank accounts, providing and monitoring collateral securities, and processing lockbox payments. As of May 31, 2008, the License Collector's office had approximately \$9.3 million in accounts held by its depository bank. Our review noted the following:

- A. The License Collector could improve procedures to monitor and ensure bank accounts are sufficiently collateralized. While securities are released at the authorization of the Chief Deputy License Collector and a month-end summary of pledged collateral is reviewed, the License Collector's office relies on the bank to monitor and ensure adequate collateral securities are pledged on a daily basis to cover amounts deposited in the various bank accounts. Due to frequent large deposits and periodic distributions, bank account balances can fluctuate significantly throughout the month.

Section 110.010, RSMo, states that public funds of every city which are deposited in any banking institution acting as a legal depository of the funds shall be secured by the deposit of securities. State law further requires the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the Federal Deposit Insurance Corporation.

Inadequate collateral securities could leave the License Collector's funds unsecured and subject to loss in the event of a bank failure. To properly protect public funds, the License Collector's office should actively monitor and ensure bank accounts are properly collateralized.

- B. The License Collector's office operated without a current depository agreement for 9 months during the audit period and has not competitively procured banking services for several years. The depository agreement with the bank expired in August 2007 and was not renewed until May 2008. During this time, office personnel indicated they maintained a verbal agreement with the bank as to the services to be received. In addition, the office has not competitively procured banking services since at least 2005 when the prior banking agreement was established.

To ensure the quality of banking services, fairness of fees charged, and the maximization of interest earnings, the License Collector's office should procure its banking services through a periodic competitive process. In addition, the License Collector's office should ensure it has a written agreement in effect at all times with its depository bank. A written depository agreement would help both the bank and the License Collector's office understand and comply with the requirements of a banking arrangement.

**WE RECOMMEND** the License Collector:

- A. Establish procedures to actively monitor and ensure bank accounts are adequately collateralized.
- B. Ensure the office has a written depository agreement in effect at all times for banking services and competitively procure banking services on a periodic basis.

## **AUDITEE'S RESPONSE**

*The License Collector provided the following written responses:*

- A. *We agree with the Auditor's recommendation that we should more actively monitor our collateral position. Accordingly, new procedures have been implemented with the bank. A daily report is provided on the collateral position and information is exchanged on a daily basis concerning deposit and disbursement activity.*
- B. *The depository agreement was a carryover from the previous administration. The financial institution and the current administration agreed to continue the existing agreement for the 9 month period cited by the Auditor, while consideration was given to re-bidding the agreement. After giving careful consideration to going out for bid, the current administration decided to renew the agreement. The current depository agreement expires March 31, 2010. Banking services will be bid out at that time.*

**9.**

### **Budgetary Practices**

The License Collector's office operated without a formal current budget during fiscal year 2008. According to officials, the office used the 2007 budget as a guideline for fiscal year 2008 and met frequently to discuss current expenditures.

The operations of the License Collector's office are funded by retaining a percentage of license fees and taxes collected each year, approximately 2 to 4 percent of revenues collected, as allowed by state statute. Commissions retained are transferred to the License Collector's operating account throughout the year to fund the operations of the License Collector's office. Commissions transferred to the operating account, along with interest earned on the operating account, totaled approximately \$1.98 million and \$2.19 million during the fiscal years ended May 31, 2008 and 2007, respectively. Section 82.397, RSMo, provides that any fees in the hands of the License Collector which exceed two times the amount of the previous year's operational disbursements, shall be paid into the treasuries of the state, city, and school in proportion to the amount of revenue collected.

The operating account had balances of approximately \$2.63 million and \$3.56 million at May 31, 2008 and 2007, respectively. In 2008, the License Collector disbursed excess revenues of approximately \$768,000 from 2007 in accordance with state statute, however, the maximum amount allowed per statute was retained. As a result, the beginning balance plus revenues collected during 2008 were significantly more than the amount needed to cover the \$2.14 million in operating expenditures for fiscal year 2008, even after the distribution of the 2007 excess commissions.

Beginning cash balance June 1, 2007	\$3,561,729
Fiscal year 2008 commissions collected	1,981,047
Fiscal year 2007 excess commissions distributed	(768,448)
Total funds available for fiscal year 2008 operating expenses	<u>\$4,774,328</u>
Fiscal year 2008 operating expenses	<u>\$2,139,727</u>

While the commissions retained were not in excess of the maximum allowed by state law, it is unclear why such a large reserve is needed. Better budgeting procedures would allow the License Collector's office to better plan for needed revenues and only retain the necessary funds to operate the License Collector's office and maintain a more reasonable reserve amount. Additional reserves for future planned projects should be clearly identified in the budget. This would also allow more funds to be distributed to the various taxing authorities, such as the schools and library.

A complete and well-planned budget can serve as a useful management tool by establishing specific costs and revenue expectations for each area of operation and ensuring revenue amounts are sufficient for operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. In addition, a budget would allow the citizens of the City of St. Louis to better understand the plans for operations in the License Collector's office.

**WE RECOMMEND** the License Collector prepare a formal budget on an annual basis, including a plan to retain only the necessary commissions for the operations of the office and to maintain a reasonable reserve level. If additional monies are being reserved for planned projects or needs, such issues should be identified in the budget document.

**AUDITEE'S RESPONSE**

*The License Collector provided the following written response:*

**Budgetary Practices**

*Operating expenditures for fiscal 2007/2008 were carefully monitored by the License Collector and the Chief of Staff, using the 2006/2007 budget as a guideline. A formal budget was prepared for fiscal 2008/2009 and presented to the Ways and Means Committee of the Board of Aldermen. The fiscal 2009/2010 budget has been prepared and is being implemented. The current budget has reduced staff by 15% and includes a one week furlough for staff and two week furlough for management. The furlough results in a 1.9% decrease in pay for staff and a 3.8% decrease for the License Collector and management team.*

**Reserve Balances**

*The representation of the reserve balance in the License Collector's Office needs additional clarification. The actual balance in the Commission Account (Reserve) at the time of the surplus*

*distribution of \$768,448 was \$3.8 million. The balance has not exceeded \$3.2 million since that transaction. The balance is currently \$2.3 million. Since June 2007, the reserve balance has been consistently under the maximum limit set by Section 82.397, RSMo. The License Collector has consistently been in full compliance with Section 82.397, RSMo. We have also distributed \$500,000 from the Commission Account (Reserve) in 2009 to assist the budget deficits of the city and other governmental agencies.*

**ADDITIONAL AUDITEE COMMENTS**

*The License Collector provided the following additional comments as part of their written responses:*

*In Appendix A of this report, the Auditor presents a Schedule of Receipts, Disbursements, and Changes in Cash Balance - Operating Account (Commissions). The current administration in the License Collector's Office considers this schedule to need additional clarification if they are to be compared. Our concerns with the schedule relate to the issue of responsibility. The Year Ended May 31, 2008 would be the first full year of responsibility for the current License Collector and would properly reflect the financial impact of new management and operating objectives and updated accounting policies and procedures. Seven months of the Year Ended May 31, 2007 were under a previous administration. Presenting these two distinctly different fiscal years in a comparative format does not account for the expanded mission, the personnel classification study commissioned by the new administration, and the enhanced services and policy compliance of the office.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

CITY OF ST. LOUIS  
OFFICE OF LICENSE COLLECTOR  
HISTORY AND ORGANIZATION

The Office of License Collector is an elective office responsible for collecting various licensing fees and taxes assessed against businesses within the City of St. Louis, in accordance with Missouri statutes and City of St. Louis Revised Code and ordinances. The License Collector employs approximately 40 people.

Michael McMillan currently serves as the License Collector for the City of St. Louis. He has served in that capacity since he took office in January 2007. His current term expires in December 2010. Gregory F. X. Daly served as the License Collector from 1988 through 2006. Administrative office functions are supervised by the License Collector's Chief Deputy. The License Collector coordinates the work of the following four divisions:

Field Service

The Field Service Division is responsible for acting as the policing agency for the Manufacturing and Municipal Divisions. The division's main functions are to help existing businesses stay in good standing with the city, offer new businesses assistance in obtaining a license, help with on-site visits, and follow-up with businesses that have either failed to apply or failed to pay for proper business licenses.

Manufacturing

The Manufacturing Division oversees various activities relating to the manufacturing ad valorem tax, which is a personal property tax imposed on the machinery, tools, and appliances held or used by manufacturers operating within the city.

Municipal

The Municipal Division is responsible for overseeing the collection and processing of various business license fees and gross receipts sales taxes from businesses operating within the city, including items such as cigarette taxes, graduated business licenses, restaurant gross receipt taxes, hotel taxes, and other fees and taxes.

Finance

The Finance Division is responsible for managing all financial activity within the License Collector's office, including all receipt and disbursement procedures. Monies received are disbursed by this division to the city and various local agencies, such as the school district and the city zoo and museums. In addition, a portion of receipts are retained as commissions and used for the operating expenses of the License Collector's office.

See the Appendix for additional information for the Office of License Collector.



Appendix A

CITY OF ST. LOUIS  
OFFICE OF LICENSE COLLECTOR  
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
OPERATING ACCOUNT (COMMISSIONS)  
(UNAUDITED)

	<u>Year Ended May 31,</u>	
	<u>2008</u>	<u>2007</u>
<b>RECEIPTS</b>		
Commissions transferred in	\$ 1,854,803	1,937,651
Interest	120,897	166,702
Other	5,347	84,929
Total Receipts	<u>1,981,047</u>	<u>2,189,282</u>
<b>DISBURSEMENTS</b>		
Personal service	1,712,803	1,201,830
Supplies	40,727	45,875
Equipment	31,548	29,869
Contract services	327,127	242,837
Other	27,522	26,327
Distribution of excess commissions	768,448	860
Total Disbursements	<u>2,908,175</u>	<u>1,547,598</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(927,128)	641,684
CASH BALANCE, JUNE 1	3,561,729	2,920,045
CASH BALANCE, MAY 31	<u>\$ 2,634,601</u>	<u>3,561,729</u>

Appendix B

CITY OF ST. LOUIS  
 OFFICE OF LICENSE COLLECTOR  
 COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
 LICENSE FEES AND TAXES  
 (UNAUDITED)

	<u>Year Ended May 31,</u>	
	<u>2008</u>	<u>2007</u>
<b>RECEIPTS</b>		
Municipal license fees and taxes	\$ 26,567,428	25,857,912
Manufacturing taxes	13,866,450	19,283,215
Hotel taxes	7,200,036	6,979,251
Convention and tourism taxes	7,235,384	7,463,033
Paid under protest	2,063,155	738,405
Interest	235,482	490,575
Other	612	1,500
Total Receipts	<u>57,168,547</u>	<u>60,813,891</u>
<b>DISBURSEMENTS</b>		
City of St. Louis - Treasurer	31,258,774	34,574,556
St. Louis Public School District	9,019,806	12,636,096
Zoo/Museums	559,949	812,478
Metro Sewer District	160,288	214,814
Community College District	481,363	701,360
State Blind Fund	73,210	95,216
MR/DD Resources	307,126	436,067
Community Mental Health Fund	185,251	263,062
Community Children's Service Fund	421,038	532,225
Convention and Visitor's Commission	7,256,636	7,313,773
Commissions transferred out	1,854,803	1,937,651
Protest distributions	0	6,555,126
Miscellaneous	31,127	34,624
Total Disbursements	<u>51,609,371</u>	<u>66,107,048</u>
<b>RECEIPTS OVER (UNDER)</b>		
<b>DISBURSEMENTS</b>	5,559,176	(5,293,157)
<b>CASH BALANCE, JUNE 1</b>	1,617,998	6,911,155
<b>CASH BALANCE, MAY 31</b>	<u>\$ 7,177,174</u>	<u>1,617,998</u>