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Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of Savannah

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City of Savannah

Follow-Up Report on Audit Findings

Table of Contents

State Auditor's Letter	2
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Status of Findings*

1.	Water and Sewer Systems.....	3
2.1	Accounting Controls, Records, and Procedures - Restricted revenues.....	7
2.2	Accounting Controls, Records, and Procedures - Expense allocation	7
3.	Golf Course	8
4.1	Parks and Recreation - Segregation of duties.....	11
4.2	Parks and Recreation - Receipts.....	11
4.3	Parks and Recreation - Concession prices and pool fees	12
4.4	Parks and Recreation - Written agreements	12
4.5	Parks and Recreation - Deficits.....	12
4.6	Parks and Recreation - Budgeted expenditures.....	13
5.1	Procurement and Contracts - Procurement.....	13
6.1	Personnel Policies and Procedures - Taxable benefits	14
6.2	Personnel Policies and Procedures - Longevity pay	14
7.	Closed Meetings.....	15
9.	Capital Assets.....	16
10.1	Tickets - Ticket accountability	16

*Includes selected findings



THOMAS A. SCHWEICH

Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Savannah, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-127, *City of Savannah*, issued in November 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the city, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by city officials, and held a meeting with city officials. Documentation reviewed included city code and ordinances, cash balance reports, Treasurer's reports, utility reports, deposit reconciliations, meeting minutes, inventory logs, timesheets, contracts, and ticket logs. This report is a summary of the results of this follow-up work, which was substantially completed during April through June 2014.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

City of Savannah

Follow-Up Report on Prior Audit Findings

Status of Findings

1. Water and Sewer Systems
There were significant weaknesses regarding water and sewer operations. As a result, there was less assurance water and sewer rates were established at an appropriate level and properly billed and collected.

1.1 Financial condition
Prior Boards of Aldermen failed to properly address the weak financial condition of the Combined Water and Wastewater Fund (water/sewer fund).

Since at least August 2006, the city had not funded reserve accounts, including debt service, debt service reserve, and depreciation/replacement, as required by bond covenants of the water/sewer fund revenue bonds.

Recent Boards took actions to address the financial condition of the water/sewer fund. Since 2010, the Board increased water and sewer rates and reduced debt payments by refinancing various revenue bonds. However, city officials indicated it would take several years at the increased rates to collect sufficient revenues to fulfill the reserve requirements.

Recommendation
The Board of Aldermen continue to monitor the financial condition of the Combined Water and Wastewater Fund, and ensure required accounts are properly funded in compliance with bond covenants.

Status
Implemented

The condition of the Combined Water and Wastewater Fund has stabilized. We reviewed the cash balance report for February 2014 and noted the required reserve accounts are fully funded as required. In addition, the Board entered into an agreement with a financial advisor in December 2013. The financial advisor's duties include consulting with the city on current and future debt financing projects by recommending the size, structure, specific terms and conditions of a debt issue and presenting information regarding methods of sale. The financial advisor completed and presented a utility rate study to the Board on May 5, 2014, and will provide annual utility rate studies.

1.2 User rates
The city did not always raise water and sewer rates based on an adequate cost analysis to ensure rates were sufficient.

The city did not prepare an adequate cost analysis to support the approximate 30 percent increase in water rates approved in November 2010.

In response to a February 2012 study by a professional engineer and recommendations from a citizens' ad hoc committee on water rates, the Board increased water rates in May 2012 by 48 percent, with annual automatic increases of 3 percent each year until May 2017. In May 2013, the Board rescinded the automatic increases starting May 2014. According



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

to city personnel, the Board planned to review and evaluate rates on an annual basis.

In addition, the city did not prepare an adequate cost analysis to support an increase in sewer rates approved in September 2011.

Subsequently, in November 2011, the city completed the Missouri Department of Natural Resources Rate Assist (Wastewater) Program with the assistance of the Missouri Rural Water Association. The program results indicated the current sewer rates were generating sufficient revenues. However, sewer rates had not been analyzed and had remained the same since November 2011, and it was unclear if the rates were sufficient.

Recommendation

The Board of Aldermen ensure adequate cost studies are prepared that consider all relevant expenses such as operating expenses, debt obligations, and future repair/maintenance costs and capital improvements. The Board should also consider periodically obtaining a formal water and/or sewer rate study from a professional engineer to ensure rates are sufficient.

Status

Implemented

The Board obtained a utility rate cost study, the results of which were presented at the May 5, 2014, Board of Aldermen meeting. The study recommended a sewer rate increase of 3, 4, or 5 percent and concluded water rates are sufficient. The analysis included current debt and a moderate amount for system capital improvements. A sewer rate increase of 4 percent was approved by the Board on May 19, 2014. Also as indicated above, the financial advisor will perform annual utility rate studies.

1.3 Delinquent accounts

The city had not developed adequate policies and procedures regarding handling and accounting for delinquent utility accounts. As of May 2013, accounts delinquent for over 30 days totaled \$103,680.

Recommendation

The Board of Aldermen establish policies and procedures regarding the collection of delinquent accounts.

Status

Implemented

The Board approved an ordinance amending the section of the City Code concerning collection of delinquent accounts, including partial payment agreements, in April 2014. The new policy states an account outstanding for 60 days should be submitted to a collection agency and all collection costs, including costs for adjudication, will be borne by the debtor. In addition, the policy states an account outstanding for 5 years will be written off as uncollectible. The city entered into a written agreement in April 2014 with a firm to perform debt collection services.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

1.4 Adjustments

Adjustments to customer account balances were not reviewed and approved by an independent person. The Deputy City Clerk collected and posted payments and had the ability to adjust account balances. These adjustments were not reviewed or approved by the City Clerk or City Administrator. As a result, there was an increased risk that unsupported or unauthorized changes could be made to the utility system.

Recommendation

The Board of Aldermen require adjustments to account balances be reviewed and approved by an independent person. In addition, the Board should receive a report of adjustments on a periodic basis.

Status

In Progress

The City Administrator stated he began approving monthly adjustment reports in October 2013 and provided an example from June 2014. As of the date of our follow-up meeting, the City Administrator had not provided a report of adjustments to the Board; however, he indicated in the future he will provide a report to at least one member of the Board.

1.5 Partial payments

The City Administrator did not approve partial payment arrangements, and these arrangements were not always in compliance with city policy. The Deputy City Clerk sometimes allowed customers with delinquent water accounts to make alternative payment arrangements. Partial payment arrangements were granted in the event of a water service line break.

As of May 2013, there were five partial payment arrangements. None of the arrangements were in compliance with city policy.

Recommendation

The Board of Aldermen ensure partial payment agreements are in accordance with city policy and approved by the City Administrator.

Status

In Progress

The Board approved an ordinance amending the section of the City Code concerning collection of delinquent accounts, including partial payment agreements, in April 2014. Under the new policy, if a customer claims inability to pay the outstanding bill in full and the delinquency was due to a water service line break, the City Administrator may enter into a written payment agreement with the customer. However, because the City Administrator has not entered into any new partial payment agreements since the policy was amended, the city could not demonstrate that the recommendation has been fully implemented.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

1.6 Penalty and disconnect
of service

The city did not always assess the late penalty or disconnect services for city officials and employees when their utility payment was received after the due date or shutoff date.

We noted an employee was not assessed a penalty for paying his bill after the due date, and the employee's service was not disconnected even though his bill was paid after the shutoff date. We also noted an elected official was not assessed a penalty for paying her bill after the due date.

Recommendation

The Board of Aldermen ensure the late penalty and water disconnect procedures are applied to city officials and employees, when applicable.

Status

Implemented

The City Administrator indicated he reviews the cutoff register each month and will contact any employees or city officials on the list as a reminder their water will be shut off if payment is not received on the due date. We noted the City Administrator's signature on the cutoff register for April 2014 documenting his review.

1.7 Water usage not billed

The city did not charge most city departments for water usage at city-owned facilities. As a result, the cost of water was not being properly allocated to city operations. Only the Parks Department and golf course were charged for water usage.

Recommendation

The Board of Aldermen charge all city departments for water consumption at city-owned facilities.

Status

Not Implemented

The City Administrator indicated the city's financial advisor will be researching this possibility for the next budget year.

1.8 Bulk water sales

The city did not have sufficient procedures to ensure monies received from the bulk water sales machine were deposited. While a meter tracked the total gallons sold monthly, the city did not have procedures to reconcile monies collected to water dispensed.

Recommendation

The Board of Aldermen develop reconciliation procedures to ensure revenue from the bulk water sales machine is deposited and reasonable.

Status

In Progress

In January 2014, a log of monthly collections and meter readings was developed. The log indicates the date, the amount collected, and the meter reading at the time of collection. We reviewed the log of monthly



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

collections and meter readings for 2014; however, a reconciliation to ensure the amount collected is accurate based on the water dispensed is not performed. The City Administrator indicated he is developing a procedure to determine if the amount collected is appropriate for the amount dispensed.

2.1 Accounting Controls, Records, and Procedures - Restricted revenues

The city did not track the balance of various restricted revenues. These restricted monies included state motor vehicle-related revenues, Law Enforcement Training (LET) fees, one-half cent sales tax revenues, and grant monies.

These restricted monies were accounted for in the General Fund. Although the annual revenues and expenditures of these restricted monies were separately tracked within the General Fund, the balances of these restricted monies were not. As a result, the city could not determine at a point in time what portion of the General Fund represented restricted monies.

Recommendation

The Board of Aldermen determine the balance of restricted monies in the General Fund and establish separate funds or a separate accounting of these monies.

Status

Implemented

The April 2014 Treasurer's report included the revenue, expenditure, and cash balance activity for restricted revenues.

2.2 Accounting Controls, Records, and Procedures - Expense allocation

The City Administrator did not use actual costs or other documented rationale for allocating wages and applicable withholdings of certain employees between the city's funds or assessing an administrative fee to certain city funds to cover costs incurred by the General Fund.

According to city personnel, wage allocation percentages were based on workload estimates made by each employee. Although city employees prepared timesheets, the timesheets showed no detail of activity or department. Also, actual administrative wages for the year ended September 30, 2012, were not allocated by the percentage allocation indicated in the city's budget.

Recommendation

The Board of Aldermen ensure payroll costs allocated to applicable city funds are supported by adequate documentation. In addition, the city should develop a methodology for determining the appropriate administrative fee to be charged to various funds. Thorough and detailed documentation of the rationale and calculation of the fee should be maintained.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

Status

In Progress

Since at least October 2013, employees document on timesheets the total hours worked for each city department each week. We reviewed a timesheet for one employee from January 2014 and a timesheet for another employee from March 2014 to confirm this information is tracked. The City Administrator indicated an average personnel cost will be calculated for each department using 12 months of timesheets from those employees that perform tasks in more than one department for use in allocating salaries by department for the 2015 budget. In addition, the City Administrator indicated the city is working with the Park Board and the Golf Committee to determine the administrative fees for those departments.

3. Golf Course

We identified significant weaknesses in golf course controls, policies, and procedures.

3.1 Segregation of duties

Segregation of duties was not adequate and there was no supervisory review of collection activities for monies collected by golf course staff. Various staff, including the golf course manager, received, recorded, and deposited monies collected, and there was no independent review of these activities.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee segregate the duties of receiving, recording, and depositing golf course monies to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent reviews of the golf course records and transactions should be performed.

Status

In Progress

The City Administrator indicated proper segregation of duties is not possible. Instead, supervisory reviews have been implemented. We reviewed a log of deposits in use since November 2013; however, the log is not signed to indicate who reviewed the daily deposits. We also reviewed a log of daily register counts in use since April 2014; the person conducting the count initials the log. In addition, the City Administrator indicated unannounced cash counts by someone outside the department will be performed periodically when the summer season begins.

3.2 Receipts

Golf course personnel did not always record the correct method of payment received (cash, check, or credit card) on receipt slips issued from the cash register. Checks received were recorded as cash.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee require the method of payment be recorded on receipt slips, and the composition of receipts be reconciled to the composition of deposits.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

Status

Implemented

We reviewed a deposit report for April 1, 2014. The method of payment was correctly recorded in the cash register and the composition of receipts was reconciled to the composition of the deposit.

3.3 Change fund

The golf course did not maintain the change fund at a constant amount. According to golf course personnel, the balance of the change fund was \$800; however, our cash count of the change fund on March 26, 2013, was \$852.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee maintain the change fund at an authorized amount. In addition, the fund should be periodically counted and reconciled to the authorized balance by an independent person.

Status

Implemented

We reviewed the change fund log, which documents the date, amount, and initials of the individual who performed the count of the change fund and noted the change fund has been maintained at a constant amount since November 2013.

3.4 Golf course prices/fees

Neither the Board nor the advisory committee had reviewed and approved the prices/fees established by the golf course manager and considered related costs for items including, concession food and drink, merchandise, green fees, membership fees, and cart rentals.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee evaluate concession and golf course prices/fees and related costs on a periodic basis. In addition, concession and golf course prices/fees should be approved by the advisory committee and authorized by the Board.

Status

Implemented

The City Administrator indicated prices and fees have been evaluated and were approved at the June 2014 Golf Committee meeting.

3.5 Inventory

The golf course manager did not perform a periodic physical inventory of golf course concession items and merchandise or reconcile the inventory to sales and purchases of the concession items/merchandise.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee develop procedures to periodically reconcile inventory on hand to the sales and purchases of golf course concession items and merchandise.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

Status

In Progress

We reviewed documentation of physical inventory counts conducted in April and May 2014. The City Administrator indicated a reconciliation of the physical inventory to sales and purchases will be completed in the near future.

3.6 Closed meetings

The advisory committee did not always follow Sunshine Law requirements relating to closed meetings as required by Chapter 610, RSMo. The advisory committee held five closed meetings from October 2012 to June 2013. The notices for closed and open meetings and related agendas were combined into one document. Additionally:

- The vote of each member for closing a meeting was not documented in the open meeting minutes.
- The minutes of open meetings typically did not document the reason(s) for closing the meeting. The reason for holding a closed meeting was documented for only one meeting.
- Minutes of open meetings did not always document that a closed meeting was held. One closed meeting held was not documented.
- Meeting notices/agendas used the same statement for each meeting to indicate the potential for a closed meeting, instead of citing the specific exception as the reason for a closed meeting, when applicable. The statement indicated ". . . may enter into closed executive session . . . regarding personnel, the lease or sale of real estate, or legal or privileged matters . . ."
- Minutes for closed meeting were not prepared. For one closed meeting, handwritten comments were retained.

Recommendation

The Board of Aldermen in conjunction with the golf course advisory committee ensure the notices/agendas state the specific reasons for going into a closed session, the reason and vote of each member to close a meeting is recorded in the open minutes, and minutes of closed meetings are prepared. In addition, only the items allowed by state law should be discussed in closed meetings and limited to only those specific reasons cited to justify such a closed meeting. Decisions and the vote of each member made in closed meetings should be properly disclosed to the public.

Status

Implemented

The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. The golf course advisory



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

committee held a closed session on June 9, 2014; the notice/agenda and open and closed minutes complied with the Sunshine Law requirements.

**4.1 Parks and Recreation -
Segregation of duties**

Segregation of duties was not adequate and there was no supervisory review of collection activities for monies collected by department staff. Various staff members, including the department director, activities director and pool manager, received, recorded, and deposited monies collected at the department office, baseball field and pool concession stands, and pool, and no independent review of these activities was performed.

Recommendation

The Board of Aldermen in conjunction with the Park Board segregate the duties of receiving, recording, and depositing department monies to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed by the department is necessary.

Status

In Progress

As of the date of our follow up meeting, the city and Park Board had not segregated the duties of receiving, recording, and depositing park monies; however, the City Administrator indicated a process to ensure supervisory oversight of receipts at concession areas is being developed and should be in place prior to the beginning of the respective summer seasons.

**4.2 Parks and Recreation -
Receipts**

Department staff did not always issue pre-numbered receipt slips, maintain records of monies received, or reconcile the method of payment recorded on register tapes to the composition of deposit. In addition, department staff did not reconcile concession inventories purchased to the amount sold. As a result, there was little assurance that all monies collected were properly deposited.

Recommendation

The Board of Aldermen in conjunction with the Park Board require receipt logs and/or pre-numbered receipt slips be prepared for monies received that are not recorded by the cash register, the method of payment be recorded on receipt slips, and the composition of receipts be reconciled to composition of deposits. Also, procedures should be developed to periodically compare concession sales to purchases, and ensure cash register tapes for pool receipts are reconciled to deposits and the reason(s) for differences promptly investigated and documented.

Status

In Progress

The City Administrator indicated a new cash register has been purchased for the pool entrance and new cash registers will be purchased in the near future for pool concessions and youth park concessions. The pool entrance cash register has been programmed to track the number of entrants in addition to the different types of memberships and daily passes sold. In addition, the



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

register allows for the composition of receipts to be reconciled to the composition of deposits. Once purchased, the concession cash registers will be programmed to correspond to items of sale and will also allow for the composition of receipts to be reconciled to the composition of deposits. We reviewed a new inventory sheet developed by the department. The City Administrator indicated the staff are being trained on the use of the inventory sheet and inventory procedures. Once trained, staff will perform a weekly physical inventory count to be reconciled to sales and purchases. The Park Board Finance Committee will review the logs for inventory and cash reports on a monthly basis and more often as needed.

4.3 Parks and Recreation -
Concession prices and
pool fees

The Park Board had not reviewed and approved concession prices and pool fees, such as entry fees and pool memberships, established by the department Director, or evaluated the related costs.

Recommendation

The Board of Aldermen in conjunction with the Park Board evaluate concession prices and pool fees and related costs on a periodic basis. In addition, concession prices and pool fees should be approved by the Park Board.

Status

Implemented

The Park Board reviewed and approved all fees for the Parks Department in the March 2014 meeting. In addition, concession prices were reviewed and approved at the May 2014 Park Board meeting.

4.4 Parks and Recreation -
Written agreements

The Park Board did not have written agreements with various organizations, including the local school district, for arrangements related to the use of city baseball fields and sports complex, operations of city youth program, or the city maintenance of athletic facilities for the local school district.

Recommendation

The Board of Aldermen in conjunction with the Park Board enter into written agreements defining services provided and benefits received with entities using department facilities/personnel.

Status

Implemented

The Buildings and Ground and Equipment Committee has developed memorandums of understanding with local swim teams and the Savannah R-III School District. A memorandum of understanding with all outside entities that use city facilities will be required before the entities are allowed use of the facilities.

4.5 Parks and Recreation -
Deficits

The Park Board approved deficit fund balances for the Parks and Recreation Certificates of Participation Fund budgets.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

Recommendation The Board of Aldermen in conjunction with the Park Board discontinue approving deficit budgets.

Status **Implemented**

There were no deficits budgeted in the Park Board's 2014 budget.

4.6 Parks and Recreation - Budgeted expenditures The Park Board did not adequately review and monitor monthly budget to actual reports and amend budgets when necessary. For the year ended September 30, 2012, actual expenditures exceeded budgeted expenditures by \$350 and \$28,541 for the Parks and Recreation Fund and Parks and Recreation Certificates of Participation Fund, respectively.

Recommendation The Board of Aldermen in conjunction with the Park Board ensure actual expenditures do not exceed amounts budgeted.

Status **Implemented**

We reviewed the Budgetary Comparison Schedule for the Parks and Recreation Fund for the year ended September 30, 2013, and noted actual expenditures did not exceed budgeted expenditures. In addition, the City Administrator indicated the Treasurer of the Park Board submits a monthly summary of the financial condition of the fund for the Board's review. Any line item that has a higher expenditure rate than expected for that period of time is reported and brought to the Park Board Finance Committee's attention to determine if a budget amendment is needed.

5.1 Procurement and Contracts - Procurement The city did not always solicit competitive proposals or bids for purchases of goods and services. City Code, Chapter 25 requires bids to be obtained for supplies and contractual services estimated to cost more than \$2,500.

The city did not solicit competitive proposals for its bond underwriter, bond counsel, or financial advisor related to bond issuances, and had used the same vendors for these services for many years.

The city did not solicit competitive proposals or bids or maintain documentation of sole source vendors for several significant purchases of goods and services during the year ended September 30, 2012. As a result, the city could not ensure the best and lowest price was obtained.

According to city personnel, some purchases were considered sole source purchases because the city had purchased these items from the same vendor for many years or because the vendor was the only local vendor. City personnel also indicated they solicited phone quotes for one purchase, but did not retain this documentation. Also, instead of the city purchasing



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

concession items in bulk for both the parks/pool and golf course, parks and golf course personnel made their own purchases, as needed.

Recommendation

The Board of Aldermen ensure proposals or bids are solicited when the annual estimated cost of an item or service exceeds \$2,500, and documentation is prepared and retained for phone quotes and sole source procurements.

Status

Implemented

The City Administrator indicated formal bids were solicited for carbon dioxide for the water plant in March 2014 and requests for proposals were solicited for financial advisory services in November 2013. The city provided documentation related to the bids for both of these contracts.

6.1 Personnel Policies and Procedures - Taxable benefits

The city did not report certain taxable benefits on employee W-2 forms. Each full-time employee was provided the following:

- An annual family golf membership.
- A family swimming pass.
- One free rental of the Clasbey Center per year.
- Employees with 20 or more years of service were provided two cemetery plots at the city cemetery at no cost to the employee.

The city employed 24 full-time employees on September 30, 2012. Possible unreported taxable benefits (excluding the cemetery plots) for the year were \$19,920 to \$30,000.

Recommendation

The Board of Aldermen develop procedures to ensure applicable taxable benefits are reported on employee W-2 forms.

Status

In Progress

The City Administrator indicated the city is still in the process of codifying and updating the Personnel Manual. Employee benefits are being reviewed as part of this process and the city will develop procedures to ensure taxable benefits are reported on employee W-2 forms.

6.2 Personnel Policies and Procedures - Longevity pay

The city made longevity payments totaling \$5,030 in December 2012. These payments represented additional compensation for services already rendered and violated the Missouri Constitution.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

Recommendation	The Board of Aldermen discontinue longevity payments to employees.
Status	Not Implemented While the City Administrator indicated a legal opinion on this matter has been requested from the City's Attorney, longevity payments were made in December 2013 and a decision has not been made as to whether longevity payments will be continued.
<hr/>	
7. Closed Meetings	We identified weaknesses in closed meeting policies and procedures.
7.1 Notices/agendas	The Board used the same statement in each meeting notice/agenda to indicate the potential for a closed meeting, instead of citing the specific exception as the reason for a closed meeting, when applicable. The city combined its meeting notices and related agendas in one document. The statement indicated "The Board of Alderman may enter into closed executive session . . . regarding personnel, the lease or sale of real estate, or legal or privileged matters"
Recommendation	The Board of Aldermen ensure meeting notices/agendas state the specific reasons for going into a closed meeting.
Status	In Progress The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. In addition, we reviewed current notices/agendas and noted a statement indicating the potential for a closed meeting is no longer included. However, the Board has not gone into closed session since November 2013. The Board plans to follow Sunshine Law requirements relating to closed meetings in the future.
7.2 Allowable topics	The Board discussed some items in closed meetings that were not allowed by state law.
Recommendation	The Board of Aldermen ensure issues discussed in closed meetings are allowed by state law.
Status	In Progress The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. However, the Board has not gone into closed session since November 2013. The Board plans to follow Sunshine Law requirements relating to closed meetings in the future.
7.3 Specific reason	The Board sometimes discussed issues other than the specific reason cited in the open minutes for going into a closed meeting. For example, in several



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

closed meetings the Board discussed legal matters; however, the open minutes cited personnel issues as the specific reason for going into closed session.

Recommendation

The Board of Aldermen limit issues discussed in closed meetings to only those specific reasons cited for closing the meeting.

Status

In Progress

The City Attorney made a presentation on the Sunshine Law to all city boards and committees on May 19, 2014. However, the Board has not gone into closed session since November 2013. The Board plans to follow Sunshine Law requirements relating to closed meetings in the future.

9. Capital Assets

The city did not maintain complete and detailed records of all capital assets, including land, buildings, vehicles, equipment, furniture, and infrastructure (e.g. roads, street lights, storm sewers, etc.). The city also did not tag or otherwise identify capital assets as property of the city, or perform an annual physical inventory of city property.

The city's audited financial statements for the year ended September 30, 2012, valued city property at approximately \$28.6 million (\$17 million after depreciation), and the city insurance coverage for capital assets totaled approximately \$15 million.

Recommendation

The Board of Aldermen ensure complete and detailed capital asset records are maintained, assets are tagged for identification, and annual physical inventories are performed and compared to detailed records.

Status

In Progress

We reviewed physical inventories performed during the past fall/winter months. In addition, the City Administrator indicated assets have been tagged and a quote has been requested from the city's independent auditor to prepare detailed capital asset records. Once this work has been completed, the city plans to perform annual physical inventories.

**10.1 Tickets - Ticket
accountability**

The police department issued traffic tickets, which were sent through the City Attorney to the Andrew County Associate Circuit Division for processing. The police department maintained a record of traffic ticket books assigned to and traffic tickets issued by police officers; however, the disposition of traffic tickets was not documented.

Recommendation

The Board of Aldermen ensure the police department properly accounts for the ultimate disposition of all tickets issued.



City of Savannah
Follow-up Report on Prior Audit Findings
Status of Findings

Status

Partially Implemented

The City Attorney now maintains a log of tickets that are not filed or are dismissed. In addition, the City Administrator indicated the police department obtains a monthly report of case dispositions from the Andrew County Associate Circuit Division. However, the police department's record of traffic ticket books assigned to officers and traffic tickets issued, the City Attorney's record of traffic tickets submitted to her for prosecution, and the reports of case dispositions from the court are not compared to ensure the ultimate disposition of all tickets issued is accounted for. The City Administrator indicated the city does not have the resources available at this time to perform this function.