



# Thomas A. Schweich

Missouri State Auditor

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## Village of Riverview



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December 2011  
Report No. 2011-122

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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Village of Riverview

### Financial Condition, Reports, and Budgets

The General Fund is in poor financial condition, and the village's monthly financial reports and budgets need improvement. General Fund expenditures have exceeded receipts in each of the last 4 years, and the village has made transfers from restricted funds to cover shortages. During 2010, the village was charged overdraft fees 12 times. The Board of Trustees receives detailed financial reports each month, but some of these reports were not accurate, interfering with the Board's ability to make informed decisions about village operations. Village budgets did not contain all elements required by state law, and some were not accurate.

### Expenditures

The village did not obtain bids for some purchases over \$5,000 despite a village ordinance requiring it to do so. The village does not have adequate controls in place to ensure fuel purchases for law enforcement are reasonable. Officers use a fuel card to purchase fuel and note their odometer reading, but the village produced no documentation that fuel statements are reviewed or that discrepancies are investigated. The village awarded vehicle-repair work worth \$2,900 to a business owned by two Board members, and the owner/Board members participated in the vote. The meeting minutes did not disclose the relationship, and simply referred to the business as a "private business." Although a state statute and a village ordinance both prohibit such a transaction unless the contract was competitively bid and the related entity was the lowest bidder, the village provided no documentation that it obtained bids for the work.

### Restricted Funds

The village lacks adequate procedures to ensure restricted funds are spent only for intended purposes. The village allocated expenses to the Capital Improvements Fund without adequate supporting documentation or Board approval. The village transferred \$240,905 from the Capital Improvements Fund to the General Fund to allocate expenses from 2008 and 2009, and began allocating some salaries and expenses to the Capital Improvements Fund each month. Under state law, these monies are only to be used for funding, operating, and maintaining capital improvements. In addition, the village does not separately account for motor vehicle-related fees and road and bridge taxes, so it cannot demonstrate compliance with constitutional and statutory restrictions on how these monies are spent. The village also made transfers from the Sewer Lateral Fund to the General Fund which appear excessive and lack supporting documentation.

Payroll Procedures and Personnel Policies	The village does not adequately segregate duties for payroll procedures, making it difficult to ensure payroll is processed accurately. If the village cannot segregate these duties, a supervisory or independent review should be conducted regularly. The Police Department submits time summaries based upon the work schedule rather than documentation of actual hours worked. Our review noted discrepancies between these time summaries and the computer aided dispatch reports which record the number of hours worked each day and are signed by the officers. The village allows employees to accumulate negative leave balances and take leave without submitting written leave requests, in violation of the village personnel policy. The village does not comply with its compensatory time policy, and neither its current practice nor its policy complies with the Fair Labor Standards Act. Village employees earn compensatory time for hours worked in excess of 8 hours per day and during weeks that they use compensatory time and leave, neither of which is required by federal law or village policy.
Sunshine Law	The village did not always document the reasons or votes for closing a meeting, and village policy does not clearly state how much citizens will be charged for duplication and research for a Sunshine request. Village personnel indicated that employee timecards and employee position status (full-time or part-time) are closed records, but these items are not addressed in the village policy and do not clearly qualify as closed records.

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Village of Riverview was awarded a \$17,890 Edward Byrne Memorial Justice Assistance Grant Program Local Solicitation grant, of which, \$7,300 was received and spent during the year ended December 31, 2010, for software.
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\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# THOMAS A. SCHWEICH

## Missouri State Auditor

To the Honorable Chairperson  
and  
Members of the Board of Trustees  
Village of Riverview, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of Riverview. The village engaged Hochschild, Bloom & Company LLP, Certified Public Accountants (CPAs), to audit the village's financial statements for the year ended December 31, 2010. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2010. The objectives of our audit were to:

1. Evaluate the village's internal controls over significant management and financial functions.
2. Evaluate the village's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the village, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

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

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures for the areas audited. The accompanying Management Advisory Report presents our findings arising from our audit of the Village of Riverview.

An additional report, *No. 2011-27, Twenty-First Judicial Circuit, Village of Riverview Municipal Division*, was issued in June 2011.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Julie M. Moore, MBA
Audit Staff:	Jared Wooderson

# Village of Riverview

## Management Advisory Report

### State Auditor's Findings

#### 1. Financial Condition, Reports, and Budgets

The financial condition of the General Fund is poor and needs to be addressed. In addition, village monthly financial reports and budgets need improvement.

##### 1.1 Financial condition

The financial condition of the General Fund is weak and is not expected to improve during the year ended December 31, 2011, which could put citizens at risk of the reduction or loss of some services. The following table reflects the revenues, expenditures, and fund balance of the General Fund for 2010, 2009, and 2008, from prior CPA audit reports, and anticipated amounts for 2011 from the budget.

	2011 Budgeted	2010 Actual	2009 Actual	2008 Actual
Revenues	\$ 993,800	972,311	992,160	1,027,258
Expenditures	(1,095,135)	(1,265,040)	(1,209,842)	(1,149,352)
Revenues over (under) expenditures	(101,335)	(292,729)	(217,682)	(122,094)
Transfers in (out)	109,000	158,904	255,705	(428)
Change in Fund Balance	7,665	(133,825)	38,023	(122,522)
Beginning Fund Balance	116,263	250,088	212,065	334,587
Ending Fund Balance	123,928	116,263	250,088	212,065
Less restricted balance *	143,406	141,571	137,417	148,861
Ending unrestricted balance	\$ (17,478)	(25,308)	112,671	63,204

\* The restricted balance is the combined ending balance of the Sewer Lateral Fund and the Police Training Fund.

Expenditures of the General Fund have exceeded receipts in each of the last 4 years (excluding transfers). To help improve the financial condition of the General Fund, several transfers from restricted funds were made to the General Fund in 2009. The village transferred in \$240,905 from the Capital Improvements Fund to recoup capital improvement expenses paid from the General Fund during 2009 and 2008. In addition, \$12,500 was transferred from the Sewer Lateral Fund to recoup the costs paid from the General Fund related to the administration of this fund for 2005 through 2009. Some of these transfers were not adequately supported or proper (see MAR finding number 3).

In addition to the transfers approved by the Board of Trustees to allocate General Fund expenses, the Village Clerk also transferred monies from the Capital Improvements Fund to the General Fund during 9 months in 2010, to cover cash flow shortages in the General Fund; however, the village was still charged 12 times with overdraft charges on the General Fund bank account during 2010. The Village Clerk transferred some monies back to the Capital Improvements Fund when the monies were no longer needed;



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however, the General Fund owed the Capital Improvements Fund \$70,000 as of December 31, 2010. The estimated 2011 ending fund balance of the General Fund after adjustment for the amount due to the Capital Improvements Fund would be (\$87,478).

The Village also deposits motor vehicle-related fees and road and bridge tax monies into the General Fund. As a result, some of the General Fund balance may be restricted for the Street Fund; however, the amount cannot be estimated (see MAR finding number 3).

In November 2010, the Board laid off a part-time administrative employee and a full-time police officer. In addition, the Board reduced the hours of an additional police officer from 40 to 30 hours per week. The Financial Liaison Trustee indicated these reductions, totaling approximately \$69,500 per year, were made to improve the financial condition of the village. However, in December 2010, the Board approved a 3 percent raise for all remaining village employees, increasing salaries approximately \$18,000.

It is essential the Board of Trustees address the financial condition of the General Fund both in the immediate and long-term future. To improve the financial condition of the village, the Board should review expenditures and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of village resources, attempt to maximize all sources of revenue, and closely monitor budgets.

## 1.2 Treasurer's report

The Board of Trustees receives and reviews a detailed monthly financial report, but some portions of the reports are not correct. Without an accurate financial report, it is difficult for the Board to make informed financial decisions regarding the village. During our review of the November and December 2010 monthly financial reports, we noted the following issues:

- Transfers between the Capital Improvements Fund and the General Fund were not shown consistently, sometimes overstating receipts or expenditures of those funds (see MAR finding number 3).
- Duplicate expenditures were included on two monthly reports, totaling \$5,955.
- Certificates of deposits are not identified to a specific fund.

The inaccurate financial reports may have contributed to the poor financial condition of the village.

## 1.3 Budgets

Village budgets are not complete and some were misstated. Without accurate budgets, it is difficult for the Board to evaluate operations and





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project the anticipated needs of the village for the upcoming year. We noted the following concerns during our review of budgets:

- The 2010 budget did not contain beginning and ending cash balances. The 2011 budget included actual 2010 beginning and ending cash balances for funds; however, the balances shown did not agree with reconciled bank balances. The actual ending 2010 balance of the General Fund was understated by \$39,654 and the Capital Improvement Fund was understated by \$285,827 on the budgets.
- The 2011 budget did not contain a budget message.
- On the 2011 budget, some transfers between funds were only shown on the budget of only one of the funds. In 2009, the village budgeted to transfer \$12,500 from the Sewer Lateral Fund to the General Fund; however; this was only reflected on the budget for the Sewer Lateral Fund.

Section 67.010, RSMo, requires the preparation of an annual budget with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific expectations for each area of village operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures and the financial condition of the village.

## Recommendations

The Board of Trustees:

- 1.1 Closely monitor the financial condition of the village and take the necessary steps to improve the financial condition of village funds. The Board should also perform long-term planning and ensure receipts are maximized, expenditures are closely monitored, and overdraft fees are eliminated.
- 1.2 Ensure the monthly financial report is accurate and complete.
- 1.3 Ensure budgets comply with state law and reflect accurate information.

## Auditee's Response

*The Board of Trustees provided the following written responses:*

- 1.1 *The Board of Trustees (the "Trustees") and staff are very much aware of the declining financial condition of the General Fund. The Trustees and staff will continue to work diligently to improve the*



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*efficiency of Village expenditures and receipts with the hopes of maintaining its level of services to its citizens.*

*The Village engages the services of Hochschild, Bloom & Company LLP (the "Financial Advisor") to conduct a yearly audit of the Village and to review the monthly transfers, revenues and expenditures of the Village. Transfers from restricted funds in 2009, allocating expenses for 2005-2009, were completed under the oversight and review of the Financial Advisor. The Village agrees with the recommendation of the Auditor that these transfers must be adequately supported and the Trustees have directed staff to maintain such documentation.*

1.2 *Although not required under Missouri Law, the Village has worked with its Financial Advisor to prepare monthly financial statements for the Trustees and the Public. The Trustees agree with the Auditor regarding the importance of the accuracy of these financial statements with regards to maintaining expenditures within annual budgets. It is a priority of the Trustees that these monthly financial statements are accurate, and the Trustees have communicated this priority status to staff and the Financial Advisor.*

1.3 *The Trustees agree that the Village's annual budget must contain a budget message. A budget message will be included in all future Village budgets. Furthermore, the Trustees agree that accurate financial information is essential to a well planned Village budget. The Trustees have directed staff and the Financial Advisor to immediately implement these changes.*

## 2. Expenditures

Controls and procedures over village expenditures are in need of improvement.

### 2.1 Bidding

Bids were not obtained for some purchased items. Without obtaining bids, the village cannot ensure it is receiving the best and lowest price and all interested parties are given an equal opportunity to participate in village business. Although Village Code Section 130.060, requires employees to solicit and advertise for bids for items or services costing more than \$5,000, the village did not solicit bids or document sole source procurement for the following purchases in 2010:

Item or Service	Cost
Salt spreader	\$ 5,997
104 tons of salt	6,204
Insurance	31,259



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## 2.2 Fuel

The village does not have controls in place to ensure fuel purchases for law enforcement are reasonable. Proper controls will aid the village in preventing payments to vendors for amounts improperly billed and decrease the risk of theft or misuse of fuel occurring without detection. Law enforcement officers purchase gasoline for village-owned vehicles using fuel cards and enter the odometer readings during fueling; however, we noted several readings were entered incorrectly. The Police Chief indicated he reviews fuel statements for reasonableness prior to submitting them to the Village Clerk for payment; however, his review is not documented. Also, there was no documentation to show the incorrect odometer readings were noted or investigated. In addition, no one calculates the miles per gallon, per vehicle, per month, to review for reasonableness. Our review of December 2009 and January 2010 fuel invoices, noted one officer purchased 11.026 gallons of fuel at 10:23 and purchased an additional 10.876 gallons of fuel for the same vehicle, per the statement, 13 minutes later. The Police Chief indicated another officer had problems with his fuel card and this officer paid for fuel for both vehicles; however, this was not documented.

## 2.3 Conflict of interest

The village disbursed approximately \$2,900 for the repair of village vehicles to a business owned by two members of the Board of Trustees. Board meeting minutes indicate the trustees who own the business voted to award the bid to their business.

In addition, village personnel could not provide documentation of the bids obtained. Meeting minutes indicate the village obtained bids for a new transmission and other repairs to a village truck and accepted the low bid from a "private business", but did not disclose the name of the business or that it was owned by two village trustees.

Village Code Section 135.040, states that no owner in a business who is a member of the Board of Trustees shall perform any service for the village in the amount of \$500 or more per year unless the transaction is made pursuant to an award on a contract after it was publicly advertised and competitively bid, and provided that the bid was accepted was the lowest received. In addition, Sections 105.454 and 105.458, RSMo, prohibit financial transactions between the village and elected or appointed officials which involve more than \$500 unless there has been public notice to solicit proposals, and competitive bidding and the lowest bid is accepted.

Personal interests in business matters of the village create conflicts of interest. Officials should abstain from any type of involvement in decisions which relate to themselves or relatives.

## Recommendations

The Board of Trustees:

- 2.1 Ensure bids are solicited for all applicable purchases in accordance with village code.



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- 2.2 Adopt procedures to reconcile fuel purchased to fuel used and review fuel use for reasonableness.
- 2.3 Comply with state law and village code by obtaining and documenting bids on any purchases involving village officials. Village officials who have a conflict should fully disclose their interest and should not vote on matters that involve them personally. Such matters and transactions should be completely documented so the public has assurance no official or relative has profited improperly.

## Auditee's Response

*The Board of Trustees provided the following written responses:*

- 2.1 *Although not required under Missouri Law, the Village has an ordinance requiring all expenditures in excess of \$5,000.00 to be solicited through a bid process. The Auditor's report reflects three items or services that were not procured through bid or inadequate documentation was maintained. The Trustees have directed staff to immediately document all bids obtained for expenditures in excess of \$5,000.00, pursuant to Section 130.060 of the Village's Municipal Code. With regards to the Auditor's report reflecting a \$31,259.00 purchase of insurance, the Village utilizes the services of an "insurance broker" to solicit and obtain competitive bids for the Village's insurance needs. The 2010 insurance expenditure was at the recommendation of the Village's "insurance broker." The Village will require future "insurance brokers" to provide documentation of such competitive bidding, for Village records.*
- 2.2 *With regards to fuel receipts, the Chief of Police has already implemented a review documentation procedure for the review of fuel receipts for Village-owned vehicles.*
- 2.3 *The Trustees agree with the Auditor's comments and have implemented their recommendations.*

## 3. Restricted Funds

The village has not established adequate procedures to ensure restricted monies are disbursed only for intended purposes.

### 3.1 Capital Improvements Fund

Some allocations of expenses to the Capital Improvements Fund and transfers from that fund were not reasonable, supported by adequate documentation, or approved by the Board of Trustees. Without adequate documentation, the village cannot ensure all allocations made between funds were proper and restricted funds were spent for intended purposes. Capital improvement sales taxes of approximately \$173,000 were deposited to the Capital Improvement Fund during the year ended December 31, 2010.



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In December 2009, the village transferred \$115,267 and \$125,638 from the Capital Improvement Fund to the General Fund to allocate expenses from 2009 and 2008, respectively, and began allocating some salaries and expenses to the Capital Improvement Fund each month. Village personnel indicated monies were transferred due to the financial condition of the General Fund (see MAR finding number 1). The following concerns were noted with the transfers:

- Salaries and fringe benefits of public works employees, who perform multiple functions, are allocated 50 percent to the Capital Improvement Fund (restricted) and 50 percent to the General Fund; however, no documentation of how these percentages were determined could be provided.
- During the 3 years ended December 31, 2010, the following expenses included in the allocations to the Capital Improvement Fund do not appear to be capital improvements:

Description	Amount
Electric for street lights	\$ 53,700
Trash service	21,000
Cleaning supplies, gloves, batteries, office supplies, traffic tickets, and windshield wiper fluid	4,600
Electric and water services, port-a-potties, and reserved signs for the village park	4,700

Village personnel could not provide documentation to show these items were capital improvements. It appears the village has stretched the definition of capital improvements to include basic village operation expenditures, due to the decreasing financial condition of the village.

In addition, the Village Clerk often transfers monies from the Capital Improvement Fund to the General Fund due to cash shortages in the General Fund. The Village Clerk does not maintain adequate records to track the transfers. Also, there was no documentation of Board approval of the transfers. At December 31, 2010, the General Fund owed \$70,000 to the Capital Improvement Fund for transfers that were not repaid to the Capital Improvement Fund.

Section 94.577, RSMo, provides that capital improvement sales tax monies are to be used for the sole purpose of funding capital improvements, including the operation and maintenance of capital improvements. Section 94.575, RSMo, defines a capital improvement as any capital or fixed asset having an estimated economic useful life of at least two years; and capital assets or fixed assets as being assets of long-term character that are intended



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to continue to be held or used, including but not limited to land, buildings, machinery, furniture, and other equipment, including computer hardware and software.

To ensure village funds are spent appropriately, documentation should be maintained to support the allocation of expenses and to track transfers between funds. In addition, Board approval of transfers/allocation should be documented in the minutes and by signature or initials on the supporting documentation or a detailed list of transfers.

### 3.2 Streets Fund

Motor vehicle-related fees and road and bridge taxes are not accounted for separately to show compliance with restrictions established by state law. In addition, the village has not prepared or submitted a "Road and Bridge Tax Disbursement Affidavit" to St. Louis County each year as required by state law.

In 2010, the village received approximately \$30,700 and \$18,000 in motor vehicle-related fees and road and bridge taxes, respectively. These monies are deposited to the General Fund; however, expenditures of these monies are not specifically identified. In addition, records of any accumulating balances of these monies are not maintained. As a result, the village cannot determine at any point in time what portion of the General Fund balance represents these restricted monies or demonstrate compliance with restrictions.

Article IV, Section 30 of the Missouri Constitution, requires motor vehicle-related receipts apportioned by the state of Missouri be disbursed for street related purposes only, and Section 137.558 RSMo, provides receipts received for road and bridge taxes shall be spent for the improvement and repair of public roads, streets, and bridges. Section 137.558.3, RSMo, provides any village receiving road and bridge taxes shall submit an affidavit each year to the county indicating the money received shall be or has been spent for the improvement and repair of public roads, streets, and bridges within the corporate limits of the village.

### 3.3 Sewer Lateral Fund

The village does not have supporting documentation for administrative transfers made from the Sewer Lateral Fund to the General Fund, which appear excessive. As a result, there is no assurance these funds were spent only for their intended purpose. In 2010 and 2009, \$2,500 and \$12,500, respectively, were transferred from the Sewer Lateral Fund to the General Fund. The \$12,500 in 2009 was \$2,500 per year for the 5 years ended December 31, 2009. The administrative transfers were in excess of 11 percent of the fund's expenditures each year. Per the Village Clerk, the village's financial advisor suggested the transfer of an administrative fee for work performed for the Sewer Lateral Fund. There is no documentation supporting how the \$2,500 per year fee was determined.



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To ensure restricted funds are spent appropriately and expenditures are allocated to various funds in proportion to the benefits received, the village should ensure the allocation of costs is supported by adequate documentation and reasonable.

## Recommendations

The Board of Trustees:

- 3.1 Ensure expenditures and salaries allocated to the applicable village funds are supported by adequate documentation, properly approved, and comply with state law.
- 3.2 Determine the amount of restricted monies in the General Fund and establish separate funds or a separate accounting of these monies as required by state law. In addition, the Board should file an affidavit of road and bridge expenditures.
- 3.3 Ensure all transfers between funds are adequately supported and reasonable.

## Auditee's Response

*The Board of Trustees provided the following written responses:*

- 3.1 *As previously stated, the Village utilizes the services of a Financial Advisor on a yearly basis for a full audit and on a monthly basis for review of all expenditures, receipts and transfers. The previous allocations of expenses from restricted funds were completed under the oversight and review of the Financial Advisor. The Trustees have instructed staff and the Financial Advisor to take the necessary steps to assure that adequate documentation is maintained to support the allocation of expenses from all restricted funds.*
- 3.2 *The Trustees have directed staff and the Financial Advisor to immediately implement the Auditor's recommendations under this subsection. Additionally, the Village will take the steps necessary to comply with the affidavit requirements of Section 137.558.3 RSMo.*
- 3.3 *The Trustees have directed staff and the Financial Advisor to take the steps necessary to ensure that all transfers between funds are supported and reasonable, per the Auditor's recommendation.*

## 4. Payroll Procedures and Personnel Policies

Payroll records and procedures are in need of improvement. In addition, the village does not comply with its personnel policies. During the year ended December 31, 2010, the village spent approximately \$680,900 for payroll.



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#### 4.1 Board approval

There is a lack of segregation of duties for payroll procedures. Without proper segregation of duties, the Board cannot ensure payroll is processed accurately. The Village Clerk receives employee timecards or department summaries of timecards every 2 weeks and posts hours worked to the contracted payroll system for processing. There is no independent review of the payroll register or payroll expenditures.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Board should implement a documented independent or supervisory review to ensure the payroll records are in agreement with the accounting records. To adequately document Board approval, the payroll register should be reviewed, and signed or initialed by the Board of Trustees.

#### 4.2 Time summaries

Police Department time summaries are not adequately supported by signed time records reporting all hours worked. Without signed time records, the Village cannot ensure employees are paid only for hours actually worked. The Police Lieutenant prepares a time summary listing all police department employees for each 2 week pay period from the work schedule instead of utilizing documentation of actual hours worked or computer aided dispatch (CAD) reports. Each day an officer is on patrol, the officer prints out a CAD report; records the number of hours worked, the date, vehicle used, beginning and ending mileage, and the total number of miles; signs the report; and submits it to the Lieutenant. However, the Lieutenant simply files the CAD reports for a year and then discards them.

Our review of the summary reports for May 30, 2010, through June 12, 2010, noted the following:

- There is no backup documentation for hours on the summary if an officer is not on patrol or on call. CAD reports do not include court or training hours. These hours are simply noted in the time summary. The time summary is not signed by the officer documenting the hours he was in court or training. The Police Chief and Lieutenant do not sign the time summary, which is the only documentation of their hours worked, since they are not on patrol.
- Some time summaries did not agree to the CAD reports. The time summary for May 30 through June 12, 2010, indicates one officer did not work on June 5th and a second officer worked 11 hours on July 12th, but the CAD reports show the first officer worked 10 hours on June 5th and the second officer worked only 10 hours on July 12th.





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Detailed time records, signed by employees and reviewed and approved by supervisors, document and support hours actually worked, provide information necessary to monitor overtime worked and leave time use and balances, and are beneficial in demonstrating compliance with district policies and federal Fair Labor Standards Act of 1938 (FLSA) requirements.

### 4.3 Personnel policy

Employees are allowed to accumulate negative leave balances which does not comply with the village personnel policy. Without adherence to personnel policies, the Board cannot ensure all employees are treated equally.

The Village Clerk records negative leave hours in employee compensatory leave records as a negative entry and applies leave (vacation, sick, or compensatory) as it is earned to the negative balance until the compensatory leave balance is reduced to zero or a positive balance. There is no documentation in payroll records to show the leave transfers were discussed with the employees or approved by the Board of Trustees. For example:

- One employee accumulated a negative 8.25 hours leave balance by taking off a variety of hours ranging from 15 minutes to 2 hours and 15 minutes from August 19, 2010, through September 2, 2010. On September 2, 2010, the Village Clerk transferred 16 hours from the employee's vacation leave to cover the 8.25 hours of unearned leave which left a positive compensatory balance of 7 hours and 45 minutes.
- Beginning on August 10, 2010, an employee was allowed to take 59.5 hours of unearned leave. The Village Clerk applied 4 hours of earned sick leave to the negative balance and deducted 55.5 hours from the employee's final paycheck in December. The Village Clerk indicated the employee was out sick for the majority of the unearned hours, but could not provide documentation of this.

The employees noted in the examples did not complete leave requests for the time off taken. Village Code Section 501, provides each eligible employee must submit a written request in advance of the time he/she elects to be absent from regular duties, and exceptions may be made in cases of illness, accident, or emergency. In addition, there was no documentation in the meeting minutes to indicate the Board approved the unearned leave or the procedures used to reduce the accumulated negative balances.

### 4.4 Compensatory time policy

Current compensatory time procedures do not comply with village policy, and the village policy for compensatory time does not comply with the FLSA. In addition, village policy does not address how leave taken is to be addressed when calculating compensatory time or which employees, if any, would be exempt from overtime.



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Our review of payroll indicated village employees earn compensatory time for hours worked in excess of 8 hours per day, not for hours worked over 40 hours per week as stated in village policy. In addition, employees earn compensatory time during weeks that they use compensatory time and leave. For example, in June 2010, one employee worked 37 hours and 45 minutes one week, used 4 hours and 45 minutes compensatory time, and used 8 hours vacation which totaled 50 hours and 30 minutes. Village records show the employee received 10 and 1/2 hours compensatory leave for this week.

Village policy states all employees earn compensatory time at a rate of 1 hour for every additional hour worked over 40 hours in a 7 day period. The FLSA requires employers to pay overtime or provide compensatory time at time and one-half to any nonexempt employees who work more than 40 hours during a normal work week or 171 hours in a 28 day cycle for law enforcement personnel.

## Recommendations

The Board of Trustees:

- 4.1 Review and approve all payroll registers.
- 4.2 Require employees to prepare and submit time records for actual hours worked, which are signed by the employee, approved and signed by the applicable supervisor, and filed with the Village Clerk.
- 4.3 Discontinue allowing employees to use unearned leave.
- 4.4 Review overtime and compensatory policies with legal counsel to ensure compliance with the FLSA. In addition, the Board should ensure current practices for calculating compensatory time comply with village policy.

## Auditee's Response

*The Board of Trustees provided the following written responses:*

- 4.1 *The Trustee assigned to the individual Village Departments will review and initial the individual department's payroll.*
- 4.2&  
4.3 *The Auditor's recommendations under these sub-sections have been implemented by the Village.*
- 4.4 *In October 2011, the Trustees passed an ordinance implementing the Auditor's recommendation under this sub-section.*



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## 5. Sunshine Law

Some requirements in Chapter 610, RSMo (the Sunshine Law), regarding open and closed meetings were not followed.

### 5.1 Closed meetings

From January 2010 through April 2011, the village did not document the reasons or the vote regarding meeting closure for 3 of the 12 closed meetings.

Section 610.022, RSMo, requires before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session.

### 5.2 Rates on Sunshine Requests

Village policy does not clearly indicate the rate to be charged for duplication and research. As a result, citizens do not know how much should be charged for requests.

Village policy requires citizens to complete a "Request for Information Under the Sunshine Law" form. The request form attached to the policy as "Exhibit J", which is also the form distributed to citizens at the counter, indicates a research rate of \$10 per hour. The form does not indicate a copying rate. The Village Clerk stated these forms were not correct and printed a form from her computer, which showed a research rate of \$20.10 per hour and no copy rate; however, the Village Clerk indicated the correct research rate is \$21.01 per hour and the copying rate is \$10.15 per hour. The Village Clerk indicated the forms and exhibit had not been updated.

Section 610.026, RSMo, allows a maximum of 10 cents per page plus an hourly fee for copying public records, not to exceed the average hourly rate of pay of clerical staff, plus the actual costs incurred for any research for processing the request. The village should update its Sunshine policy and request form to show the amount currently charged per hour for copying and for research. In addition, the village should clearly document how the rates charged comply with state law.

### 5.3 Closed Records

Village personnel indicated employee timecards and employee position status (full-time or part-time) are closed records and are not made available to the public. These items are not addressed in village policy as closed records and do not clearly qualify as closed records. Without demonstrating how these records are considered closed, the village cannot show compliance with state law.

A Request for Information Under the Sunshine Law Form submitted to the village requested a list of employees' hourly wages and an indication of which employees were part-time. The Village Clerk provided a list of employee positions and salaries, but did not provide information regarding which positions were part-time. She replied, "Section 610.021 (13) RSMo, authorizes the closing of 'Individually identifiable personnel records,



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performance ratings or records pertaining to employees or applicants for employment, except that this exemption shall not apply to the names, positions, salaries and lengths of service of officers and employees of public agencies once they are employed as such, and the names of private sources donating or contributing money to the salary of a chancellor or president at all public colleges and universities in the state of Missouri and the amount of money contributed by the source;' therefore, this list does not indicate who is a part time employee." The information regarding part-time positions was available in the budget documentation maintained by the Village Clerk.

Section 610.023, RSMo, prescribes that each public governmental body shall make that body's public records available for inspection and copying by the public. In addition, under Section 610.027.2, RSMo, the burden is on the village and its members to demonstrate compliance with the Sunshine Law when records are closed.

## Recommendations

The Board of Trustees:

- 5.1 Ensure meeting minutes specifically document the reasons and vote for going into closed session.
- 5.2 Document how fees charged for processing Sunshine Law requests are calculated. In addition, the Board of Trustees should ensure the correct fees are charged to all citizens.
- 5.3 Ensure village policy documents specific records deemed closed. In addition, the Board of Trustees should ensure records are only closed in compliance with the Sunshine Law.

## Auditee's Response

*The Board of Trustees provided the following written responses:*

- 5.1 *The Trustee's have instructed the Village Clerk to make sure that the reason for the vote to enter in closed session is adequately documented in the Village's meeting minutes.*
- 5.2 *The Village has only charged the correct amount for requests pursuant to Section 610 RSMo; however, the Trustees have instructed staff to document compliance with Missouri Law.*
- 5.3 *The Auditor states that Village personnel indicated that employee time cards are closed records that are not available to the public. When a request was previously received for copies of employees' time cards, the Village Clerk informed the requestor that the Village would provide redacted copies of time cards. The names of the individual employee would be redacted from the time cards. It is the Village's position that this position complies with Section 610*



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*RSMo. With regards to "part time" or "full time" status of individual employees, the Village agrees that individually identifiable employee status as either "full time" or "part time" is a public record under Section 610 RSMo. All requests pursuant to Section 610 RSMo will continue to be reviewed by the Village Attorney for compliance with State law and relevant Attorney General Opinions.*

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# Village of Riverview

## Organization and Statistical Information

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The Village of Riverview is located in St. Louis County. The village was incorporated in 1950. The village employed 13 full-time employees and 2 part-time employees on December 31, 2010.

Village operations include law enforcement services, maintenance of village streets, building and electrical permits and inspections, and recreational facilities.

### Chairman and Board of Trustees

The village government consists of a five-member elected board of trustees. The members are elected for 2-year terms. The chairman is appointed by the board from its members. The board of trustees, at December 31, 2010, are identified below. The members of the board of trustees are paid \$100 per month. The compensation of these officials is established by ordinance.

Steve Paro, Chairman  
Craig W. Boehmer, Trustee  
Phyllis Paro, Trustee  
Howard Pierce, Trustee  
Bruce Stocker, Trustee

### American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The village was awarded \$17,890 in federal stimulus monies through the Edward Byrne Memorial Justice Assistance Grant Program Local Solicitation grant, which was awarded by the U.S. Department of Justice for the purchase of court and accounting software for the municipal court. During the year ended December 31, 2010, the village received and spent approximately \$7,300 for the software.