



**ST. CLAIR COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-68
August 28, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like St. Clair, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of St. Clair County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The health center's administration repeatedly ignored warnings and recommendations to improve controls and cut costs. Because of its poor financial condition, the health center has used proceeds from tax anticipation notes to fund normal operating expenses including payroll. The administration was advised in 1995 and subsequent years by their independent CPA firm to closely evaluate costs and monitor the rural health clinics operations, in addition to investigating the account receivable balances which had tripled in 1997.

In May 2000, two members of the five member Board of trustees, the administrator, assistant administrator, and almost two-thirds of the employees resigned. An interim administrator and five employees were hired to replace those that left. As a result, accounting controls, procedures, and records that were in place were abandoned. The health center fell behind in billing several agencies for services provided which substantially decreased the health center's ability to generate revenues.

Since the transition of the previous administration, the Board of Trustees has not been provided accurate financial information. Numerous bookkeeping errors and concerns were noted related to the general ledger, the monthly bank reconciliations, the accounts payable and receivable listings, and the budgets prepared by the administration.

Other recommendations include improvements needed in the approval and documentation of expenditures and monitoring of compensatory time accrued by the health center employees.

(over)

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions

YELLOW SHEET

meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 St. Clair county's Associate County Commissioners salaries were each increased approximately \$5,450 according to information from the county clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,900, for the two years ended December 31, 2000, should be repaid. In light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- Accounting controls and procedures are in need of improvement related to the inmate account handled by the sheriff's department. Bids are not obtained for food purchased for the county jail and records are not maintained to provide adequate control and accountability over food inventories. In addition, sheriff department employees are provided meals at no costs from the jail.
- The Public Administrator deferred payment of \$5,113 of fees until 2000 (\$4,332 and \$781 earned and approved by the Associate Circuit Judge in 1999 and 1998, respectively). The Public Administrator indicated that he did this to reduce the amount of Social Security that would have been required to have been repaid in 2000 when he turned seventy and to increase the amount of compensation reported to the County Employees Retirement Fund during his last year of service to increase the amount of retirement received.

Also included in the audit are recommendations to improve bidding procedures, accounting controls and procedures for the County Commission and the Prosecuting Attorney. Several of these issues had been noted in prior audits.

Copies of the audit are available upon request.

ST. CLAIR COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
State Auditor's Reports:	2-6	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4	
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6	
Financial Statements:	7-15	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2000	8
A-2	Year Ended December 31, 1999	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999	10-15
Notes to the Financial Statements	16-18	
Supplementary Schedule:	19-22	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2000 and 1999	20-22	
Notes to the Supplementary Schedule	23-25	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
State Auditor's Report:	27-29	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	28-29	

ST. CLAIR COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Schedule:.....	30-32
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2000 and 1999.....	31-32
Section I - Summary of Auditor's Results.....	31-32
Section II - Financial Statement Findings.....	32
Section III - Federal Award Findings and Questioned Costs.....	32
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	33-34
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133.....	35-36
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>	
Management Advisory Report - State Auditor's Findings.....	38-60
<u>Number</u>	
1. Expenditures and County Officials' Compensation.....	40
2. Public Administrator's Procedures.....	42
3. Prosecuting Attorney's Records and Procedures.....	43
4. Sheriff's Records and Procedures.....	45
5. Health Center's Financial Condition.....	48
6. Health Center's Accounting Controls.....	51
7. Health Center's Expenditures.....	55
Follow-Up on Prior Audit Findings.....	61-64
<hr/> <u>STATISTICAL SECTION</u> <hr/>	
History, Organization, and Statistical Information.....	66-71

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of St. Clair County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of St. Clair County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 9, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of St. Clair County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

May 9, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: David Holtmann, CPA
In-Charge Auditor: Pam Crawford, CPA
Audit Staff: Jody Vernon, CPA
Jay Ross
Troy Royer



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of St. Clair County, Missouri

We have audited the special-purpose financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 9, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of St. Clair County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of St. Clair County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of St. Clair County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 9, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

ST. CLAIR COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 55,030	3,552,629	3,492,689	114,970
Special Road and Bridge	273,849	1,461,023	1,451,492	283,380
Assessment	10,906	119,570	114,497	15,979
Law Enforcement Training	8,567	4,588	2,742	10,413
Prosecuting Attorney Training	165	615	58	722
Lake Patrol	9,629	31,883	25,221	16,291
Recorders Maintenance	54,401	8,263	23,170	39,494
Prosecuting Attorney Administrative Cost	11,010	5,079	4,012	12,077
Sheriff Drug	1,001	0	0	1,001
Federal Prisoner Medical	(798)	16,560	15,318	444
Sheriff's Civil Fees	6,061	7,332	5,624	7,769
Local Emergency Planning Commission	2,251	3,868	674	5,445
Domestic Violence	412	438	600	250
Health Center	2,603	943,049	934,935	10,717
Election Services	0	2,276	101	2,175
Circuit Clerk Interest	8,232	3,755	1,591	10,396
Law Library	4,906	4,146	5,053	3,999
Total	\$ 448,225	6,165,074	6,077,777	535,522

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ST. CLAIR COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 345,130	2,667,576	2,957,676	55,030
Special Road and Bridge	262,261	964,810	953,222	273,849
Assessment	7,315	112,618	109,027	10,906
Law Enforcement Training	5,832	7,325	4,590	8,567
Prosecuting Attorney Training	129	1,769	1,733	165
Lake Patrol	8,071	32,301	30,743	9,629
Recorders Maintenance	47,149	8,407	1,155	54,401
Prosecuting Attorney Administrative Cost	8,132	4,393	1,515	11,010
Sheriff Drug	1,001	0	0	1,001
Federal Prisoner Medical	332	13,551	14,681	(798)
Sheriff's Civil Fees	8,205	7,341	9,485	6,061
Local Emergency Planning Commission	5,617	273	3,639	2,251
Domestic Violence	555	862	1,005	412
Health Center	13,489	1,237,989	1,248,875	2,603
Circuit Clerk Interest	7,289	5,899	4,956	8,232
Law Library	2,232	3,717	1,043	4,906
Total	\$ 722,739	5,068,831	5,343,345	448,225

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ST. CLAIR COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,052,279	6,162,798	(889,481)	5,508,020	5,059,215	(448,805)
DISBURSEMENTS	7,221,511	6,077,676	1,143,835	6,050,479	5,337,346	713,133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(169,232)	85,122	254,354	(542,459)	(278,131)	264,328
CASH, JANUARY 1	439,131	448,225	9,094	711,654	713,218	1,564
CASH, DECEMBER 31	269,899	533,347	263,448	169,195	435,087	265,892
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	245,158	265,919	20,761	235,799	258,613	22,814
Sales taxes	220,000	237,696	17,696	210,000	216,087	6,087
Intergovernmental	2,411,364	1,975,023	(436,341)	2,494,155	1,778,394	(715,761)
Charges for services	139,750	158,176	18,426	139,850	143,695	3,845
Interest	18,200	27,527	9,327	15,000	21,262	6,262
Bank loan	1,000,000	747,825	(252,175)	0	150,000	150,000
Other	78,650	109,363	30,713	72,850	73,125	275
Transfers in	33,260	31,100	(2,160)	26,700	26,400	(300)
Total Receipts	4,146,382	3,552,629	(593,753)	3,194,354	2,667,576	(526,778)
DISBURSEMENTS						
County Commission	83,775	81,617	2,158	82,860	81,852	1,008
County Clerk	120,759	117,369	3,390	95,503	89,175	6,328
Elections	44,600	46,506	(1,906)	21,500	16,889	4,611
Buildings and grounds	1,487,526	1,501,892	(14,366)	1,555,123	1,246,796	308,327
County Treasurer	33,347	29,717	3,630	31,365	29,645	1,720
County Collector	85,753	70,643	15,110	84,645	73,456	11,189
Ex Officio Recorder of Deeds	25,298	20,289	5,009	23,664	21,486	2,178
Circuit Clerk	24,946	19,310	5,636	31,961	25,505	6,456
Court administration	14,463	5,227	9,236	18,007	7,464	10,543
Public Administrator	20,950	38,564	(17,614)	18,538	17,874	664
Sheriff	261,418	276,744	(15,326)	250,580	248,481	2,099
Jail	1,311,463	1,097,554	213,909	892,204	891,939	265
Prosecuting Attorney	96,657	91,943	4,714	93,227	92,504	723
Juvenile Officer	38,234	21,077	17,157	57,014	38,531	18,483
County Coroner	9,480	6,403	3,077	10,570	7,456	3,114
Public defender	1,424	1,483	(59)	1,354	698	656
Emergency management	3,000	2,901	99	3,000	290	2,710
Public health and welfare services	800	800	0	800	800	0
Debt service	230,453	0	230,453	0	0	0
Other	73,200	42,650	30,550	70,483	41,835	28,648
Transfers out	35,000	20,000	15,000	35,000	25,000	10,000
Emergency Fund	115,200	0	115,200	120,041	0	120,041
Total Disbursements	4,117,746	3,492,689	625,057	3,497,439	2,957,676	539,763
RECEIPTS OVER (UNDER) DISBURSEMENTS	28,636	59,940	31,304	(303,085)	(290,100)	12,985
CASH, JANUARY 1	55,030	55,030	0	345,130	345,130	0
CASH, DECEMBER 31	83,666	114,970	31,304	42,045	55,030	12,985

ST. CLAIR COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	221,339	235,523	14,184	209,477	231,395	21,918
Intergovernmental	1,219,501	1,186,307	(33,194)	578,840	678,028	99,188
Charges for services	0	3,535	3,535	0	0	0
Interest	15,000	19,321	4,321	14,000	17,119	3,119
Other	71,000	16,337	(54,663)	8,000	38,268	30,268
Total Receipts	1,526,840	1,461,023	(65,817)	810,317	964,810	154,493
DISBURSEMENTS						
Salaries	260,000	248,379	11,621	260,000	236,349	23,651
Employee fringe benefits	82,610	73,994	8,616	73,884	67,840	6,044
Supplies	66,200	62,010	4,190	61,200	58,953	2,247
Insurance	14,500	12,254	2,246	12,800	11,640	1,160
Road and bridge materials	154,000	108,219	45,781	150,000	126,126	23,874
Equipment repairs	65,000	29,814	35,186	65,000	57,707	7,293
Rentals	1,000	543	457	1,000	184	816
Equipment purchases	140,000	106,416	33,584	140,000	129,145	10,855
Construction, repair, and maintenance	669,881	606,596	63,285	33,500	40,827	(7,327)
CART payments to special road districts	194,000	171,157	22,843	180,000	193,697	(13,697)
Other	7,050	5,022	2,028	6,350	6,754	(404)
Transfers out	26,860	27,088	(228)	24,300	24,000	300
Total Disbursements	1,681,101	1,451,492	229,609	1,008,034	953,222	54,812
RECEIPTS OVER (UNDER) DISBURSEMENTS	(154,261)	9,531	163,792	(197,717)	11,588	209,305
CASH, JANUARY 1	273,849	273,849	0	262,261	262,261	0
CASH, DECEMBER 31	119,588	283,380	163,792	64,544	273,849	209,305
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	92,465	92,095	(370)	91,879	85,026	(6,853)
Interest	0	1,755	1,755	1,100	968	(132)
Other	1,800	5,720	3,920	1,800	1,624	(176)
Transfers in	37,021	20,000	(17,021)	30,630	25,000	(5,630)
Total Receipts	131,286	119,570	(11,716)	125,409	112,618	(12,791)
DISBURSEMENTS						
Assessor	130,607	114,497	16,110	125,543	109,027	16,516
Total Disbursements	130,607	114,497	16,110	125,543	109,027	16,516
RECEIPTS OVER (UNDER) DISBURSEMENTS	679	5,073	4,394	(134)	3,591	3,725
CASH, JANUARY 1	10,906	10,906	0	7,315	7,315	0
CASH, DECEMBER 31	11,585	15,979	4,394	7,181	10,906	3,725

Exhibit B

ST. CLAIR COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	2,228	2,228	0	1,643	1,643
Charges for services	6,500	1,761	(4,739)	4,000	5,250	1,250
Interest	300	599	299	100	432	332
Total Receipts	6,800	4,588	(2,212)	4,100	7,325	3,225
DISBURSEMENTS						
Sheriff	5,100	2,742	2,358	4,250	4,590	(340)
Total Disbursements	5,100	2,742	2,358	4,250	4,590	(340)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,700	1,846	146	(150)	2,735	2,885
CASH, JANUARY 1	8,567	8,567	0	5,832	5,832	0
CASH, DECEMBER 31	10,267	10,413	146	5,682	8,567	2,885
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	587	(413)	2,000	1,734	(266)
Interest	15	28	13	25	35	10
Total Receipts	1,015	615	(400)	2,025	1,769	(256)
DISBURSEMENTS						
Prosecuting Attorney	100	58	42	1,250	833	417
Transfers out	900	0	900	900	900	0
Total Disbursements	1,000	58	942	2,150	1,733	417
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	557	542	(125)	36	161
CASH, JANUARY 1	165	165	0	129	129	0
CASH, DECEMBER 31	180	722	542	4	165	161
<u>LAKE PATROL FUND</u>						
RECEIPTS						
Intergovernmental	32,500	31,351	(1,149)	25,400	32,129	6,729
Interest	0	532	532	0	172	172
Total Receipts	32,500	31,883	(617)	25,400	32,301	6,901
DISBURSEMENTS						
Salaries	23,502	19,948	3,554	23,213	22,037	1,176
Office expenditures	890	627	263	550	856	(306)
Equipment	4,550	1,787	2,763	6,900	4,623	2,277
Mileage and training	2,700	2,210	490	2,000	2,644	(644)
Other	900	649	251	750	583	167
Total Disbursements	32,542	25,221	7,321	33,413	30,743	2,670
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42)	6,662	6,704	(8,013)	1,558	9,571
CASH, JANUARY 1	9,629	9,629	0	8,071	8,071	0
CASH, DECEMBER 31	9,587	16,291	6,704	58	9,629	9,571

ST. CLAIR COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDERS MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	5,000	5,056	56	4,500	5,376	876
Interest	2,500	3,207	707	1,600	3,031	1,431
Total Receipts	7,500	8,263	763	6,100	8,407	2,307
DISBURSEMENTS						
Office expenditures	44,028	23,170	20,858	25,710	1,155	24,555
Total Disbursements	44,028	23,170	20,858	25,710	1,155	24,555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(36,528)	(14,907)	21,621	(19,610)	7,252	26,862
CASH, JANUARY 1	54,401	54,401	0	47,149	47,149	0
CASH, DECEMBER 31	17,873	39,494	21,621	27,539	54,401	26,862
<u>PROSECUTING ATTORNEY ADMINISTRATIVE COST FUND</u>						
RECEIPTS						
Charges for services	3,600	4,235	635	5,000	3,798	(1,202)
Interest	400	844	444	250	595	345
Total Receipts	4,000	5,079	1,079	5,250	4,393	(857)
DISBURSEMENTS						
Transfers out	5,500	4,012	1,488	3,500	1,515	1,985
Total Disbursements	5,500	4,012	1,488	3,500	1,515	1,985
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	1,067	2,567	1,750	2,878	1,128
CASH, JANUARY 1	11,010	11,010	0	8,132	8,132	0
CASH, DECEMBER 31	9,510	12,077	2,567	9,882	11,010	1,128
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Drug buy operations	500	0	500	500	0	500
Total Disbursements	500	0	500	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	0	500	(500)	0	500
CASH, JANUARY 1	1,001	1,001	0	1,001	1,001	0
CASH, DECEMBER 31	501	1,001	500	501	1,001	500
<u>FEDERAL PRISONER MEDICAL FUND</u>						
RECEIPTS						
Intergovernmental	27,000	16,560	(10,440)	18,000	13,551	(4,449)
Total Receipts	27,000	16,560	(10,440)	18,000	13,551	(4,449)
DISBURSEMENTS						
Prisoner medical	27,000	15,318	11,682	18,000	14,681	3,319
Total Disbursements	27,000	15,318	11,682	18,000	14,681	3,319
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,242	1,242	0	(1,130)	(1,130)
CASH, JANUARY 1	(798)	(798)	0	332	332	0
CASH, DECEMBER 31	(798)	444	1,242	332	(798)	(1,130)

ST. CLAIR COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	7,000	7,332	332	8,000	7,341	(659)
Total Receipts	7,000	7,332	332	8,000	7,341	(659)
DISBURSEMENTS						
Office expenditures	9,000	5,624	3,376	10,000	9,485	515
Total Disbursements	9,000	5,624	3,376	10,000	9,485	515
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	1,708	3,708	(2,000)	(2,144)	(144)
CASH, JANUARY 1	6,061	6,061	0	8,205	8,205	0
CASH, DECEMBER 31	4,061	7,769	3,708	6,205	6,061	(144)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	3,650	3,633	(17)	1,800	0	(1,800)
Interest	0	235	235	200	273	73
Total Receipts	3,650	3,868	218	2,000	273	(1,727)
DISBURSEMENTS						
Office expenditures	2,050	271	1,779	2,100	3,331	(1,231)
Mileage and training	650	403	247	650	308	342
Total Disbursements	2,700	674	2,026	2,750	3,639	(889)
RECEIPTS OVER (UNDER) DISBURSEMENTS	950	3,194	2,244	(750)	(3,366)	(2,616)
CASH, JANUARY 1	0	2,251	2,251	5,617	5,617	0
CASH, DECEMBER 31	950	5,445	4,495	4,867	2,251	(2,616)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	800	438	(362)	950	862	(88)
Total Receipts	800	438	(362)	950	862	(88)
DISBURSEMENTS						
Domestic violence shelter	800	600	200	1,150	1,005	145
Total Disbursements	800	600	200	1,150	1,005	145
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(162)	(162)	(200)	(143)	57
CASH, JANUARY 1	412	412	0	555	555	0
CASH, DECEMBER 31	412	250	(162)	355	412	57

Exhibit B

ST. CLAIR COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	147,700	148,500	800	141,565	146,021	4,456
Intergovernmental	920,256	492,383	(427,873)	1,092,450	928,198	(164,252)
Interest	0	2,570	2,570	2,500	1,992	(508)
Tax anticipation note	0	55,000	55,000	0	100,000	100,000
Other	83,600	244,596	160,996	69,600	61,778	(7,822)
Total Receipts	1,151,556	943,049	(208,507)	1,306,115	1,237,989	(68,126)
DISBURSEMENTS						
Salaries	880,000	648,028	231,972	996,600	959,591	37,009
Office expenditures	36,300	47,558	(11,258)	78,100	55,287	22,813
Equipment	12,000	0	12,000	19,200	14,636	4,564
Mileage and training	24,000	19,887	4,113	42,650	32,437	10,213
Tax anticipation note - including interest	44,227	71,451	(27,224)	4,600	2,533	2,067
Program costs	126,500	119,321	7,179	149,890	149,646	244
Other	29,510	28,690	820	27,000	34,745	(7,745)
Total Disbursements	1,152,537	934,935	217,602	1,318,040	1,248,875	69,165
RECEIPTS OVER (UNDER) DISBURSEMENTS	(981)	8,114	9,095	(11,925)	(10,886)	1,039
CASH, JANUARY 1	981	2,603	1,622	11,925	13,489	1,564
CASH, DECEMBER 31	0	10,717	10,717	0	2,603	2,603
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,300	3,755	1,455			
Total Receipts	2,300	3,755	1,455			
DISBURSEMENTS						
Circuit Clerk	7,700	1,591	6,109			
Total Disbursements	7,700	1,591	6,109			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,400)	2,164	7,564			
CASH, JANUARY 1	7,917	8,232	315			
CASH, DECEMBER 31	2,517	10,396	7,879			
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	3,500	4,132	632			
Interest	150	14	(136)			
Total Receipts	3,650	4,146	496			
DISBURSEMENTS						
Law library	3,650	5,053	(1,403)			
Total Disbursements	3,650	5,053	(1,403)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(907)	(907)			
CASH, JANUARY 1	0	4,906	4,906			
CASH, DECEMBER 31	\$ 0	3,999	3,999			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

ST. CLAIR COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of St. Clair County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United State of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Circuit Clerk Interest Fund and the Law Library Fund for the year ended December 31, 1999 and the Election Services Fund for the year ended December 31, 2000.

Warrants issued were in excess of budgeted amounts for the Law Enforcement Training Fund and the Local Emergency Planning Commission Fund in the year ended December 31, 1999 and the Law Library Fund in the year ended December 31, 2000. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Federal Prisoner Medical Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The county's published financial statements for the years ended December 31, 2000 and 1999, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance.

Supplementary Schedule

Schedule

ST. CLAIR COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Direct program -				
10.766	Community Facilities Loans and Grants	29-93-431872703	\$ 900,000	0
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-9193	0	21,118
		ERO045-0193	23,581	10,338
		ERS045-1193W	14,101	0
	Program Total		<u>37,682</u>	<u>31,456</u>
10.559	Summer Food Service Program for Children	ERS146-0193I	57	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	B99DC290001	137,227	0
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ER01640389	17,788	8,040
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.unknown	U.S. Marshals Service Cooperative Agreement Program	05-45-98	1,129,308	370,692
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	99-LBVX-7175	4,968	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-093(6)	580,841	34,788
Passed through state Emergency Management Assistance:				

Schedule

ST. CLAIR COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,633	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	1,294	4,070
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program -				
93.268	Immunization Grants	N/A	2,228	3,855
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	N/A	367	731
93.268	Immunization Grants	N/A	16,238	17,374
Department of Social Services -				
93.563	Child Support Enforcement	N/A	1,047	3,002
93.569	Community Services Block Grant	AOC00380269	77,796	62,441
Department of Health -				
93.575	Child Care and Development Block Grant	ERO146-9193CCH&SCS PGA067-0193C	0 140	1,508 0
	Program Total		<u>140</u>	<u>1,508</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-90008 ERS161-00044 ER5161-10067	0 5,746 1,998	9,234 3,198 0
	Program Total		<u>7,744</u>	<u>12,432</u>
93.940	HIV Prevention Activities - Health Department Based	N/A	34	0
93.991	Preventive Health and Health Services Block Grant	N/A	193	207

Schedule

ST. CLAIR COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
93.994	Maternal and Child Health Services Block Grant to the States	ERO146-9193MCH	0	9,346
		ER5146-0193M	9,806	5,143
		ERS146-1193M	2,122	0
		ERO175-9193FP	0	5,003
		N/A	967	1,034
	Program Total		<u>12,895</u>	<u>20,526</u>
	Total Expenditures of Federal Awards		<u>\$ 2,931,480</u>	<u>571,122</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ST. CLAIR COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by St. Clair County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$18,466 and \$21,229 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$193 and \$207 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$967 and \$1,034 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of St. Clair County, Missouri

Compliance

We have audited the compliance of St. Clair County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, St. Clair County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999.

Internal Control Over Compliance

The management of St. Clair County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of St. Clair County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 9, 2001 (fieldwork completion date)

Schedule

ST. CLAIR COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.766	Community Facilities Loans and Grants
16.unknown	U.S. Marshals Service Cooperative Agreement Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ST. CLAIR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

ST. CLAIR COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

ST. CLAIR COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 9, 2001. We also have audited the compliance of St. Clair County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 9, 2001. We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the special-purpose financial statements of St. Clair County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but does not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.**Expenditures and County Officials' Compensation**

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Items purchased</u>	<u>Cost</u>
Two road graders (county leased graders)	\$174,747
Gravel (county purchases majority of gravel from one vendor)	129,568
Clay gravel (utilize one contractor)	32,580
Used truck	28,000
Phone system and installation	13,604

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The county received a \$45,490 overpayment of a federal bridge construction reimbursement in October 1999. The county contacted a regional Department of Transportation official regarding the overpayment and was instructed to retain it until completion of the project; however, upon our inquiry the central office indicated they were unaware of the overpayment and immediately issued an invoice to the county for the overpayment. The county paid this invoice in May 2001.

While the county initially pursued the overpayment, it does not appear reasonable that the county retained the federal road monies it was not entitled to. Federal bridge programs are handled on a reimbursement basis. In the future, any overpayments should be remitted to the appropriate party on a timely basis.

- C. County officials received a one percent cost of living adjustment (COLA) in January 2000. The county salary commission met on November 4, 1999, and discussed COLA increases; however, the salary commission minutes did not clearly document the approval of the COLA. Future salary commission minutes should clearly document all decisions regarding salary issues.
- D. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 St. Clair County's Associate County Commissioners salaries were each increased approximately \$5,450 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,900 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. In the future, any overpayments should be remitted to the appropriate party on a timely basis.
- C. Ensure all salary commission minutes clearly document all decisions made.
- D. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE:

The County Commission provided the following responses:

- A. *This will be done in the future.*
- B. *This will be done on all future projects.*
- C. *This will be done for all future salary commission meetings.*
- D. *At this time, the county is not going to pursue reimbursement of the salary amounts from the applicable officials due to possible litigation costs. However, we will review the issue on a statewide basis.*

2. Public Administrator's Fees

The Public Administrator deferred payment of \$5,113 of fees until 2000 (\$4,332 and \$781 earned and approved by the Associate Circuit Judge in 1999 and 1998, respectively). The Public Administrator indicated that he did this to reduce the amount of Social Security that would have been required to have been repaid in 2000 when he turned seventy and to increase the amount of compensation reported to the County Employees Retirement Fund during his last year of service to increase the amount of retirement received.

The Public Administrator and Associate Circuit Judge should review the annual settlements to ensure fees are paid during the calendar year earned and approved. In addition, the Public Administrator should contact the Internal Revenue Service (IRS) to ensure his fees are properly reported.

WE RECOMMEND the Public Administrator and Associate Circuit Judge ensure fees are paid to the Public Administrator during the calendar year earned and approved. In addition, the Public Administrator should contact the IRS to ensure these fees are properly reported.

AUDITEE'S RESPONSE:

The Public Administrator provided the following response:

The only reason compensation was deferred was to try to limit the amount of Social Security I would have to refund. As it turned out, Congress repealed this law in 2000, and Social Security recipients could earn any amount and not have to refund. This was not a decrease in my tax bracket. If this did in fact increase my retirement benefit, it would have been insignificant.

It did not inure to my benefit, tax-wise, to defer accepting these payments until 2000. In fact, it cost me \$1,700 extra in Federal Income Tax in 2000, due to putting me in a higher income bracket.

It is contrary to court procedure to report and collect all fees in the “calendar” year earned. The local court has always required guardians and conservators to file annual settlements during the anniversary month. This is the month the person was first appointed a guardian/conservator. Fees are submitted for approval with the annual settlement and approved or adjusted during this time. If I have an anniversary date in December, the court may not get around to approving it until January.

State statutes do not provide guidelines or restrictions on when fees must be drawn.

The Associate Circuit Judge provided the following response:

To the extent possible, payment of fees to the Public Administrator will be made during the calendar year when those fees were earned and approved.

Should funds be unavailable in the current year for which fees were approved it is possible that payment could occur in a subsequent year.

3. Prosecuting Attorney’s Records and Procedures

The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2000 and 1999 of approximately \$42,000 and \$50,000, respectively. Restitution payments are remitted directly to the merchants on a periodic basis, and bad check fees are transmitted to the County Clerk’s office daily. Our review noted the following concerns:

- A. Receipt slips are only issued upon request. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.
- B. Cashiers checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made by the County Treasurer. To reduce the risk of loss or misuse of funds, cashiers checks and money orders should be restrictively endorsed immediately upon receipt.
- C. The Prosecuting Attorney’s secretary occasionally reduces the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney. To ensure bad check fees are properly charged and collected, the Prosecuting Attorney should approve all reductions of bad check fees.
- D. The Prosecuting Attorney does not prepare monthly reports of bad check fees collected. Section 50.370, RSMo 2000, requires county officials to prepare and file with the County Commission monthly reports of fees collected.

- E. The duties of receiving, recording, and transmitting monies are all performed by the Prosecuting Attorney's secretary. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- F. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, has not been established. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and a record of all bad check receipts and disbursements. The log should contain information such as the merchant, the issuer of the check, the amount of the check, the amount of the administrative fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Clerk or the criminal case number in which charges were filed or other disposition.

WE RECOMMEND the Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
- B. Restrictively endorse cashiers checks and money orders immediately upon receipt.
- C. Approve reductions of bad check fees charged.
- D. Prepare monthly reports of bad check fees received as required by state law.
- E. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- F. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.

AUDITEE'S RESPONSE:

The Prosecuting Attorney provided the following responses:

- A. This will be implemented in the next budget year.*
- B. We will discuss this with the County Treasurer and implement a procedure to allow for immediate endorsement.*
- C. This has been implemented.*
- D&E. These will be implemented next month.*
- F. We will discuss this issue with the County Commission and determine whether additional funding is necessary to provide staffing to accomplish the goal.*

4. Sheriff's Records and Procedures
--

- A. The Sheriff's Department maintains inmates' personal monies in a separate bank account. During our review of the controls and procedures related to these monies, we noted the following concerns:
 - 1. The total inmate account balance has not been reconciled to the individual inmate account balances since December 1998. At our request, the Sheriff's Department bookkeeper prepared a listing of individual inmate account balances as of December 31, 2000. The reconciled bank account balance of \$5,438 exceeded the total amount on the listing by approximately \$238. The bookkeeper indicated the overage was caused by adding old outstanding inmate refund checks back to the book balance when the former inmates did not cash their checks in a timely manner; however, the bookkeeper failed to identify these amounts in her listing for inmate account balances. To ensure that all inmate monies are properly recorded and deposited, the balance in the inmate bank account should be reconciled monthly to the individual inmate balances. Any monies remaining unclaimed should be disposed of in accordance with state law.
 - 2. The method of payment is not always indicated on the inmate receipt slips. To ensure receipts are accounted for properly and deposited intact, the composition of receipts should be indicated on the receipt slips and should be reconciled to the composition of bank deposits.
 - 3. Accounting duties are not adequately segregated. Two clerks are primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records of the

inmate account. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Receipts were not deposited in a timely manner. Deposits into the inmate and fee account are made weekly. To ensure all monies are properly accounted for and to adequately safeguard cash receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. During the two years ending December 31, 2000 and 1999, the county expended approximately \$71,000 and \$69,000, respectively, on food costs for the jail. Our review of records and procedures related to jail food costs noted the following concerns:

- 1. The county did not solicit bids for food purchased for the jail. The county utilized six main suppliers for food purchased during 1999 and 2000.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

- 2. The jail does not maintain perpetual inventory records for all food. To maintain adequate control and accountability over food inventories, the jail should maintain a perpetual inventory of all food.

- 3. The prior sheriff did not retain records to document the number and the average cost of meals served to inmates during the two years ending December 31, 2000 and 1999. To properly account for all meals and the average cost of meals served, these records should be retained.

- 4. Sheriff department employees have been provided meals at no cost from the jail. During January 2001, the jail served 654 meals (approximately nine percent of meals served) with estimated costs of \$1,230 to sheriff's department employees. The county's personnel policy does not address whether employees of the sheriff's department are to be provided meals by the county. A written personnel policy addressing this issue is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.

- D. Dispatchers and jailers who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the Sheriff:

- A.1. Prepare a listing of individual inmate balances and reconcile the listing to the balance in the inmate account monthly and investigate any difference. Any monies remaining unclaimed should be disposed of in accordance with state law.
 - 2. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
 - 3. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C.1. Solicit bids for jail food in accordance with state law and maintain documentation of bids.
 - 2. Ensure the jail maintains a perpetual inventory of food.
 - 3. Ensure records are retained by the jail to account for the number and average cost of meals served to inmates.
 - 4. Review whether sheriff department employees should be provided meals at county expense and if necessary, update the county personnel policy.
- D. Acquire a bond for all employees handling assets.

AUDITEE'S RESPONSE:

The Sheriff provided the following responses:

- A.1. *This is being done on a weekly basis in addition to the reconciliation process at the end of the month.*
 - 2. *This is being done.*
 - 3. *This will be reviewed.*
- B. *This has been implemented.*
- C.1. *The chief cook is now soliciting proposals for food purchases.*

- 2&3. *We will look into getting a computer to track food costs.*
4. *We will work with the County Commission in developing an appropriate policy addressing employee meals.*
- D. *This will be implemented.*

5. Health Center's Financial Condition

The health center's administration repeatedly ignored warnings and recommendations to improve controls and cut costs. As a result, the health center's financial condition has declined over the past several years. The following shows receipts, disbursements, and ending cash balances for the four years ended December 31, 2000:

	1997	1998	1999	2000
Cash balance, January 1,	\$ 43,514	37,620	13,489	2,603
Receipts	1,480,305	1,382,775	1,137,989	888,049
Tax anticipation note receipts **	0	30,000	100,000	55,000
Disbursements	1,443,708	1,436,906	1,246,342	863,484
Tax anticipation note principal disbursements	40,000	0	0	70,000
Tax anticipation note interest disbursements	2,491	0	2,533	1,451
Cash balance, December 31,	<u>37,620</u>	<u>13,489</u>	<u>2,603</u>	<u>10,717</u>

** The health center had \$40,000 in outstanding tax anticipation notes at December 31, 1996.

In addition, the health center had the following liabilities at December 31, 2000:

Tax anticipation note	\$ 115,000
Medicare paybacks	47,976
Accounts payable	38,330
Payroll taxes payable	27,012
Physician services	15,750
Pending litigation	<u>11,148</u>
Total liabilities	<u>\$ 255,216</u>

Because of its poor financial condition, the health center has used proceeds from tax anticipation notes (TAN) to fund normal operating expenses including payroll. Without the continued use of the TAN proceeds, the health center would be unable to operate.

The health center's independent CPA firm issued an Analysis of Operations report annually. In its reports for the last several years, the CPA firm has made recommendations regarding

the financial condition of the health center. For example, the health center administration was informed as early as 1995 that changes in the health industry would necessitate close monitoring of costs in relation to program cost limits. The administration was again advised in 1996 and 1997 to closely evaluate its programs' cost structures for potential cost-cutting areas. The CPA firm also instructed the administration to review the programs currently provided to determine if participation in some of the public health programs should be continued given the low reimbursement rates in comparison to the actual costs of participation.

In addition, the administration was advised in 1995 that the charges per visit at the rural health clinics held in Osceola and Appleton City were not adequate to cover the cost of the services. This problem was again repeated by the CPA firm in 1996 and 1997 for the Appleton City office. In 1998 a net loss of \$35,492 was reported for these rural health clinics. In 2000 the CPA firm recommended closing the Appleton City office. The Board of Trustees closed the Appleton City office in March 2000, however, the office was re-opened in April 2000. Since the re-opening, the Board has not adequately monitored the financial condition of the Appleton City office and has continued to expand its services. The financial information that has been provided to the Board regarding the Appleton City operations is not reliable due to inaccurate and incomplete accounting records as discussed in detail in MAR No. 6.

The health center's independent auditor reported to the board in 1997 that its accounts receivable balances had tripled due to not billing and collecting its coinsurance portion of rural health clinic charges from private pay patients and specifically the amounts not collected from secondary insurance policies. This was again reported in 1998 and 2000. They also advised the health center to monitor its accounts receivable agings on a monthly basis and investigate why charges are not being paid.

Other recommendations made by the CPA firm included increasing the charge for leased space for the Osceola office, lowering program costs, and reducing staffing levels.

In May 2000, two members of the five member Board of Trustees, the administrator, assistant administrator, and almost two-thirds of the employees resigned. An interim administrator and five employees were hired to replace those that left. As a result; accounting controls, procedures, and records that were in place were abandoned and were not properly reestablished. For example, the health center fell behind in billing several agencies for services provided which substantially decreased the health center's ability to generate revenues. These weaknesses are discussed in detail in MAR No. 6.

Numerous internal control weaknesses, lax controls over expenditures, and inefficient management practices have been identified and discussed in more detail throughout our Management Advisory Report (MAR). The Board of Trustees needs to ensure an effective system of accounting and administrative controls are in place, including an effective financial

reporting system and procedures to monitor budgeted and actual activity. The recommendations contained in the remaining MARs, if implemented will help establish these controls and procedures.

WE RECOMMEND the Board of Trustees take the necessary steps to improve the financial condition of the health center and develop a plan to allow the health center to repay their liabilities.

AUDITEE'S RESPONSE:

The Health Center Board of Trustees provided the following responses:

The current Board of Trustees concurs that the financial condition of the Health Center must be improved. To accomplish this, Personnel Policies have been adopted which prohibit the practice of incurring compensatory time and allow for employees to be classified as exempt or non-exempt according to the provisions contained in the Fair Labor Standards Act.

It was determined that the past employment of a nurse practitioner as half time administrator and half time health care provider at the rate of pay for a health care provider and as an hourly or non-exempt employee had not been an efficient use of resources. An administrator has been hired at a rate of pay commensurate with the pay rate for an administrator and with the classification of an exempt employee. One of her tasks will be to fully implement new Personnel Policies which have been adopted. The new policies require the adoption or updating of job descriptions and the identification of those positions which can legally be classified as exempt.

If these or similar policies had been in place in 2000, a significant amount of the compensatory wages which were paid in 2000 would not have been accrued by Health Center employees. Because there was no differentiation between exempt and non-exempt employees and because compensatory time and excessive annual leave were recorded in the records of the Health Center, the 2000 Board of Trustees was advised verbally by local legal professionals to pay those obligations and an attorney hired by the Health Center relative to a specific claim advised the Board both verbally and in writing to pay the compensatory and annual leave time recorded in the Health Center records.

During the past year, staff which were not essential were not replaced and remaining staff were required to serve a minimum number of clients per day per staff person in programs such as the Home Health program in order to keep costs and revenue aligned. For programs with few clients, such as Hospice, staff were hired on a PRN basis ("as needed") or in dual capacities so that costs have not been incurred or have been limited when there are no clients. These practices have enabled the Health Center to operate the Home Health program within the income generated by the program and has eliminated the previous practice of having large payback obligations.

Ordering of supplies was centralized to avoid the purchase of unneeded supplies. Charges to programs for supplies were updated so that supply costs could be fully absorbed by programs and fees for services have been updated to better reflect actual costs.

In June 2001, the Board began receiving an expanded financial report and in July the Board requested that Health Center staff collect and present information on the number of clients provided services by program and by location. Additional improvements in information collection and dissemination will be made as a clerical/bookkeeping position is added and the ability of staff improves with experience.

Since December 31, 2000 when the liabilities of the Health Center totaled \$255,216, a total of \$213,800 of those liabilities have been paid, at least \$59,000 of which were non-recurring expenses. The most current financial statement shows current liabilities of approximately \$188,000.

At this point, we believe that we have stopped the hemorrhage of funds and have made slight progress in reducing liabilities. We intend to maintain the present level of services if possible while gradually reducing accounts payable and other notes payable.

The Health Center Board of Trustees also provided an overall comment, see page 58.

6. Health Center's Accounting Controls

- A. Since the transition of the previous administration, the interim administrator has not provided the Board of Trustees with accurate financial reports on which they could make well-informed decisions. In addition, the Board of Trustees failed to adequately review the reports to ensure they were accurate. We noted the following areas that resulted in inaccurate financial information presented to the board during the period May 1 thru December 31, 2000:
1. Numerous bookkeeping errors were noted including items not being posted accurately to the general ledger and misclassifications of revenues and expenditures. For example, we noted approximately \$146,000 of erroneous entries to receipts, unrecorded payroll tax payments of \$19,000, and unrecorded interest of \$288. The health center interim administrator indicated that she posts revenues and expenditures to the general ledger as time allows and sometimes gets behind.
 2. Incorrect cash balances have been reported to the board due to the interim administrator preparing bank reconciliations that are not properly prepared. The health center reported a negative book balance for the checking account of (\$16,899) at December 31, 2000 when the actual reconciled book balance was \$8,299 (a difference of \$25,198). See Part C. below.
 3. The accounts payable listing presented to the board is not accurate. The accounts payable listing at December 31, 2000 did not include several unpaid invoices and some payables on the listing had already been paid and had not been removed from the listing.

Accurate financial reports are critical to ensure the board is properly informed of the financial condition of the health center and to assist the board in approving invoices and planning for upcoming expenditures.

- B. The financial activity presented in the 2001 budget prepared by the Health Center was inaccurate as follows:
1. Actual receipts for the year ended December 31, 2000 were understated by \$249,429.
 2. The cash reconciliations in the budget were inaccurate and did not agree to the book balances maintained by the Health Center.
 3. Significant misclassifications were noted in the health center's receipts and disbursements. The health center classified the majority of receipts as "Other" as opposed to the appropriate classification.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management planning tool and as a control over expenditures.

- C. Monthly bank reconciliations are not prepared for the health center's three bank accounts. The last accurate bank reconciliation prepared and documented was for the month of April 2000. Complete and accurate bank reconciliations are necessary to ensure accounting records are in agreement with the bank, and errors or discrepancies are detected and corrected timely.
- D. Receipts were not always deposited intact. On February 26, 2001, we located a \$499 receipt which had been received in July 2000 that had not been deposited. This check was subsequently deposited. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when receipts exceed \$100.
- E. Receipt slips are not issued for monies received. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash checks, or money orders) and the composition should be reconciled to the bank deposits.
- F. The health center bills Medicare, Medicaid, Missouri Department of Health, and private insurance companies for services provided to county residents. An accounts receivable listing was maintained for amounts due until April 2000, at which time the health center fell behind in maintaining adequate receivable records (because of the

significant turnover in staff). We noted the following concerns related to these records and procedures:

1. The health center indicated that they have billed for some services provided since April 2000; however, the accounts receivable listing has not been updated to reflect these billings, and the health center was unable to determine the balance of accounts receivable in December 2000.
2. The balance of accounts receivable over 120 days old was more than \$130,000 in April 2000. Of this balance, approximately \$68,000 was for rural health clinics and home health services.

To maximize receipts and improve the financial condition of the health center, the health center should take immediate steps to update the accounts receivable records and bill the appropriate parties. In addition, proper follow-up procedures on all delinquent accounts is necessary to ensure all charges are collected on a timely basis.

WE RECOMMEND the Board of Trustees:

- A. Ensure financial reports are prepared in a complete and accurate manner and presented to the board in a timely manner.
- B. Ensure the budget is prepared accurately to reflect the financial activity of the health center. In addition, reasonable estimates of anticipated receipts, disbursements, and available resources should be included to assist the board in planning for the ensuing year.
- C. Prepare complete and accurate bank reconciliations on a monthly basis.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- E. Require prenumbered receipt slips to be issued for all monies received. In addition, the method of payment should be recorded on the receipt slips and the composition of receipts should be reconciled to deposits.
- F. Take immediate steps to update the accounts receivable records and bill the appropriate parties. In addition, proper follow-up procedures for the collection of delinquent accounts should be developed and pursued to ensure all charges are collected on a timely basis.

AUDITEE'S RESPONSE:

The Health Center Board of Trustees provided the following responses:

- A. *As previously mentioned, the interim administrator, with no background in Health Center programs, was trying to manage the Health Center and take care of the clerical and bookkeeping duties after losing key staff. She has been able to bring the financial records pretty much up to date as of May 2001. Some minor corrections still need to be made and billing is still somewhat behind. The first complete financial report was prepared and presented to the Board of Trustees by the interim administrator in June 2001.*

A regular administrator has been hired and is in process of hiring a clerk/bookkeeper. After initial training, this should ensure that financial records are up to date and provided to the Board of Trustees in a timely manner. The interim administrator has been providing orientation for the regular administrator and will be available to show the new bookkeeper how to use the necessary computer programs.

Many of the items noted by the auditor's office have been corrected and brought up to date prior to the exit conference. Specifically, the corrections and updates made to date include the general ledger which has now been brought up to date and has been reconciled, the billings which are almost up to date, and the checking accounts which have been reconciled and balanced.

In addition, fees for services have been reviewed and updated, targets established for various programs such as Home Health and the Rural Health Clinics, charges for supplies reviewed and standardized, and central purchase of common supplies initiated.

Compensatory time has been abolished and new policies adopted regarding the earning and use of leave. The new administrator has been charged with developing the procedures necessary to ensure the policies are implemented consistently.

Changes in charges of fees for services was delayed due to the necessity to adopt an ordinance and conflict that developed between the opinion of the Missouri Department of Health and the St. Clair County Commission over who should adopt the ordinance. Upon the advice of a private attorney, it was finally determined that the Board of Trustees could adopt the ordinance.

While the CPA firm recommended closing the Appleton City Rural Health Clinic, the recommendation was based upon expenses which included costs that should have been charged to other facilities and/or programs and income that was based upon inadequate charges and arbitrary decisions to not bill for services provided. The fiscal year ended June 30, 2000 actually showed a surplus for the fiscal year for both the rural health clinics. The income and expenses of the clinics along with the utilization of services will be reviewed to determine whether or not the clinics are being operated in a cost effective manner.

At the time the new Board was seated in 2000, indebtedness to Medicare had been incurred for prior quarters and for the current fiscal quarter as a result of the advancement of funds by Medicare which were not based upon actual services provided and the additional failure of the Health Center to adjust staffing to the level of services being provided. During the subsequent fiscal quarter, the interim administrator was eventually able to control expenses to eliminate the massive level of overspending that had been occurring in that program. The \$80,000 in debt incurred during that time frame has now been repaid.

- B. Neither staff nor the majority of Trustees had experience in the operations of the Health Center during the past year. Preparation of the budget should be more accurate in the coming year. Experience is needed to prepare a reasonable budget.*
- C. A clerical/bookkeeping staff person is in process of being hired. The additional staff will enable the Health Center's bank reconciliations to be done on a monthly basis. Bank reconciliations are now current through June 2001 and corrections have been made.*
- D. Deposits will be made on a timely basis.*
- E. Staff will be instructed to implement this recommendation.*
- F. In April 2000, billings were months behind for some programs and it appeared that no one was attempting to collect old receivables. When the billing staff and the assistant administrator/bookkeeper left, there was no one to bill and no accounts receivable to book. New billing software has been purchased, staff have since been hired and trained to perform billing, and billing is almost caught up. Accounts receivable will now be booked and kept up to date. Procedures will be implemented to ensure that collections are kept current. In the meantime, uncollectible accounts will be identified and written off.*

The Health Center Board of Trustees also provided an overall comment, see page 58.

7. Health Center Expenditures

- A. The former Board of Trustees did not monitor the compensatory time accrued by their employees. The former Administrator was allowed to accrue compensatory time in excess of the maximum allowed by the Fair Labor Standards Act (FLSA). The former Administrator was paid a total of \$9,824 for her accrued compensatory time upon her departure. Of the total paid, \$2,864 represented compensatory time hours in excess of the maximum allowed. The Board's decision to pay the former Administrator compensatory time is questionable because employees who serve in executive, administrative or professional capacities are exempt from the overtime requirements that allow compensatory time pay. The Board should monitor the compensatory time accrued by employees to ensure that the applicable guidelines are being followed.

In addition, the health center paid five employees for accumulated vacation leave in excess of the maximum hours allowed to be accrued totaling \$1,860. To ensure that all employees are treated equitably, the leave policy should be followed for all employees.

- B. Invoices are not noted as paid or otherwise canceled upon payment. During our review of the unpaid invoice files, we noted a duplicate payment was made for advertising expense. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled.
- C. The Health Center approved payments to vendors without requiring or retaining adequate supporting documentation. For example, \$2,250 and \$1,039 was paid for contracted physician services and home health nursing services, respectively, without documentation supporting the number of hours worked and the services provided.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of health center funds.

- D. The Board of Trustees does not review or approve invoices for payment. The board relies on the administrator or the program directors to approve invoices. During our review of expenditures, we noted several instances in which approval for payment was not documented by the administrator or program directors. Expenditures made from health center funds should be reviewed and approved by the Board of Trustees before payment is made to ensure all disbursements represent valid operating costs of the health center. In addition, to adequately document the board's review and approval of all disbursements; a complete and detailed listing of bills should be prepared and signed or initialed by the board to denote their approval, and retained with the official minutes.
- E. Acknowledgment of receipt of goods or services is not noted on the invoices. Indication of receipt of goods or services is necessary to ensure that amounts presented for payment represent legitimate operating costs of the health center.
- F. Health center personnel did not monitor amounts received or expended on Comprehensive Family Planning (CFP) services during the audit period. In addition, the average cost per client of providing such services was not periodically calculated and monitored. The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Failure to comply with the provisions of the contract could result in decreased funding of future services.

WE RECOMMEND the Board of Trustees:

- A. Monitor the compensatory time accrued by employees to ensure that they are in compliance with state law. In addition, the board should ensure compliance with the leave policy.
- B. Ensure invoices are properly cancelled upon payment.
- C. Ensure adequate documentation is received and maintained to support all expenditures.
- D. Review and approve all expenditures of health center funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- E. Require evidence of receipt of goods or services on each invoice before approving payment.
- F. Ensure CFP expenditures are in compliance with the contract and contact the Missouri Department of Health to resolve this situation.

AUDITEE'S RESONSE:

The Health Center Board of Trustees provided the following responses:

- A. *New Personnel Policies have been adopted which do not allow the accumulation of compensatory time. Employees are expected to adjust their work schedule if it is necessary to work over eight hours in one day or to work on a weekend. If a non-exempt employee is unable to adjust his/her work schedule during the pay period, over-time will be paid in that or the next pay period depending upon when the over-time was worked and the when payroll is scheduled for processing.*

New limits have been set for other leave. A time frame has been established for employees to bring their leave totals within the new limits. Part time employees who can not be released for leave and for whom temporary substitutes can not be found are being paid their annual leave incrementally. No new leave in excess of that allowed will be recorded for employees.

- B. *Invoices are now stamped "POSTED" and dated when entered into the computer. They are stamped "PAID" and the date and check number noted when checks are written.*

- C&E. *Invoices are noted as received and approved by the inventory clerk for medical supplies and by the RNs for vaccine ordered. The administrator will see that these and all other expenditures are supported by adequate documentation.*

- D. *The Board currently reviews a list of checks written for the month prior to the Board meeting and an accounts payable and invoice report. Minutes will reflect approval of these reports as well as approval to pay approved invoices as funds are available. This information will be maintained with the Board minutes.*
- F. *The Health Center has not provided service under the CFP contract since the current Board was seated in April 2000. We will instruct the new administrator to identify any unresolved contractual obligations which may exist from prior to that date.*

The Health Center Board of Trustees also provided the following overall comment:

As noted in the recommendations, the financial condition of the Health Center has declined over a period of years and recommendations to increase charges and control personnel costs were ignored to the point that the independent CPA firm preparing annual cost analysis functions recommended terminating programs. While some of these recommendations were made verbally to the Board of Trustees, the two Trustees remaining from past years do not recall all of the recommendations being made to them and do not recall being provided with copies of relevant reports. Multiple copies of the actual written reports from 1995-1998 which appear to be intended for the Trustees were found stored in the Health Center. Prior to May 2000, Trustees appeared to not always have been provided with complete information and were not allowed to keep copies of minutes, budgets, or any other records that were provided during Board meetings. Anything provided for review during a meeting was collected before the Trustees left the meeting.

When financial problems became acute and compliance with Sunshine Laws required the posting of meetings, St. Clair County citizens began attending meetings of the St. Clair County Health Center Board of Trustees and asking questions about its operations and financial condition. Some Trustees began to question the practices of the Health Center as problems became evident. It became apparent to those of us subsequently elected and appointed to the Board of Trustees that there were problems in allocating expenses, billing for services, salary comparability, staffing levels, and in many other areas.

Up to that point, there had been little interest in running for election as a Health Center Trustee and candidates were generally recruited by the Health Center, but only in sufficient numbers to fill seats so that placing the candidates on the ballot was not required. When filing was opened in 1999 for the 2000 election, some individuals reported being discouraged from running by Health Center staff, apparently because having more than one person on the ballot would cost the Health Center too much money. This effort to discourage filing was not successful.

When a new trustee was elected in April of 2000, the newly elected trustee immediately made an appointment to review past Board minutes, policies, and contracts of the Health Center to begin learning about its operations. The contract file provided was disorganized and incomplete and the information provided concerning personnel policies and procedures was confusing and incomplete.

As soon as the Board meeting opened at which the new trustee was seated, the administrator resigned. One of the trustees resigned during the meeting and a second trustee resigned prior to the next meeting.

The first order of business for the remaining trustees was to reopen the Appleton City Rural Health Clinic for a long enough period to determine whether or not staffing changes would allow it to operate in a cost effective manner. The Clinic had been closed at the end of March 2000 and it was discovered that new HHS regulations would prohibit it from reopening and would prohibit a new rural health clinic from opening in the county if the Appleton City facility was closed more than temporarily. Many low-income and uninsured residents with no transportation depended upon medical services from the clinic. In addition, recruiting health care professionals in a rural area is extremely difficult. It might not have been possible to recruit another part-time nurse practitioner if the existing one were to become employed elsewhere.

Of all the programs operated by the Health Center, it was believed that the Appleton City Rural Health Clinic had the most potential to support itself and help pay administrative overhead. According to Baird, Kurtz & Dobson, Certified Public Accountants, both the Osceola Rural Health Clinic and the Appleton City Rural Health Clinic were each showing a profit of \$27,000+ at June 30, 2000. In May 2000, five large stacks of unbilled accounts had been found along with the information that an arbitrary decision had been made to not bill for charges under \$30. Since the cost of an office visit was \$15, most office visits and copays were not being collected. Based upon the daily log sheets for the clinic, it was felt that reopening the Clinic was not only reasonable but essential.

The second order of business was to get the County Commission to fill the vacant trustee positions. With those seats filled, the Board then proceeded to hire an interim administrator to stabilize the cash flow and determine the fiscal condition of the Health Center.

Subsequently, as stated in your findings and recommendations, approximately two-thirds of the staff resigned. Within six weeks, the Health Center had lost the administrator, assistant administrator, billing clerks, receptionist, and department heads which left the Health Center pretty much without staff knowledgeable of the fiscal and administrative requirements for operating the Health Center and its programs.

The actual financial condition of the Health Center in April 2000 was probably best indicated by the discovery that Health Center files recorded a large amount of compensatory time to employees which had apparently been 'earned' by working their regular schedules but being paid for one day less and banking the remaining hours as compensatory time. At the time of her resignation, the assistant administrator requested immediate payment of all leave owed to her. As the person responsible for maintaining the fiscal records of the Health Center, she expressed the belief that the Health Center did not have the ability to make the next payroll. She expressed this belief in a meeting with Trustees and those staff who had chosen to remain with the Health Center. Her last two weeks in the office, she refused to make herself available to the interim administrator for training and information on the financial records of the organization and she refused to return her keys at the end of her last day stating that she would be back the next day for her personal possessions.

Upon arriving the next day, the interim administrator found most files gone from the assistant administrator's office and some of the furniture. Those fiscal records which were eventually found were stored in the basement in unorganized and unmarked boxes and in piles in the floor in various offices. Some records are yet to be found.

No record of many bills that had been outstanding for many months were ever found. Upon receiving statements for amounts due to vendors, the interim administrator had to spend many hours with some vendors to recreate account records. Some outstanding bills were old enough that the vendors were either unable or reluctant to spend the time necessary to document the specific item(s) the unpaid balance represented.

The loss of so many essential personnel combined with the financial situation of the Health Center resulted in the interim administrator serving as both administrator and fiscal/bookkeeping staff until July 2001. It was intended that the interim administrator would concentrate on the fiscal status of the Health Center for six months and that a regular administrator would be hired shortly thereafter. With the loss of most essential administrative staff, the first six months of her assignment was instead spent learning the basics concerning Health Center operations, replacing essential staff, and maintaining a cash flow which would allow payroll to be met on time. Computer programs had to be upgraded and replaced to allow more efficient processing of billings and staff had to be hired and trained to perform billings.

At the time that the state audit was being completed, the interim administrator had essential personnel in place, billings were in process of being brought up to date, and the interim administrator was just beginning to concentrate on bringing the financial records up to date.

Finally, the Board of Trustees would like it noted that there appear to have been some discrepancies in the financial records of the St. Clair County Health Center on or prior to January 2000. With the turnover in staff, these discrepancies were not able to be researched or corrected until recently. Work continues on bringing records up to date, on correcting discrepancies, and on trying to obtain a complete analysis of the actual financial status of the Health Center.

This report is intended for the information of the management of St. Clair County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

ST. CLAIR COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by St. Clair County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary and Reporting Practices

- A. Warrants were issued in excess of approved budgeted expenditures for various county funds.
- B. Formal budgets were not prepared for various county funds.
- C. Certain types of reimbursement transactions were not reflected on the annual budgets.
- D. The published financial statements did not include some county funds.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Include all receipts and disbursements on the General Revenue Fund, the Special Road and Bridge Fund, and the Assessment Fund budgets.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A&B. Partially implemented. The county has made improvements in both of these areas. Although not repeated in the current report, our recommendation remains as stated above.

C&D. Implemented.

2. Property Tax System and Computer Controls

- A. User Identification Codes (IDs) were not used and passwords were not changed on a periodic basis.
- B. The computer systems did not have the capabilities of producing usage logs.
- C. Backup disks were not stored at an off-site location.
- D. The county did not have a formal emergency contingency plan for the computer system.

Recommendation:

The County Commission:

- A. Implement a password system which requires each user be assigned a unique user ID and password, and require passwords to be changed periodically.
- B. Consider adopting changes to the computer systems to allow computer usage logs to be prepared and reviewed to ensure access has been restricted to appropriate job assignments.
- C. Ensure that monthly, or after major updating, backup disks are prepared and stored in a secure, off-site location.
- D. Develop a formal contingency plan for the county's computer system.

Status:

- A, B,
& D. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.

3. Federal Financial Assistance

The county received federal funding from the Federal Emergency Management Agency (FEMA) in advance and accumulated interest totaling \$885 which was not remitted to FEMA.

Recommendation:

The County Commission work with the FEMA to resolve the questioned costs. In the future, the County Commission should establish procedures to reduce the time between receipt and use of federal funds.

Status:

Not implemented. The grantor agency requested repayment of these monies in June 2001. The county repaid these monies on August 13, 2001. Although not repeated in the current report, our recommendation remains as stated above.

4. Health Center Budgets

Warrants were issued in excess of approved budgeted expenditures.

Recommendation:

The Health Center Board of Trustees not authorize warrants in excess of budgeted expenditures.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ST. CLAIR COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of St. Clair was named after General Arthur St. Clair, of the Revolutionary War. St. Clair County is county-organized, third-class county and is part of the Twenty-Seventh Judicial Circuit. The county seat is Osceola, Missouri.

St. Clair County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where St. Clair County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 501,442	10	490,008	14
Sales taxes	237,696	5	216,087	6
Federal and state aid	3,161,330	63	2,456,422	68
Fees, interest, and other	1,086,096	22	445,869	12
Total	\$ 4,986,564	100	3,608,386	100

The following chart shows how St. Clair County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,994,584	41	1,677,777	43
Public safety	1,498,105	30	1,279,899	33
Highways and roads	1,424,404	29	929,222	24
Total	\$ 4,917,093	100	3,886,898	100

The county maintains approximately 217 county bridges and 688 miles of county roads.

The county's population was 7,667 in 1970 and 8,457 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2000	1999	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 44.6	43.6	34.4	12.2	8.5
Personal property	18.2	17.0	8.4	6.9	4.3
Railroad and utilities	9.5	9.8	5.5	6.5	4.0
Total	\$ 72.3	70.4	48.3	25.6	16.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

St. Clair County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$ 0.3270	0.3300
Special Road and Bridge Fund*	0.2820	0.2800
Health Center Fund	0.2100	0.2100

* The county retains all tax proceeds from areas not within road districts. The county has seven road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 21,591	21,274
General Revenue Fund	237,917	236,397
Road Funds	398,986	390,035
Assessment Fund	34,563	33,987
Health Center Fund	149,237	146,949
Schools	2,355,160	2,334,750
Library Fund	116,651	104,221
Hospital Fund	112,378	110,201
Fire District Fund	11,968	5,830
Cities	14,639	15,072
County Employees' Retirement	21,699	20,644
Commissions and fees:		
General Revenue Fund	72,263	76,030
County Collector	106	226
Total	\$ <u>3,547,158</u>	<u>3,495,616</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	91 %	92 %
Personal property	91	91
Railroad and utilities	100	100

St. Clair County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	50 %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
L. Wayne Scott, Presiding Commissioner	\$	24,684	24,440
Dale Atchison, Associate Commissioner		22,664	22,440
James K. Evans, Associate Commissioner		22,664	22,440
Donna Houston, County Clerk		34,340	34,000
Michael C. Dawson, Prosecuting Attorney		41,410	41,000
Leroy Conrad, Sheriff		34,340	34,000
Gail Ingle, County Treasurer		25,412	25,160
C. Randy Sheldon, County Coroner		5,555	5,500
M. Earle Zeiler, Public Administrator *		34,822	15,808
Irene Wilson, County Collector**, year ended February 28 (29),	34,446	34,283	
Bill Crabtree, County Assessor ***, year ended August 31,		35,127	34,900

* Includes fees received from probate cases.

** Includes \$106 and \$226, respectively, of commissions earned for collecting city property taxes.

*** Includes \$900 annual compensation received from the state.

State-Paid Officials:

James O. Naylor Jr., Circuit Clerk and Ex Officio Recorder of Deeds	46,127	44,292
Raymond T. Huesemann, Associate Circuit Judge	97,382	87,234

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	1	
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2	
Prosecuting Attorney	1	
Sheriff	50	
County Collector	3	
County Assessor	3	
Associate Division		1
Road and Bridge	13	
Health Center	20	
Total	94	3

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. St. Clair County's share of the Twenty-Seventh Judicial Circuit's expenses is 19.43 percent.

The county entered into a lease agreement with a not-for-profit corporation (NFP) in July 2000 and amended this agreement in July 2001. The terms of the agreement called for the NFP to obtain a USDA guaranteed bank loan of \$1,000,000 for the purpose of constructing a jail addition and for the NFP to lease the jail back to the county for payments totaling the principal and interest due on the twenty year loan and any operating costs incurred. The county borrowed \$747,825 during the year ending December 31, 2000 and plans to borrow the remaining \$252,175 during the year ending December 31, 2001. The first annual payment totalling \$132,731 which includes \$109,776 for debt service, \$10,978 for debt reserve, \$10,978 for replacement and extension, and \$1,000 for operations and maintenance is scheduled to be paid in July 2002.