



Claire McCaskill

Missouri State Auditor

December 2005

St. Clair County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like St. Clair, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers 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:

- Health Center disbursements have exceeded receipts for three of the four years ended December 31, 2004. As of December 31, 2004 and 2003 the Health Center had a negative cash balance. Because of its poor financial condition and cash flow, the Health Center has had significant problems paying its bills on time. The Health Center has routinely used tax anticipation note (TAN) proceeds to fund normal operating expenses, including payroll. Without the use of the TAN proceeds, the Health Center would likely have been unable to operate.

The Health Center paid off outstanding liabilities in February 2005 through a financing arrangement guaranteed by the U.S. Department of Agriculture. Under the arrangement, a related Not For Profit (NFP) entity obtained a twenty-year \$180,000 loan from a local bank, guaranteed by the U.S. Department of Agriculture. The loan proceeds were used to purchase the Health Center's Osceola building from the Health Center's Board of Trustees. The Health Center concurrently entered into a twenty-year lease-purchase arrangement under which the Health Center is leasing its former building back from the NFP and making monthly payments of \$1,679. The monthly payments are then being used by the NFP to repay the guaranteed loan and fund required reserve accounts.

While this financing arrangement has allowed the Health Center to pay off prior liabilities, such long term financing is usually reserved for capital improvements, rather than immediate cash flow problems. While the Health Center indicated that their intent is to pay off the loan as soon as possible, there are no written plans and no documentation of any projections made to see when this would be feasible.

- Health Center procedures related to budgets, receipting and depositing, capital assets, and write-offs of accounts receivable are in need of improvement. Invoices were not always noted as paid or otherwise canceled upon payment and acknowledgement of receipt of goods or services is not required. In addition, the

YELLOW SHEET

Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes nor are minutes being maintained for closed meetings.

- In the Sheriff's Department, accounting duties are not adequately segregated, the composition of receipts is not compared to the composition of deposits and receipts are not always deposited timely or intact. Controls and procedures over preparing monthly listings of open items (liabilities) for the inmate account are not adequate. Procedures for the billing of prisoner board are lacking and the Sheriff's Department does not bid food purchases for the jail.

In addition, Sheriff's Department employees have accumulated significant compensatory and holiday time balances. According to Sheriff's Department records, compensatory time balances for the 74 deputies and jail employees totaled approximately 4,850 hours as of May 31, 2005. Two employees had balances over 250 hours and three other employees had balances over 200 hours. According to Sheriff's Department records, holiday time balances for deputies and jail employees totaled approximately 3,400 hours as of March 31, 2005 with ten employees having balances in excess of 100 hours.

Also included in the audit were recommendations related to records and procedures for handling bad checks in the Prosecuting Attorney's Office, the county's capital assets, monitoring of fuel usage in county vehicles, preparation of the Schedule of Expenditures of Federal Awards, and the lack of written agreements with road districts for monies passed through to them.

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ST. CLAIR COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

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

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of St. Clair County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with

accounting principles generally accepted in the United States of America, the financial position of St. Clair County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the 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, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 4, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 4, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Lori Bryant
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	Cara Hoff
	Alvin L. Cochren, Jr.
	Christopher L. Holder



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
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 financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 4, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of St. Clair County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

August 4, 2005 (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, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,080,506	3,649,475	3,530,454	1,199,527
Special Road and Bridge	239,751	1,198,365	1,171,242	266,874
Assessment	20,425	113,142	117,551	16,016
Law Enforcement Training	1,439	4,982	2,448	3,973
Prosecuting Attorney Training	2,027	1,002	0	3,029
Lake Patrol	16,277	36,614	32,525	20,366
Recorder's Maintenance	51,843	13,534	8,051	57,326
Sheriff's Commissary	14,024	19,906	20,481	13,449
Prosecuting Attorney Administrative Cost	5,505	5,945	554	10,896
Tax Maintenance	6,697	11,062	2,215	15,544
Election Services	3,621	21,054	3,100	21,575
Sheriff Drug	1,001	0	500	501
Sheriff Civil Fees	12,563	17,339	12,239	17,663
Local Emergency Planning Commission	9,157	4,859	4,734	9,282
Domestic Violence	204	394	423	175
Kaufmann Bridge	0	18,941	18,941	0
Health Center	(11,062)	898,045	931,169	(44,186)
Circuit Clerk Interest	13,927	6,992	3,722	17,197
Law Library	4,120	3,469	4,120	3,469
Sheriff's Revolving	0	3,282	0	3,282
Total	\$ 1,472,025	6,028,402	5,864,469	1,635,958

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, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 729,566	3,597,525	3,246,585	1,080,506
Special Road and Bridge	245,955	940,301	946,505	239,751
Assessment	12,456	126,057	118,088	20,425
Law Enforcement Training	3,850	5,644	8,055	1,439
Prosecuting Attorney Training	1,202	855	30	2,027
Lake Patrol	25,334	35,274	44,331	16,277
Recorder's Maintenance	56,748	18,573	23,478	51,843
Sheriff's Commissary	6,437	18,033	10,446	14,024
Prosecuting Attorney Administrative Cost	1,512	4,249	256	5,505
Tax Maintenance	134	10,492	3,929	6,697
Election Services	5,275	746	2,400	3,621
Sheriff Drug	1,001	0	0	1,001
Sheriff Civil Fees	9,004	13,668	10,109	12,563
Local Emergency Planning Commission	7,642	9,154	7,639	9,157
Domestic Violence	150	383	329	204
Black Jack Bridge	1,527	23,988	25,515	0
Health Center	7,413	924,245	942,720	(11,062)
Circuit Clerk Interest	13,537	3,964	3,574	13,927
Law Library	4,005	4,135	4,020	4,120
Total	\$ 1,132,748	5,737,286	5,398,009	1,472,025

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 FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,886,810	6,025,120	138,310	5,223,669	5,737,286	513,617
DISBURSEMENTS	6,609,421	5,864,469	744,952	5,791,575	5,398,009	393,566
RECEIPTS OVER (UNDER) DISBURSEMENTS	(722,611)	160,651	883,262	(567,906)	339,277	907,183
CASH, JANUARY 1	1,471,830	1,472,025	195	1,128,743	1,132,748	4,005
CASH, DECEMBER 31	749,219	1,632,676	883,457	560,837	1,472,025	911,188
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	318,691	321,083	2,392	318,295	315,038	(3,257)
Sales taxes	270,000	266,807	(3,193)	230,000	229,255	(745)
Intergovernmental	162,581	191,045	28,464	51,170	160,422	109,252
Charges for service:	2,512,604	2,725,296	212,692	2,401,700	2,755,455	353,755
Interest	46,000	60,447	14,447	20,000	47,176	27,176
Other	68,700	80,677	11,977	56,400	84,792	28,392
Transfers in	32,680	4,120	(28,560)	36,900	5,387	(31,513)
Total Receipts	3,411,256	3,649,475	238,219	3,114,465	3,597,525	483,060
DISBURSEMENTS						
County Commissioner	91,553	87,491	4,062	86,459	84,406	2,053
County Clerk	114,770	105,240	9,530	99,952	92,734	7,218
Elections	86,590	60,368	26,222	30,020	14,646	15,374
Buildings and grounds	212,660	44,612	168,048	105,330	41,467	63,863
County Treasurer	54,989	52,318	2,671	46,409	45,782	627
County Collector	98,925	91,897	7,028	93,603	85,668	7,935
Recorder of Deeds	68,239	61,678	6,561	64,554	57,495	7,059
Circuit Clerk	20,000	10,079	9,921	19,921	14,256	5,665
Court administration	17,119	6,371	10,748	16,725	5,028	11,697
Public Administrator	24,428	25,649	(1,221)	16,922	16,469	453
Sheriff	291,011	287,681	3,330	267,131	275,875	(8,744)
Jail	2,080,067	2,080,488	(421)	1,896,074	1,943,609	(47,535)
Prosecuting Attorney	106,222	92,980	13,242	98,173	91,108	7,065
Juvenile Officer	44,915	30,129	14,786	44,057	28,201	15,856
County Coroner	14,619	14,391	228	14,402	10,869	3,533
Public Defender	1,990	2,156	(166)	1,605	1,605	0
Emergency Management	3,000	494	2,506	3,000	397	2,603
Insurance	6,500	5,322	1,178	6,500	5,399	1,101
University Extension	36,900	36,900	0	36,048	36,048	0
Homeless Challenge	75,000	77,796	(2,796)	0	77,796	(77,796)
Emergency Shelter	5,000	20,505	(15,505)	0	5,251	(5,251)
Public health and welfare service	800	800	0	800	800	0
Debt service	265,462	265,462	0	265,465	265,462	3
Other	80,927	54,647	26,280	69,000	21,214	47,786
Transfers out	54,621	15,000	39,621	55,400	25,000	30,400
Emergency Fund	101,000	0	101,000	88,805	0	88,805
Total Disbursements	3,957,307	3,530,454	426,853	3,426,355	3,246,585	179,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(546,051)	119,021	665,072	(311,890)	350,940	662,830
CASH, JANUARY 1	1,080,506	1,080,506	0	729,566	729,566	0
CASH, DECEMBER 31	534,455	1,199,527	665,072	417,676	1,080,506	662,830

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	278,500	277,310	(1,190)	244,131	273,379	29,248
Intergovernmental	822,404	828,856	6,452	620,500	630,910	10,410
Charges for service:	7,000	8,826	1,826	3,000	7,174	4,174
Interest	16,000	16,873	873	16,000	15,315	(685)
Other	60,476	66,500	6,024	11,400	13,523	2,123
Total Receipts	1,184,380	1,198,365	13,985	895,031	940,301	45,270
DISBURSEMENTS						
Salaries	300,000	286,393	13,607	289,890	275,616	14,274
Employee fringe benefit	109,550	96,870	12,680	87,300	84,325	2,975
Supplies	86,000	88,911	(2,911)	83,700	64,363	19,337
Insurance	34,000	17,758	16,242	34,000	21,446	12,554
Road and bridge materials	147,000	65,203	81,797	155,000	119,222	35,778
Equipment repairs	30,000	46,137	(16,137)	40,000	18,177	21,823
Rentals	5,000	0	5,000	1,000	0	1,000
Equipment purchases	150,000	131,839	18,161	150,000	137,270	12,730
Construction, repair, and maintenance	285,879	254,479	31,400	53,500	44,421	9,079
CART payments to special road district	180,000	181,074	(1,074)	175,000	177,639	(2,639)
Other	6,750	2,578	4,172	6,750	4,026	2,724
Transfers out	28,560	0	28,560	33,000	0	33,000
Total Disbursements	1,362,739	1,171,242	191,497	1,109,140	946,505	162,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,359)	27,123	205,482	(214,109)	(6,204)	207,905
CASH, JANUARY 1	239,751	239,751	0	245,955	245,955	0
CASH, DECEMBER 31	61,392	266,874	205,482	31,846	239,751	207,905
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	92,840	95,258	2,418	92,916	98,697	5,781
Interest	900	1,661	761	2,050	1,101	(949)
Other	3,850	1,223	(2,627)	2,700	1,259	(1,441)
Transfers in	54,621	15,000	(39,621)	55,400	25,000	(30,400)
Total Receipts	152,211	113,142	(39,069)	153,066	126,057	(27,009)
DISBURSEMENTS						
Assessor	155,384	117,551	37,833	152,211	118,088	34,123
Total Disbursements	155,384	117,551	37,833	152,211	118,088	34,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,173)	(4,409)	(1,236)	855	7,969	7,114
CASH, JANUARY 1	20,425	20,425	0	12,456	12,456	0
CASH, DECEMBER 31	17,252	16,016	(1,236)	13,311	20,425	7,114

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,571	571	1,000	1,294	294
Charges for services	3,000	3,294	294	3,000	3,032	32
Interest	100	117	17	200	118	(82)
Transfers in	0	0	0	0	1,200	1,200
Total Receipts	4,100	4,982	882	4,200	5,644	1,444
DISBURSEMENTS						
Sheriff	5,000	2,448	2,552	8,000	8,055	(55)
Total Disbursements	5,000	2,448	2,552	8,000	8,055	(55)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	2,534	3,434	(3,800)	(2,411)	1,389
CASH, JANUARY 1	1,439	1,439	0	3,850	3,850	0
CASH, DECEMBER 31	539	3,973	3,434	50	1,439	1,389
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	800	886	86	800	778	(22)
Interest	80	116	36	0	77	77
Total Receipts	880	1,002	122	800	855	55
DISBURSEMENTS						
Prosecuting Attorney	1,800	0	1,800	1,800	30	1,770
Total Disbursements	1,800	0	1,800	1,800	30	1,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(920)	1,002	1,922	(1,000)	825	1,825
CASH, JANUARY 1	2,027	2,027	0	1,202	1,202	0
CASH, DECEMBER 31	1,107	3,029	1,922	202	2,027	1,825
<u>LAKE PATROL FUND</u>						
RECEIPTS						
Intergovernmental	37,000	36,165	(835)	36,324	34,766	(1,558)
Interest	1,000	449	(551)	0	508	508
Total Receipts	38,000	36,614	(1,386)	36,324	35,274	(1,050)
DISBURSEMENTS						
Salaries and fringe benefit:	23,738	21,671	2,067	21,336	20,096	1,240
Office expenditure:	1,000	17	983	1,000	746	254
Equipment	10,500	9,396	1,104	22,000	22,277	(277)
Mileage and training	500	500	0	500	0	500
Other	3,000	941	2,059	3,000	1,212	1,788
Total Disbursements	38,738	32,525	6,213	47,836	44,331	3,505
RECEIPTS OVER (UNDER) DISBURSEMENTS	(738)	4,089	4,827	(11,512)	(9,057)	2,455
CASH, JANUARY 1	16,277	16,277	0	25,334	25,334	0
CASH, DECEMBER 31	15,539	20,366	4,827	13,822	16,277	2,455

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S MAINTENANCE FUND</u>						
RECEIPTS						
Intergovernmental	3,498	3,498	0	6,423	6,423	0
Charges for service:	8,200	7,444	(756)	7,500	9,554	2,054
Interest	1,500	2,592	1,092	1,300	2,596	1,296
Total Receipts	13,198	13,534	336	15,223	18,573	3,350
DISBURSEMENTS						
Recorder of Deeds	16,075	8,051	8,024	27,262	23,478	3,784
Total Disbursements	16,075	8,051	8,024	27,262	23,478	3,784
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,877)	5,483	8,360	(12,039)	(4,905)	7,134
CASH, JANUARY 1	51,843	51,843	0	56,748	56,748	0
CASH, DECEMBER 31	48,966	57,326	8,360	44,709	51,843	7,134
<u>SHERIFF'S COMMISSARY FUND</u>						
RECEIPTS						
Charges for service:	14,000	19,222	5,222	6,000	17,627	11,627
Interest	0	684	684	0	406	406
Total Receipts	14,000	19,906	5,906	6,000	18,033	12,033
DISBURSEMENTS						
Sheriff	20,000	20,481	(481)	6,000	10,446	(4,446)
Total Disbursements	20,000	20,481	(481)	6,000	10,446	(4,446)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,000)	(575)	5,425	0	7,587	7,587
CASH, JANUARY 1	14,024	14,024	0	6,437	6,437	0
CASH, DECEMBER 31	8,024	13,449	5,425	6,437	14,024	7,587
<u>PROSECUTING ATTORNEY ADMINISTRATIVE COST FUND</u>						
RECEIPTS						
Charges for service:	4,050	5,568	1,518	5,000	4,050	(950)
Interest	200	377	177	0	199	199
Total Receipts	4,250	5,945	1,695	5,000	4,249	(751)
DISBURSEMENTS						
Prosecuting Attorney	5,000	554	4,446	5,000	256	4,744
Total Disbursements	5,000	554	4,446	5,000	256	4,744
RECEIPTS OVER (UNDER) DISBURSEMENTS	(750)	5,391	6,141	0	3,993	3,993
CASH, JANUARY 1	5,505	5,505	0	1,512	1,512	0
CASH, DECEMBER 31	4,755	10,896	6,141	1,512	5,505	3,993

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	10,000	10,462	462	4,000	10,171	6,171
Interest	200	600	400	25	321	296
Total Receipts	10,200	11,062	862	4,025	10,492	6,467
DISBURSEMENTS						
County Collector	10,200	2,215	7,985	4,025	3,929	96
Total Disbursements	10,200	2,215	7,985	4,025	3,929	96
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	8,847	8,847	0	6,563	6,563
CASH, JANUARY 1	6,697	6,697	0	134	134	0
CASH, DECEMBER 31	6,697	15,544	8,847	134	6,697	6,563
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	21,844	20,779	(1,065)	2,000	530	(1,470)
Interest	150	275	125	150	216	66
Total Receipts	21,994	21,054	(940)	2,150	746	(1,404)
DISBURSEMENTS						
County Clerk	7,500	3,100	4,400	7,200	2,400	4,800
Total Disbursements	7,500	3,100	4,400	7,200	2,400	4,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,494	17,954	3,460	(5,050)	(1,654)	3,396
CASH, JANUARY 1	3,621	3,621	0	5,275	5,275	0
CASH, DECEMBER 31	18,115	21,575	3,460	225	3,621	3,396
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Transfers in	2,000	0	(2,000)	0	0	0
Total Receipts	2,000	0	(2,000)	0	0	0
DISBURSEMENTS						
Sheriff	2,500	500	2,000	0	0	0
Total Disbursements	2,500	500	2,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0	0	0	0
CASH, JANUARY 1	1,001	1,001	0	1,001	1,001	0
CASH, DECEMBER 31	501	501	0	1,001	1,001	0
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	10,000	16,517	6,517	10,000	13,155	3,155
Interest	0	822	822	0	513	513
Total Receipts	10,000	17,339	7,339	10,000	13,668	3,668
DISBURSEMENTS						
Sheriff	15,000	12,239	2,761	10,000	8,909	1,091
Transfers out	0	0	0	0	1,200	(1,200)
Total Disbursements	15,000	12,239	2,761	10,000	10,109	(109)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	5,100	10,100	0	3,559	3,559
CASH, JANUARY 1	12,563	12,563	0	9,004	9,004	0
CASH, DECEMBER 31	7,563	17,663	10,100	9,004	12,563	3,559

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,200	4,430	2,230	4,000	8,822	4,822
Interest	0	429	429	0	332	332
Total Receipts	2,200	4,859	2,659	4,000	9,154	5,154
DISBURSEMENTS						
Office expenditure:	4,080	4,380	(300)	4,080	6,475	(2,395)
Mileage and training	3,000	354	2,646	3,000	1,164	1,836
Total Disbursements	7,080	4,734	2,346	7,080	7,639	(559)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,880)	125	5,005	(3,080)	1,515	4,595
CASH, JANUARY 1	9,157	9,157	0	7,642	7,642	0
CASH, DECEMBER 31	4,277	9,282	5,005	4,562	9,157	4,595
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	100	394	294	330	383	53
Total Receipts	100	394	294	330	383	53
DISBURSEMENTS						
Domestic violence shelte	100	423	(323)	330	329	1
Total Disbursements	100	423	(323)	330	329	1
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(29)	(29)	0	54	54
CASH, JANUARY 1	204	204	0	150	150	0
CASH, DECEMBER 31	204	175	(29)	150	204	54
<u>BLACK JACK BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental				0	23,988	23,988
Total Receipts				0	23,988	23,988
DISBURSEMENTS						
Engineering				0	24,109	(24,109)
Miscellaneous				0	9	(9)
Transfers out				0	1,397	(1,397)
Total Disbursements				0	25,515	(25,515)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	(1,527)	(1,527)
CASH, JANUARY 1				1,527	1,527	0
CASH, DECEMBER 31				1,527	0	(1,527)
<u>KAUFFMAN BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	18,941	18,941	0			
Total Receipts	18,941	18,941	0			
DISBURSEMENTS						
Engineering	18,941	18,941	0			
Total Disbursements	18,941	18,941	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	172,000	168,160	(3,840)	158,000	166,564	8,564
Intergovernmental	116,200	124,261	8,061	125,700	124,292	(1,408)
Charges for service:	544,000	421,847	(122,153)	526,350	466,325	(60,025)
Interest	1,000	279	(721)	1,000	550	(450)
Tax anticipation note	136,000	150,000	14,000	140,000	133,370	(6,630)
Credit card cash advance	0	7,000	7,000	5,500	16,900	11,400
Other	21,800	26,498	4,698	11,000	16,244	5,244
Total Receipts	991,000	898,045	(92,955)	967,550	924,245	(43,305)
DISBURSEMENTS						
Salaries	590,200	524,805	65,395	510,431	581,664	(71,233)
Office expenditures	27,500	28,863	(1,363)	43,000	26,934	16,066
Equipment	15,700	4,029	11,671	36,500	12,839	23,661
Mileage and training	19,000	18,015	985	17,475	17,859	(384)
Tax anticipation note - including interest	130,000	161,456	(31,456)	140,000	144,162	(4,162)
Credit card cash advance - including interest	17,000	4,372	12,628	0	24,796	(24,796)
IRS back payments	38,000	50,700	(12,700)	15,000	9,000	6,000
Program costs	117,600	100,428	17,172	159,525	115,843	43,682
Other	24,000	38,501	(14,501)	45,250	9,623	35,627
Total Disbursements	979,000	931,169	47,831	967,181	942,720	24,461
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,000	(33,124)	(45,124)	369	(18,475)	(18,844)
CASH, JANUARY 1	(11,201)	(11,062)	139	7,413	7,413	0
CASH, DECEMBER 31	799	(44,186)	(44,985)	7,782	(11,062)	(18,844)
CIRCUIT CLERK INTEREST FUND						
RECEIPTS						
Interest	3,500	6,992	3,492	1,500	3,964	2,464
Total Receipts	3,500	6,992	3,492	1,500	3,964	2,464
DISBURSEMENTS						
Circuit Clerk	7,000	3,722	3,278	8,150	3,574	4,576
Total Disbursements	7,000	3,722	3,278	8,150	3,574	4,576
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	3,270	6,770	(6,650)	390	7,040
CASH, JANUARY 1	13,871	13,927	56	13,537	13,537	0
CASH, DECEMBER 31	10,371	17,197	6,826	6,887	13,927	7,040

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	4,600	3,415	(1,185)	3,900	4,057	157
Interest	0	54	54	105	78	(27)
Total Receipts	<u>4,600</u>	<u>3,469</u>	<u>(1,131)</u>	<u>4,005</u>	<u>4,135</u>	<u>130</u>
DISBURSEMENTS						
Law library	57	0	57	0	30	(30)
Transfers out	0	4,120	(4,120)	4,005	3,990	15
Total Disbursements	<u>57</u>	<u>4,120</u>	<u>(4,063)</u>	<u>4,005</u>	<u>4,020</u>	<u>(15)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,543	(651)	(5,194)	0	115	115
CASH, JANUARY 1	4,120	4,120	0	0	4,005	4,005
CASH, DECEMBER 31	<u>8,663</u>	<u>3,469</u>	<u>(5,194)</u>	<u>0</u>	<u>4,120</u>	<u>4,120</u>

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 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 States of America. Those principles 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 a formal budget for the Sheriff's Revolving Fund for the year ended December 31, 2004.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2003
Sheriff's Commissary Fund	2004 and 2003
Sheriff Civil Fees Fund	2003
Local Emergency Planning Commission Fund	2003
Domestic Violence Fund	2004
Black Jack Bridge Fund	2003
Law Library Fund	2004 and 2003

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.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Tax Maintenance Fund	2003
Sheriff Drug Fund	2003
Domestic Violence Fund	2003
Law Library Fund	2003
Sheriff's Revolving Fund	2004

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 depository 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, 2004 and 2003, were entirely covered by federal depository 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, 2004 and 2003, were entirely covered by federal depository insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Prior Period Adjustments

The Special Road and Bridge Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$1,527 to reflect the balance of the Black Jack Bridge Fund, which is now reported separately.

The Tax Maintenance Fund's cash balance at January 1, 2003, as previously stated has been increased by \$134 to reflect the cash balance per the County Treasurer.

The Sheriff's Commissary Fund's cash balance of \$6,437 at January 1, 2003, was not previously reported but has been added.

4. Subsequent Event

In February 2005, the Health Center entered into a twenty year lease agreement with a not-for-profit (NFP). The terms of the agreement called for the NFP to obtain a USDA guaranteed bank loan of \$180,000 to be used to purchase the health center building from the Health Center Board. The agreement also required the NFP to lease the health center building back to the Health Center Board for payments totaling the principal and interest due on the twenty year loan and any operating costs incurred.

Schedule

ST. CLAIR COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

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

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*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by St. Clair County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-01. Payroll Tax Withholdings

The Health Center did not remit payroll tax withholdings totaling \$52,228 to the State of Missouri or federal government as required by state and federal regulations.

Recommendation:

All tax withholdings be remitted in accordance with state and federal regulations.

Status:

Not implemented. Similar problems were noted in the current audit. While the Health Center had paid the \$52,228 plus penalties and interest to the IRS by February 2004, they did not remit approximately \$28,000 due in payroll taxes for the fourth quarter of 2004 until February 2005. See Management Advisory Report finding number 1.

02-02. Internal Control Over Financial Reporting

Because of a limited number of available personnel, it was not always possible to adequately segregate certain incompatible duties so that no one employee had access to both physical assets and the related accounting records, or to all phases of a transaction.

Recommendation:

The prior independent auditor indicated they realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, their professional standards require that they bring this lack of segregation of duties to the county's attention in the report.

Status:

The County Clerk's office prepares disbursement checks for county funds and has a system in place to reconcile disbursements and fund balances with the County Treasurer's records on a monthly basis.

02-03. Cash Reconciliations

The Health Center did not perform cash reconciliations of bank accounts to the general ledger.

Recommendation:

All accounts be reconciled to the general ledger in a timely manner.

Status:

Implemented. The current Health Center Administrator starting doing this reconciliation in June 2004.

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 financial statements of various funds of St. Clair County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 4, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

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.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of St. Clair County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Health Center's Financial Condition**

As similarly noted in prior audit reports, the financial condition of the Health Center remains weak. Health Center disbursements have exceeded receipts for three of the four years ended December 31, 2004. As a result, the Health Center's financial condition has continued to decline over the past several years. As of December 31, 2004 and 2003 the Health Center had a negative cash balance. The following table shows receipts, disbursements, and ending cash balances for the four years ended December 31, 2004:

		2004	2003	2002	2001
Cash Balance, January 1,	\$	(11,062)	7,413	15,013	10,717
Receipts		898,045	924,245	898,133	845,593
Disbursements		931,169	942,720	905,733	841,297
Cash Balance, December 31,	\$	<u>(44,186)</u>	<u>(11,062)</u>	7,413	15,013

In addition, the Health Center had the following liabilities at December 31, 2004:

Tax anticipation note (TAN)	\$	127,290
Accounts payable *		72,261
Medicare paybacks		9,636
Physician services		20,000
Payroll taxes payable (4th quarter – taxes only)		28,001
Credit card cash advance		19,237
	\$	<u>276,425</u>

* Includes \$7,796 in Accounts Payable that was approximately four years old.

Because of its poor financial condition and cash flow, the Health Center has had significant problems paying its bills on time. For example, the Health Center made payments to the Internal Revenue Service (IRS) totaling \$59,700 during the two years ended December 31, 2004 for taxes and penalties relating to 2001. The Health Center again fell behind making their payroll tax distributions to the IRS during the third quarter of 2004 and the distributions for the fourth quarter of 2004 were not made until February 2005. The Health Center had to pay interest and penalties of \$4,568 as a result of the above late payments. The Health Center has also incurred additional interest charges on the other outstanding bills noted in the table above and more than one medical supply company started requiring the Health Center to pay cash on delivery.

In addition, the Health Center also used cash advances taken by the former Health Center Administrator on her personal credit card of \$7,000 in 2004, \$16,900 in 2003, and \$18,500 in 2002. The Health Center made the final payment on these cash advances in February 2005, paying total interest charges of \$10,036. The cash advances were used to provide cash

flow to pay for current operating expenses, specifically payroll. While the board approved the cash advances in 2002, and approved the 2003 transactions after the fact, the board did not approve the 2004 cash advance.

The Health Center has routinely used TAN proceeds to fund normal operating expenses, including payroll. TANs are a form of short-term loan intended to be repaid with property tax receipts later in the year. Without the use of the TAN proceeds, the Health Center would likely have been unable to operate. The following schedule shows the TAN balances and the payments of principal and interest over the last four years:

		2004	2003	2002	2001
Beginning Balance TAN	\$	133,370	140,000	85,000	115,000
TAN proceeds		150,000	133,370	140,000	85,000
TAN payments - principal		156,080	140,000	85,000	115,000
- interest		5,376	4,162	4,976	3,686
		161,456	144,162	89,976	118,686
Ending Balance TAN	\$	127,290	133,370	140,000	85,000

During January 2005 the Health Center paid off the prior outstanding TANs and obtained a new TAN of \$50,000.

The Health Center consolidated and paid off the above items and other outstanding liabilities in February 2005 through a financing arrangement guaranteed by the U.S. Department of Agriculture. A not-for-profit (NFP) was formed for the purpose of assisting the Health Center. The boards of the Health Center and NFP are interlocking, with the members of the Health Center board serving on the NFP board also. Under the arrangement, the NFP obtained a twenty-year \$180,000 loan from a local bank, guaranteed by the U.S. Department of Agriculture. The loan proceeds were used to purchase the Health Center's Osceola building from the Health Center's Board of Trustees, thereby providing funds for the Health Center to pay off outstanding liabilities. The Health Center concurrently entered into a twenty-year lease-purchase arrangement under which the Health Center is leasing its former building back from the NFP and making monthly payments of \$1,679. The monthly payments are then being used by the NFP to repay the guaranteed loan and fund required reserve accounts.

While this financing arrangement has allowed the Health Center to pay off prior liabilities, such long term financing is usually reserved for capital improvements, rather than immediate cash flow problems. The Health Center has basically refinanced its building for a period of twenty years to provide cash to pay ongoing and accumulated operating expenses. Based on terms of the loan, this financing arrangement could cost the Health Center approximately

\$156,000 in interest payments over the life of the loan assuming the interest rate remains the same. The interest rate is currently 6.75 percent and can fluctuate after the first five years. While the Health Center indicated that their intent is to pay off the loan as soon as possible, there are no written plans and no documentation of any projections made to see when this would be feasible.

Some of the steps taken to cut costs by the Health Center have been to reduce employees' work weeks to 32 hours, beginning in December 2004, and to shut down its Appleton City office in August 2004. The Health Center sold the Appleton City building in August 2005 for \$10,000.

The Board of Trustees should review discretionary disbursements to ensure efficient use of resources available to the Health Center and ensure receipts from all sources are maximized. In addition, the board 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 following MAR, if implemented, will help establish these controls and procedures.

WE AGAIN RECOMMEND the Health Center Board of Trustees take the necessary steps to improve the financial condition of the Health Center and develop a plan to pay off the loan as soon as possible, seek additional revenue sources, and reduce operating costs to maintain a balance sufficient to service operations. In addition, ensure that disbursements are made timely to avoid accruing interest and penalties on late payments.

AUDITEE'S RESPONSE

The Chairperson of the Health Center Board of Trustees provided the following response:

The Health Center Board of Trustees now has a plan that will retire the debt of the not-for-profit corporation no later than three years from the date the debt was incurred.

The 2005 tax receipts anticipated, approximately \$170,000 per calendar year, will retire the \$50,000 tax anticipation loan incurred immediately preceding the completion of negotiations for the USDA guaranteed loan. The \$50,000 relieved the Health Center of any debt except for the loan guaranteed by the USDA. The balance of the tax receipts (approximately \$100,000) will be placed in an interest bearing Certificate of Deposit.

The Health Center will operate in a manner that results in no increased debt. Those departments within the Health Center that fail to create an income sufficient to meet expenses will be reviewed with an eye toward reducing staff; streamlining operations; decreasing expenses; and/or reallocating resources.

The roof of the Health Center building, furnace and air conditioning system, etc. may very well require repair and replacement, thus part of the reserve may necessarily be utilized to meet those needs. However, the tax receipts anticipated for 2006 will be available to place in reserve and, along with that of 2007, used to retire the USDA guaranteed loan.

Health Center procedures related to budgets, receipt slips, deposits, capital assets, and write-offs of accounts receivable are in need of improvement. Invoices were not always noted as paid or otherwise canceled upon payment and acknowledgement of receipt of goods or services is not required. In addition, the Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes nor are minutes being maintained for closed meetings.

- A. Budgets prepared by the Health Center were not accurate and complete. During 2003 and 2004, actual receipts and disbursements were not correctly stated. Receipts were overstated by approximately \$61,000 for 2003 and understated by \$37,000 for 2004. Disbursements were overstated by approximately \$27,000 in 2003 and \$49,000 in 2004. The errors were caused by the actual per budget numbers being obtained from the Health Center's computer financial reports, which included non-cash transactions.

The Board of Trustees did not adequately review the budgets to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors. In addition, a periodic comparison of budgeted versus actual receipts and disbursements is not performed. Instead, the Health Center Administrator stated that they monitor the bank balance to ensure that they can pay the bills month to month. If the bank balance is insufficient, the Health Center Administrator will hold checks that have been issued and not distribute them until there are sufficient funds in the bank account.

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 tool and as a control over expenditures. A periodic comparison of budgeted versus actual receipts and disbursements is necessary to properly monitor the Health Center's financial condition.

- B. Our review of cash controls revealed the following:
1. Receipt slips are not issued for some monies received. Receipt slips are only issued to patients who pay in person. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slip should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits.

2. Monies received are not always deposited intact and are not deposited in a timely manner. For example, 10 receipts totaling \$350 were received on October 9 and 10, 2003 and not deposited until October 14, 2003. Also, checks and money orders are not restrictively endorsed immediately upon receipt. In addition, the current Health Center Administrator would substitute a personal check for cash receipts to maintain a personal change fund for Health Center patients. Untimely deposits and the commingling of personal monies with official monies, combined with the lack of receipt slips for some monies, as noted above, lessens the assurance that all monies received have been accounted for properly.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Invoices were not always noted as paid or otherwise canceled upon payment. The possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To help ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the county.
- D. The Health Center Board does not review and approve individual invoices and a supplementary listing of all disbursements approved for payment is not prepared to accompany the minutes. Although there is an occasional reference to a specific disbursement being approved for payment, the board minutes usually only make a general reference that disbursements are approved for payment. Expenditures made from Health Center funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the Health Center. 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 prior to the checks being issued, and retained with the official minutes.
- E. The Health Center does not require acknowledgment of receipt of goods or services to be 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. The Health Center Board does not adequately review or approve write offs of accounts receivable. When the Health Center receives a remittance from a contracted insurance company, Medicare or Medicaid indicating the amount being paid and the amount to be written off due to contractual discounts or program payment limits, the billing clerks post the payments and write off the remaining balance without board approval. In addition, when the Health Center has an accounts receivable that the Administrator determines most likely would not be collected, she instructs the billing clerks to write off the balance, without board approval. The

Health Center Board should review and document approval of all write offs of accounts receivable to ensure these actions are proper.

- G. The Health Center has not established formal policies and procedures for capital assets, including procedures to update property records, and number, tag or otherwise identify property items. Also, annual physical inventories have not been performed. While a list of some assets is maintained, the listing has not been updated since 1996 and does not include an adequate description of each property item including purchase price or value. Written authorization is not obtained from the Health Center Board for the disposition of capital assets.

Adequate capital assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure capital asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets. Further, the Health Center needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the capital asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the Health Center.

- H. Minutes are not being maintained for closed meetings. In addition, the open meeting minutes do not always document the specific reason for closing the meeting and the actions taken by the board in closed meetings. Section 610.020, RSMo was amended in August 2004 to require minutes to be maintained for closed meetings. Section 610.022, RSMo, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session.

Conditions A – E were noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure that the budget is prepared accurately to reflect the financial activity of the health center and a comparison of budgeted and actual receipts and disbursements to date be presented each month.
- B.1. Require that prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips account for properly. In addition, the method of payment should be recorded on the receipt slips and the composition of receipt slips should be reconciled to deposits.
 - 2. Deposit all monies intact daily or when accumulated receipts exceed \$100, restrictively endorse checks and money orders immediately upon receipt, and if a change fund is needed, maintain it on an imprest basis.
- C. Ensure invoices are properly canceled upon payment.

- 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. Ensure all invoices contain an indication of receipt of goods or services.
- F. Establish procedures for the Board to review and approve all write offs of accounts receivables.
- G. Maintain property records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property items should be performed periodically and all capital asset purchases and additions should be recorded as they occur. In addition, capital asset purchases should be reconciled to additions on the inventory records. Formal procedures should be established related to the handling and approval of capital asset dispositions.
- H. Ensure minutes are prepared, approved, and retained for all closed meetings and that the open board minutes document the reasons for closing the meeting. Publicly disclose the final disposition of applicable matters discussed in closed session.

AUDITEE'S RESPONSE

The Chairperson of the Health Center Board of Trustees provided the following responses:

- A. *The budget will be prepared to accurately reflect the financial activity of the Health Center and a comparison of budgeted and actual receipts and disbursements to date will be presented to the Board of Trustees each month.*
- B. *During the audit, the recommendation concerning receipt slips was made and immediately implemented. The new receipt slips reflect the method of payment, i.e. cash or check, and the receipts are reconciled to deposits. Deposits are now made daily or when accumulated receipts exceed \$100; checks or money orders are now endorsed upon receipt. A change fund is needed and is now being maintained in the manner recommended.*
- C. *Invoices are now properly cancelled upon payment.*
- D. *The Board now approves all expenditures of Health Center funds. Approved disbursements are listed and included in Board meeting minutes.*
- E. *All invoices now contain a notation of receipt of goods or services.*
- F. *The Board will establish a procedure whereby write-offs of Medicare and Medicaid charges are provided for their review and edification. We anticipate no other types of write-offs being necessary in the future.*

- G. *A physical inventory of all property has now been accomplished. The Administrator is currently researching old files in order to obtain purchase dates and amounts of items. Procedures will be established to ensure any capital asset purchases are included in the inventory records. Disposition procedures of capital assets will be prepared and followed.*
- H. *Minutes of closed meetings are now being prepared and the open meeting minutes document the reasons for closing the meeting. The results of the closed meeting and final disposition of applicable matters will be publicly disclosed.*

3. Prosecuting Attorney's Records and Procedures

Procedures for segregation of duties, issuing receipt slips, and preparing monthly reports have not been established. Other controls and procedures regarding the timely processing and the subsequent disposition of bad check complaints have not been established.

The Prosecuting Attorney received bad check related restitution and fees totaling approximately \$34,000 and \$21,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Accounting duties are not adequately segregated. Currently, all accounting duties, including receiving and recording bad check complaints and payments, transmitting monies, and preparing and processing all correspondence, are primarily performed by one secretary with no documented independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of transmitting monies. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting records, compare monies received with transmittals, and ensure recorded dispositions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Receipt slips are not issued for monies received. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received, and the numerical sequence should be accounted for properly. In addition, to ensure all receipts are transmitted to the proper party, the receipt slips should be reconciled to the transmittals to the County Treasurer and merchants.
- C. The Prosecuting Attorney does not prepare monthly reports of bad check fees collected. Section 50.370, RSMo, requires county officials to prepare and file with the County Commission monthly reports of fees collected.
- D. 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. Currently, St. Clair County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. While the complaint form information is entered into a computer file, the lack of a sequential complaint control number lessens the ability to account for bad check complaint forms or to ensure all bad check complaint forms are entered on the computer system for processing.

In addition, unpaid bad checks were not always filed with the court in a timely manner. Of the 24 bad check complaints we reviewed, we found 20 which had not been paid. Of these 20, we found 15 in which charges had not been filed with the court as of August 1, 2005 even though the ten-day letters had been sent at least two to ten months prior to that date. In the five cases where charges were filed with the court, only one was filed timely. For example, the Prosecuting Attorney issued a letter on December 9, 2004 giving the bad check writer ten days to repay a bad check filed with the office on November 15, 2004 but did not file charges against the bad check writer until April 20, 2005.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition. In addition, procedures should be established to ensure bad check complaints are filed in a timely manner with the court.

- E. The money orders received for restitution of bad checks are forwarded directly to the vendor. The Prosecuting Attorney does not obtain documentation from the merchant to document their receipt of the restitution. In addition, copies of the money orders were not always made for the case file. We contacted nine merchants in an effort to confirm specific payments had been transmitted as noted in the Prosecuting Attorney's records. Two of the merchants did not have any record of receiving the specific restitution payments. Also, while reviewing the individual case files, we found a money order payable to a merchant dated October 11, 2003 which had never been forwarded.

To reduce the risk of loss, theft or misuse of funds, the Prosecuting Attorney should receive documentation for all restitution monies forwarded to merchants or should issue the payments by official check after depositing restitution monies in an official bank account.

Conditions A – D were noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips. In addition, the receipt slips should be reconciled to transmittals to the County Treasurer and merchants.
- C. Prepare monthly reports of bad check fees collected.
- D. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office. In addition, establish procedures to adequately follow-up on bad check complaints received and file applicable complaints with the Circuit Clerk in a timely manner.
- E. Obtain documentation from the vendor when the restitution is turned over to them or issue restitution payments to vendors by official check.

AUDITEE'S RESPONSE

- A. *There is one full time staff member, therefore, segregating accounting duties is not optional as there is no funding for additional staff. We do not accept cash money or checks, we ONLY accept money orders made payable to the parties due payment.*

We now prepare a report (report is generated by the Dennis Jones bad check program) for MOPS turn over to the County Treasurer with names, dates and amount to assist in verifying accountability of the money orders.

- B. *The bad check program generates a receipt number automatically for each payment. Copies of each money order are placed in the file.*

We keep a book with a copy of the letters to each recipient showing the date, name, date of payment, amount of payment and date of each bad check that we have collected for that recipient and date mailed to the recipient.

- C. *A report is generated monthly by the Dennis Jones bad check program showing the bad check fees collected. Account information is available to the County Commission at any time it is requested. Additionally, it is not clear that RSMo. 50.370 applies.*

- D. *All bad checks were timely filed within the statute of limitations, but not withstanding, the Dennis Jones bad check program enables this office to run reports for timely filing for complaints that have not been paid within the required time frame. Additionally, a hand written ledger showing the name, date and number of bad checks for each person to which a letter is mailed is checked weekly to avoid time deadlines for filing complaints.*

E. *Each money order is copied and included in every file.*

One merchant was contacted and verified the specific restitution had been received after the date your office contacted them. The other merchant has not been reached by telephone; therefore, a certified letter will be mailed to this merchant requesting verification of the specific restitution.

A copy of the letter to each merchant/individual is kept in a book showing what was sent to each, date mailed etc. which is then verified by the money orders corresponding to each letter.

4.

Sheriff's Records and Procedures

Accounting duties are not adequately segregated, the composition of receipts is not compared to the composition of deposits and receipts are not always deposited timely or intact. Controls and procedures over preparing monthly listings of open items (liabilities) and billing for prisoner board are not adequate. The Sheriff's Department does not bid food for the jail.

The Sheriff's Department received monies for boarding of prisoners, civil and criminal process fees, gun permits, bonds, and other miscellaneous receipts totaling approximately \$360,000 and \$245,000 during the years ended December 31, 2004 and 2003, respectively. The Sheriff is also responsible for seized property and providing meals to county prisoners. The Sheriff also maintains a separate inmate checking account to handle personal inmate monies and operate a commissary for inmates. The Sheriff's Department handled inmate account receipts of approximately \$199,000 and \$207,000 during the years ended December 31, 2004 and 2003, respectively.

A. Accounting duties are not adequately segregated. One clerk maintains the fee account and another clerk maintains the inmate account. Each clerk is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records for the account which each maintains. The Sheriff indicated that he reviews the bank reconciliations on a quarterly basis; however, he does not document his reviews. 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. The composition (cash, check, and money order) of receipt slips is not compared to the composition of deposits for either the fee account or the inmate account. For three of 32 deposits reviewed, the composition of the deposits did not agree to the composition of receipt slips. There were two instances in which the receipt slips

indicated one method of payment and the deposit slip and deposit information from the bank showed a different method of payment. The other instance was a payment made partially in cash and partially by money order but the amount received in each type was not noted on the receipt slip. To adequately safeguard against loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of bank deposits.

- C. Receipts are not always deposited intact on a timely basis. A cash count performed on May 19, 2005 showed over 3 days of undeposited inmate account receipts, totaling approximately \$1,300 including approximately \$500 in cash. Our review of deposits indicates that they normally average approximately 40% cash. Separate deposit slips were prepared for each day's receipts but they were all taken to the bank on the same date. In addition, receipt slips are issued when service fees for garnishments are received; however, the monies are not deposited until the garnishment is ready to be served which was, in one instance, over two months later. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- D. Upon incarceration, any monies in the custody of an inmate are deposited into the Inmate Fund bank account. This account is also used to operate a commissary for inmates. Records are maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available account balance. When an inmate purchases commissary items or prepaid phone cards, the purchase amount is deducted from that inmate's account balance. Vendor invoices for commissary items and prepaid phone cards are paid from this bank account. Commissions from the sale of commissary items and prepaid phone cards are paid to the County Treasurer periodically for deposit into the General Revenue Fund and the Sheriff's Commissary Fund.

Monthly listings of open items (liabilities) are not reconciled to the checkbook balance. Included within the balance of the Sheriff's inmate checking account are commissions earned on sales not yet turned over to the County Treasurer, monies due the commissary vendor for purchases, and the total of the individual inmate balances. The individual inmate account balances are maintained on computer system, but the clerk indicated that she does not normally print a summary open items listing of the individual account balances. At our request, the Sheriff's Department prepared a listing of individual inmate account balances as of December 31, 2004. The reconciled bank account balance of \$6,237 exceeded the total amount on the listing by approximately \$764. There are a number of reconciling items that this does not take into consideration.

- Old outstanding inmate refund checks are periodically added back to the checkbook balance total but not to the individual inmate account balances on the computer; nor is a running balance of such items maintained for reconciliation purposes.

- Invoices for prepaid telephone cards are paid from the inmate bank account. The cost of a phone card is then taken from the individual inmate's account balance when an inmate buys a phone card. The clerk does not keep an inventory of these cards and does not know how many were still on hand as of December 31, 2004. A thousand cards had been purchased for \$7,000 during the first week of December 2004.
- Commissions from the sale of phone cards and commissary items are periodically paid over to the County Treasurer. The clerk keeps track of these transactions in a commissary ledger. Our review of this ledger revealed there were no entries for September 2004 for either phone cards or commissary sales. The confirmation we received from the phone company indicates that the Sheriff's Department purchased phone cards in September 2004 and there would have been \$3,000 in commissions in the account once all the cards had been purchased by inmates. Because of the missing entries, these commissions were not turned over to the county. In addition, we noted the Sheriff's Department made duplicate payments totaling \$2,812 to the phone company for two invoices. Commissions of \$1,200 related to the two invoices were also turned over to the County Treasurer twice. A combination of these items contributes to the difference between the checkbook balance and the monthly open items.

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. A running inventory (perpetual inventory) should be maintained of the prepaid telephone cards. Loss, misuse, or theft of the telephone cards may go undetected without adequate inventory records. In addition, a physical inventory count should be made periodically and reconciled to the inventory balances.

- E. The Sheriff's Department houses prisoners for other entities (primarily the federal government and counties) in the county jail and bills for these services. Our review of these billings indicated the following areas where improvements are needed:
1. The county houses prisoners for various political subdivisions but only has a written contract with the United States Department of Justice. During 2004 and 2003, the county received approximately \$42,000 and \$83,000, respectively, in prisoner board payments from other political subdivisions without having written contracts with those entities.

Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

2. At the end of each month, an employee in the Sheriff's Department prepares the bills for the various agencies. A copy of the billing is put in a file of unpaid billings. When payment is received, the billing is put in a file of all payments received during the month. The Sheriff has not established procedures for follow up collection efforts for unpaid prisoner board payments and there appeared to be no follow up on bills that were not paid after the first billing. This may have resulted from incomplete documentation being included on the billing files. Bills written off because the other entity refused to pay or that will remain uncollected for other reasons were not indicated on the files. In addition, when we reviewed the billings for April 2005 in July 2005, the billing had not yet been sent out to the only county being billed for that month.

To adequately account for all prisoner board billings due and to maximize county revenues, adequate summary records of amounts due should be maintained. In addition, the Sheriff should establish written procedures for monitoring and collecting delinquent billings. Such procedures should consist of periodically identifying billings with past due balances and following up on the payment status of these billings.

- F. During the two years ended December 31, 2004 and 2003, the county spent approximately \$171,000 and \$157,000, respectively, on food costs for the jail. The county did not solicit bids for food purchased for the jail. The county utilized two main suppliers for these food purchases. While the Sheriff's Department personnel indicated that price lists were obtained from the vendors every few months, no documentation was maintained. In addition, the decision of which vendor to use for specific items was made at the time the price lists were obtained every few months, although the prices may have changed in the meantime when the actual purchases were made. The invoice prices were also not agreed to the price lists on which the purchase decision had been made.

Section 50.660, RSMo, 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.

Various approaches for soliciting bids for food purchases are appropriate. Whichever approach is used, complete documentation of bids should always be retained as evidence of the Sheriff's established purchasing procedures, as well as compliance with statutory requirements.

Conditions A – D and F were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Reconcile the composition of receipt slips to the composition of bank deposits.
- C. Deposit all monies intact daily or when receipts exceed \$100.
- D. 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. Ensure perpetual inventory records are maintained for phone cards and are periodically reconciled to a physical inventory.
- E.1. Ensure all agreements entered into by the county are in writing.
 - 2. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed in a timely manner and the file maintained on these billings is accurate and complete. Written procedures should also be established and implemented for pursuing or writing off collections of delinquent amounts.
- F. Solicit bids for jail food in accordance with state law and maintain documentation of bids.

AUDITEE'S RESPONSE

- A. *One deputy takes care of deposits and paperwork for the jail and one takes care of this for the Sheriff's Office. Spot checks of each other's work is done but will be done more frequently. I will do spot checks monthly. All spot checks will be initialed.*
- B. *Receipt numbers shall be shown on the deposit slips and checked that deposits and receipts match.*
- C. *An attempt to make deposits daily is in effect and will continue.*
- D. *An inventory of inmate phone cards shall be kept. Payments to the County Treasurer monthly has already been established. I will look at breaking the inmate account out from the commissary account to pay bills from the commissary activity. I am also researching the unrecorded commissions and duplicate payments noted and will make sure these errors are addressed.*
- E.1. *I will speak to the County Commission about having them set up a written contract.*
 - 2. *A file of agencies that have not paid is kept at this time but a log will now be kept of those who pay and those who do not.*

- F. *Monthly price sheets are now used to purchase food. These sheets will be kept and checked to ensure the proper pricing is obtained. There is no large food supplier in the immediate area and advertising in the local newspaper is not feasible for the quantity purchased.*

5. Leave Balances for Sheriff's Department Employees

The County Commission and Sheriff are not adequately monitoring and controlling the compensatory and holiday time balances of employees in the Sheriff's Department.

- A. Sheriff's Department employees have accumulated significant compensatory and holiday time balances. The Fair Labor Standards Act (FLSA) provides that employees regularly engaged in public safety activities are allowed to accumulate a maximum of 480 hours of compensatory time. Hours in excess of this maximum are to be paid or be taken off by the employee in the next pay period. According to Sheriff's Department records, compensatory time balances for the 74 deputies and jail employees totaled approximately 4,850 hours as of May 31, 2005. While none of the employees had balances in excess of the 480 hour maximum, two employees had balances over 250 hours and three other employees had balances over 200 hours. According to Sheriff's Department records, holiday time balances for deputies and jail employees totaled approximately 3,400 hours as of March 31, 2005 with ten employees having balances in excess of 100 hours. Compensatory and holiday hours which have accumulated, multiplied by these employees' hourly salary rate, results in a liability to the county of approximately \$89,000.

Because the accumulated compensatory and holiday time balances represent a significant liability to the county, the County Commission and Sheriff should better control the compensatory and holiday time being earned by the Sheriff's Department employees and work on a plan for reducing the prior accruals.

- B. While the County Clerk's office maintains records of compensatory time, annual, and sick leave for all offices, they do not maintain records of holiday time earned by Sheriff's Department employees. Instead the Sheriff's Department is responsible for maintaining these records.

Without centralized records, the County Commission cannot ensure that employees' holiday leave balances are accurate and excessive leave time is not being accumulated. Centralized leave records also aid in determining final compensation for employees leaving county employment.

WE RECOMMEND:

- A. The County Commission and Sheriff develop and implement a plan to reduce the county liability for compensatory and holiday time by allowing time off or paying for

accumulated compensatory time and work to better control additional compensatory time being earned.

- B. The County Commission ensure centralized leave records for holiday time for the Sheriff's Department employees are maintained and ensure those records reconcile to the employees' time sheets.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The County Commission agrees that the balances need to be monitored and reduced and will work with the Sheriff to develop such a plan.*
- B. *The County Commission agrees and the County Clerk's Office is in the process of implementing this recommendation.*

The Sheriff provided the following response:

- A. *I have placed 24-hour coverage on the schedule for patrol deputies and this has relieved some compensatory time. I try to have the compensatory time utilized as quickly as possible, normally during the winter months. The jail division compensatory time stays at a higher rate due to the required number of staff to run the facility and lack of staff for relief shifts. I will attempt to obtain more staff through the County Commission to help alleviate compensatory time.*

6. Capital Asset Records and Vehicle Procedures
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Records and procedures relating to county property need improvement. Vehicle and fuel usage logs were also not maintained.

- A. Although the county maintains a list of county property, it is not complete and procedures have not been established to ensure its accuracy. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections.
- The County Clerk does not periodically reconcile equipment purchases with additions to the capital asset records and property records are not always updated at the time of purchase.
 - A physical inventory has not been performed since 2001. In lieu of doing a physical inventory, the County Clerk's office gives a copy of the property listing to each office annually. The offices are expected to notify the County Clerk's office if the listing is not correct. However, this procedure has not

been effective in ensuring the property records are correct. For example, instead of reviewing and making changes to the County Clerk's listing, the Collector gave a copy of her inventory records to the County Clerk's office. The Collector's records included a copier purchased during 2003 that was not on the County Clerk's records. No one in the County Clerk's office compared the two listings and as a result the copier was not added to the County Clerk's list of county property.

- Property records do not always include the necessary information for some assets, such as serial number and purchase price or value. Also, property items were not always properly numbered, tagged, or otherwise identified.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

- B. The county owns numerous vehicles that are used for law enforcement and road and bridge purposes. Records of fuel usage are not adequately reviewed and gallons of fuel purchased are not reconciled to gallons dispensed.

During the two years ended December 31, 2004, the county expended about \$112,000 for fuel for the approximately five pickups and dump trucks and a number of other pieces of heavy equipment used by the Road and Bridge Department. Procedures provide for the Road and Bridge employees to record the mileage or hour reading and the amount of fuel put into the vehicle or piece of equipment on the day's timesheet. At the end of the month, the R&B supervisor prepares a fuel usage report which is submitted to the County Commission which simply reports the number of gallons of gas or diesel used in four categories of equipment but the information regarding odometer or operating hour readings with which to review the reasonableness of the fuel usage is not included.

During the two years ended December 31, 2004, the county expended about \$59,000 for fuel for the approximately nine vehicles used by the Sheriff's Department. The fuel taken from the Sheriff's Department tank is recorded in the dispatch log. The Sheriff indicated he periodically compares the amount of fuel recorded with the amount of fuel that has been purchased but this review is not documented.

To ensure the reasonableness and propriety of fuel usage and expenditures, the fuel usage records should contain all necessary information, be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on account and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concern associated with county property. In addition, annual physical inventories of all county property should be performed, all capital assets purchases and additions should be recorded as they occur, capital asset purchases should be reconciled to additions on the inventory records, and all capital assets should be tagged or identified as county-owned property.
- B. Ensure the various fuel usage records are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.

AUDITEE'S RESPONSE

- A. *The County Commission agrees and will make sure records are updated timely and will work with other officials to identify all items that need to be included in the property records. The County Clerk also indicated that they would continue to provide property lists to all officials each year for verification and ensure any changes are posted timely.*
- B. *The County Commission agrees and indicated they have already developed new fuel usage records and will periodically review them for reasonableness. The County Commission also indicated they would consider ways to periodically compare fuel purchases to fuel on hand in the unmetered bulk tanks.*

7.

Schedule of Expenditures of Federal Awards

Procedures to prepare schedules of expenditures of federal awards should be improved to ensure the accuracy of these schedules. Section .310(b) of Circular A133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county's procedures to track federal financial assistance for the preparation of the SEFA are not adequate, and as a result, the county's SEFA contained several omissions. The SEFA for the year ended December 31, 2004, did not include expenditures totaling approximately \$186,000 related to one road construction grant the county received. In addition, some grants and the value of vaccines received by the Health Center were also not included.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Commission and County Clerk prepare complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other offices properly track and report federal awards for which they are responsible.

AUDITEE'S RESPONSE

The County Commission and County Clerk agree and will work with other applicable officials to ensure this recommendation is implemented.

8.

Written Agreements

Payments were made to road districts without proper written contracts. During the two years ended December 31, 2004, the county distributed a portion of its County Aid Road Trust (CART) revenues to six special road districts within the county based upon the number of miles. Payments of CART revenues totaling approximately \$360,000 were made from the Special Road and Bridge Fund to the special road districts during this period. Written statements were obtained from the special road districts regarding how these monies were to be used; however, such statements do not constitute proper contracts. In addition, the county did not require the special road districts to provide an accounting of how the monies were actually spent.

There appears to be no statutory authority for the County Commission to make these distributions to the special road districts without some type of contractual agreement. Written contracts would help ensure that monies distributed to other entities are expended in compliance with constitutional and statutory provisions and as intended by the County Commission and provide a means for the county to monitor compliance with the terms of the agreement.

WE RECOMMEND the County Commission enter into and monitor proper written contracts, which specifically state what services are to be provided to the county.

AUDITEE'S RESPONSE

The County Commission agrees and indicated they will develop such contracts.

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 the audit report issued for the two years ended December 31, 2000. Any 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. 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.
- B. The county did not return a federal overpayment received in October 1999 until May 2001.
- C. County officials received a cost of living adjustment (COLA); however, the salary commission minutes did not clearly document the approval of the COLA.
- D. Associate County Commissioners received a mid-term salary increase in accordance with Section 50.333.13, RSMo, enacted in 1997. In May 2001 the Missouri Supreme Court challenged the validity of that statute and held that this section of statute violated Article VII, Section 13 of the Missouri Constitution.

Recommendations:

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, ensure any overpayments 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.

Status:

A. Partially implemented. Improvements were noted in the county's bidding procedures. For most purchases reviewed, bids were received and bid awards were documented in the commission minutes; however, sole source or emergency procurements were not always documented. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented.

D. Not implemented. The County Commission responded in the prior report that they were not going to pursue reimbursement of the salary amounts at that time due to possible litigation costs. However, they indicated at the time they would review the issue on a statewide basis. This issue was discussed with the County Commissioner during the current audit and they still do not plan to take any action to obtain repayment from the Associate Commissioners. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Public Administrator's Fees

The Public Administrator deferred payment to himself until 2000 for some of the fees earned in 1999 and 1998.

Recommendation:

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.

Status:

Implemented. While the prior Public Administrator is no longer in office and it is unclear whether the IRS was contacted, the current Public Administrator pays out fees as soon as they are approved.

3. Prosecuting Attorney's Records and Procedures

A. Receipt slips were only issued upon request.

B. Cashiers checks and money orders received were not restrictively endorsed immediately upon receipt.

C. The Prosecuting Attorney's secretary occasionally reduced the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney.

- D. The Prosecuting Attorney did not prepare monthly reports of bad check fees collected.
- E. Accounting duties were not adequately segregated and there was no documentation of supervisory review.
- 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 the complaints, had not been established.

Recommendations:

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.

Status:

A&

D-F. Not implemented. See MAR finding number 3.

B. Implemented.

C. Not implemented. Our testing noted only one instance where a reduction of bad check fees was not approved by the Prosecuting Attorney. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Sheriff's Records and Procedures

- A.1. The total inmate account balance had not been reconciled to the individual inmate account balances since December 1998.
- 2. The method of payment was not always indicated on the inmate receipt slips.
- 3. Accounting duties were not adequately segregated.
- B. Receipts were not deposited in a timely manner.
- C.1. The county did not solicit bids for food purchased for the jail.
- 2. The jail did not maintain perpetual inventory records for all food.
- 3. Records to document the number and the average cost of meals served to inmates were not retained.
- 4. Sheriff department employees were provided meals at no cost from the jail.
- D. Dispatchers and jailers who handle monies were not bonded.

Recommendations:

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.

Status:

A,B&

C.1. Not implemented. See MAR finding number 4.

C.2.,

C.3

&D. Implemented.

C.4. Implemented. The Sheriff's Office no longer provides meals for employees.

5. Health Center's Financial Condition

The Health Center's financial condition had been declining over the past several years.

Recommendation:

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.

Status:

Not implemented. The Board indicated that only essential personnel had been replaced after the resignation of a large number of staff in 2000; however, the Health Center Fund's cash balance and financial position has continued to be poor. See MAR finding number 1.

6. Health Center's Accounting Controls

A.1. Numerous bookkeeping errors were noted including items not being posted accurately to the general ledger and misclassifications of revenues and expenditures.

2. Incorrect cash balances had been reported to the board.

3. The accounts payable listing presented to the board was not accurate.

B.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.
- C. Monthly bank reconciliations were not prepared for the Health Center's three bank accounts.
- D. Receipts were not always deposited intact.
- E. Receipt slips were not issued for monies received.
- F.1. The Health Center indicated that they had billed for some services provided since April 2000; however, the accounts receivable listing had not been updated to reflect those 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.

Recommendations:

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.

Status:

A,C

&F. Implemented.

B,D

&E. Not implemented. See MAR finding number 2.

7. Health Center Expenditures

- A. The former Board of Trustees did not monitor the compensatory time accrued by employees. Some employees accrued and were paid for compensatory time and vacation leave in excess of the maximum hours allowed.
- B. Invoices were not noted as paid or otherwise canceled upon payment.
- C. The Health Center approved payments to vendors without requiring or retaining adequate supporting documentation.
- D. The Board of Trustees did not review or approve invoices for payment.
- E. Acknowledgment of receipt of goods or services was not noted on the invoices.
- F. Health Center personnel did not monitor amounts received or expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services was not periodically calculated and monitored.

Recommendations:

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.

Status:

A&C. Implemented.

B,D

&E. Not implemented. See MAR finding number 2.

F. Not implemented. We contacted the Missouri of Department of Health and they indicated that they had not followed up on the audit finding since an overpayment was not noted and the Department did not contract with the Health Center in subsequent years to provide CFP services. The Health Center has not handled any CFP monies since 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

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 a county-organized, third-class county and is part of the Twenty-Seventh Judicial Circuit. The county seat is Osceola.

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 approximately 490 miles of county roads and 217 county 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 important to the county's citizens.

The county's population was 8,622 in 1980 and 9,652 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	2004	2003	2002	2001	1985*	1980**
	(in millions)					
Real estate	\$ 52.5	50.6	48.6	47.4	34.4	12.4
Personal property	20.7	20.9	21.0	20.3	8.4	6.9
Railroad and utilities	7.0	7.0	7.1	7.7	5.6	6.5
Total	\$ 80.2	78.5	76.7	75.4	48.4	25.8

* 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,			
	2004	2003	2002	2001
General Revenue Fund	\$.3470	.3276	.3298	.3158
Special Road and Bridge Fund *	.2860	.2852	.2852	.2820
Health Center Fund	.2100	.2100	.2100	.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),			
	2005	2004	2003	2002
State of Missouri	\$ 24,482	23,739	23,175	22,559
General Revenue Fund	290,663	268,063	263,768	248,862
Special Road and Bridge Fund	280,371	274,795	264,694	252,785
Assessment Fund	49,973	38,867	37,523	36,144
Health Center Fund	169,230	164,473	160,577	156,298
Special road districts	177,544	167,209	166,001	163,013
School districts	2,735,761	2,674,833	2,563,311	2,465,545
Library district	133,029	128,614	125,379	121,754
Hospital district	119,959	119,115	116,135	113,979
Fire protection districts	60,748	10,498	9,699	9,851
Tax Sale Overplus Fund	62,518	14,390	6,268	3,724
Tax Maintenance Fund	11,336	10,080	4,064	0
Surtax	19,312	16,844	17,137	17,223
Cities	12,545	11,736	11,077	16,818
Prosecuting Attorney				
Administrative Cost Fund	100	120	90	100
County Clerk	1,948	1,786	1,753	1,385
County Employees' Retirement	28,373	26,640	25,333	23,304
Commissions and fees:				
General Revenue Fund	68,877	65,366	63,023	58,477
County Collector	73	33	34	120
Total	\$ 4,246,842	4,017,201	3,859,041	3,711,941

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2002	
Real estate	91.8	91.0	90.8	91.1	%
Personal property	91.2	90.8	90.6	91.1	
Railroad and utilities	100.0	100.0	97.3	100.0	

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	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Jay Knight, Presiding Commissioner		25,627	25,075		
L. Wayne Scott, Presiding Commissioner				24,684	24,684
Dale Atchison, Associate Commissioner		23,521	23,026	22,664	22,664
Leola Bland, Associate Commissioner		23,521	23,026	22,664	22,664
Pat Terry, Recorder of Deeds (1)		35,304	34,544		
Donna Houston, County Clerk		35,657	34,889	34,340	34,340
Marc Reed, Prosecuting Attorney		42,999	42,073		
Michael C. Dawson, Prosecuting Attorney				41,409	41,409
Ron Snodgrass, Sheriff		40,498	39,969	39,340	39,340
Gail Ingle, County Treasurer		35,304	34,544	25,412	25,412
C. Randy Sheldon, County Coroner		9,864	9,652	9,500	9,500
Laurie Stinnett, Public Administrator (2)		18,798	14,449	14,079	10,100
Sharon K. Foster, County Collector (3), year ended February 28 (29),	35,868	35,050	34,466	22,924	
Irene Wilson, County Collector (4), year ended February 28,				11,447	
Gladys Smith, County Assessor (5), year ended August 31,		36,448	11,761		
Bill Crabtree, County Assessor (6), year ended August 31,			23,426	35,240	35,240

(1) St. Clair county voters approved separating the offices of the Recorder of Deeds and the Circuit Clerk in 2002. The newly elected Recorder of Deeds took office in January 2003.

(2) Includes fees received from probate cases.

(3) Includes \$73, \$33, \$34, and \$30, respectively, of commissions earned for collecting city property taxes.

(4) Includes \$90 of commissions earned for collecting city property taxes.

(5) Includes \$751 and \$428 annual compensation received from the state in 2004 and 2003, respectively.

(6) Includes \$450, \$900, and \$900 annual compensation received from the state in 2003, 2002, and 2001, respectively.

State-Paid Officials:

Barbara Taber, Circuit Clerk and Ex Officio Recorder of Deeds		47,900	47,300	47,300	37,446
James O. Naylor, Circuit Clerk and Ex Officio Recorder of Deeds					9,854
Michael C. Dawson, Associate Circuit Judge		96,000	92,000		
Raymond T. Huesemann, Associate Circuit Judge			4,000	96,000	96,000

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 cost incurred. The remaining principal and interest due on the lease-purchase agreement at December 31, 2004 was \$936,259 and \$930,015, respectively.