



Susan Montee, JD, CPA

Missouri State Auditor

Osage County



July 2010

Report No. 2010-80

auditor.mo.gov



Susan Montee, JD, CPA
Missouri State Auditor

YELLOW SHEET

Findings in the audit of Osage County

Financial Condition	As noted in the prior audit report, the General Revenue Fund is in poor financial condition. The cash balance has declined in part due to decreasing transfers of sales tax receipts from the 911 Fund and increasing Sheriff's department and jail operational costs. A long-term plan regarding various available funding sources has not been prepared. The county's 2010 General Revenue Fund budget projects a \$39,911 cash balance at December 31, 2010, a significant decline from previous years.
Disbursements	The County Commission pays invoices for some purchases without adequate supporting documentation or proper review and approval by county officials and department heads. The county has not established effective monitoring procedures regarding county vehicle and equipment use and fuel costs. Records of fuel use are not maintained for most county vehicles and equipment and fuel use is not reconciled to fuel purchases. In addition, the county needs to implement better controls over the credit card assigned to the 911/Emergency Management Director. The lack of oversight of the Director's credit card allowed some credit card purchases to be made without adequate supervisory approval and supporting documentation.
Payroll Controls and Procedures	As noted in our seven prior reports, timesheets are not prepared by Sheriff's department personnel, except for the bookkeeper. Timesheets submitted for some employees are not signed by the employees. Centralized records of leave balances and leave used and earned are not maintained, and some employee leave balances exceeded the maximum allowed by county policy. In addition, the County Commission's approval of the 911/Emergency Management pay plan was not documented and the pay plan provides significant annual raises and longevity payments without regard to the county's financial condition.
County Financial Records and Procedures	The County Clerk and County Treasurer do not adequately reconcile their accounting records. As a result, errors were noted in the cash balances for some funds presented in the county budget documents.
Capital Assets	As noted in previous audits, procedures and records to account for county property are not adequate. The County Clerk has no procedures to identify property purchases and dispositions throughout the year and inventory reports from county officials had not been updated since 1997.
Sheriff's Deposits	As noted in previous audits, receipts are not deposited on a timely basis. Although monies are normally collected each business day, deposits are only made one to four times a month.

All reports are available on our Web site: auditor.mo.gov

Osage County Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	1. Financial Condition 4 2. Disbursements 5 3. Payroll Controls and Procedures 9 4. County Financial Records and Procedures 11 5. Capital Assets 11 6. Sheriff's Deposits 12
---	---

Organization and Statistical Information	13
---	----



SUSAN MONTEE, JD, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Osage County

We have audited certain operations of Osage County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, has been engaged to audit the financial statements of Osage County for the 2 years ended December 31, 2009. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2009. The objectives of our audit were to:

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

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

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

The accompanying Management Advisory Report presents our findings arising from our audit of Osage County.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Kim Spraggs, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Terese Summers, MSAS, CPA
	Jennifer Weggenmann, MBA
	Jessica Jordan

Osage County Management Advisory Report State Auditor's Findings

1. Financial Condition As noted in the prior audit report, the General Revenue (GR) Fund is in poor financial condition. The following table reflects the ending cash balance of the GR Fund over the last 4 years and the projected ending cash balance for 2010, as reported in the budget documents:

		Ending Cash Balance, Year Ended December 31,				
		2010	2009	2008*	2007	2006
		Budgeted	Actual	Actual	Actual	Actual
General Revenue Fund	\$	39,911	192,096	72,878	195,171	61,721

* The 2008 amount was restated to include certificates of deposit not included in the budget documents.

The GR Fund cash balance has declined in part due to decreasing transfers of sales tax receipts from the 911 Fund. A portion of the 1/2-cent law enforcement/911 sales tax receipts (initially deposited in the 911 Fund) is transferred to the GR Fund to partially cover the costs of operating the Sheriff's department and jail. These sales tax receipts declined from approximately \$572,000 in 2007 to \$475,000 estimated for 2010, and the percentage of receipts transferred to the GR Fund has also significantly decreased. During 2007 and 2008, annual transfers were \$126,000 and \$130,000, respectively, or 22 and 25 percent of applicable sales tax receipts, respectively; while the 2009 transfer was \$60,000 (13 percent) and the 2010 budgeted transfer is \$62,000 (13 percent). Combined with decreasing sales tax receipts and increasing operational costs, the percentage of Sheriff's department and jail operating costs offset by the law enforcement/911 sales tax receipts has significantly decreased from 30 percent in 2007 to 13 percent budgeted for 2010. The law enforcement/911 sales tax levy will expire in 2011 unless renewed by Osage County voters in the August 2010 election.

The financial condition of the GR Fund would be worse if it had not received transfers from the Courthouse Renovation (CR) Fund beginning in 2009. Transfers from the CR Fund to the GR Fund totaled \$250,000 during 2009, and budgeted transfers for 2010 total \$238,000. Osage County voters authorized a 1/2-cent sales tax levy (with a roll back provision) beginning in 2008 for general operating purposes and for renovating, improving, and maintaining the Osage County courthouse. These sales tax receipts are deposited in the CR Fund, and monies in excess of courthouse renovation expenses are transferred to the GR Fund.

Despite these sales tax receipts, the 2010 GR Fund budget projects a significant decline in the ending cash balance at December 31, 2010. The 2010 GR Fund budget projects a decrease in receipts and an increase in disbursements primarily due to increased costs for elections and operation of the renovated jail.



Osage County
Management Advisory Report - State Auditor's Findings

The County Commission indicated most of the law enforcement/911 sales tax receipts are needed to operate the 911 department; therefore, future transfers to the GR Fund will remain at the current level. The 911/emergency management (EM) department pay plan provides for annual raises despite the county's financial condition (see MAR finding number 3). The County Commission also indicated they plan to continue to transfer approximately one-half of the courthouse renovation sales tax receipts to the GR Fund each year. The County Commission and County Clerk indicated they are aware of the concern and are monitoring the county's financial condition through review of monthly expenditures; however, a long-term plan regarding the various available funding sources has not been prepared. To improve the financial condition of the GR Fund, the County Commission should perform long-term planning, review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all funding sources.

Recommendation

The County Commission should closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund.

Auditee's Response

The County Commission provided the following response:

We plan to continue to monitor the county's financial condition.

2. Disbursements

Controls and procedures over county disbursements need improvement.

2.1 Supporting documentation and approval procedures

The County Commission pays invoices for some purchases without adequate supporting documentation or proper review and approval by county officials and department heads. Invoices are originally received by the county officials and departments who made the purchases, then forwarded to the County Clerk's office for payment. The County Commissioners review and stamp their approval on the invoices prior to payment. For most disbursements, the County Clerk and the County Commission rely on the county officials and department heads to verify the accuracy and appropriateness of the amounts billed; however, they do not require the officials and department heads to document their review and approval and submit appropriate documentation supporting the invoices.

For example, monthly billing summary statements for road and bridge department rock purchases are submitted by the road and bridge department bookkeeper for payment. The bookkeeper indicated she reconciles individual rock delivery tickets to the monthly billing statements; however, she does not document this review or attach the individual rock delivery tickets to the billing statements submitted for payment. In addition, there is no documented review of the monthly billing statements by the road and



Osage County
Management Advisory Report - State Auditor's Findings

bridge department supervisor. Rock purchases totaled approximately \$141,000 during the 2 years ended December 31, 2009. Additional payments made without adequate supporting documentation and/or proper review and approval were noted (see 2.2 and 2.3).

To ensure the validity and propriety of disbursements, adequate supporting documentation should be obtained for each purchase and invoice reviews should be performed by all county officials and department heads.

2.2 Vehicle and equipment use and fuel costs

The county has not established effective monitoring procedures regarding county vehicle and equipment use and fuel costs. Although a Sheriff's deputy was terminated in 2006 for purchasing fuel for personal use on the county's charge account at a local vendor, the county did not establish additional controls or procedures over fuel purchases after the theft occurred.

During the 2 years ended December 31, 2009, approximately \$232,000 was spent on fuel for the road and bridge department's seven vehicles and various equipment (i.e., graders, tractors, and loaders). Also during this time period, approximately \$63,000, \$6,700, and \$3,300 was spent on fuel for the Sheriff department's nine vehicles, the 911/EM department's two vehicles, and the Assessor's vehicle, respectively. Fuel was primarily purchased from six local vendors.

Road and bridge department

Records of fuel use by the road and bridge department are not maintained and fuel use is not reconciled to fuel purchases. Road and bridge department employees dispense fuel into vehicles and equipment from three bulk fuel tanks located at the road and bridge department shed and four bulk fuel tanks located at residences of road and bridge employees throughout the county. Each fuel tank has a meter, and road and bridge department employees are assigned keys to access the locked fuel tanks. However, bulk fuel inventory records or logs of fuel dispensed from the tanks are not maintained. By not maintaining such records, the county cannot reconcile fuel used and on hand to fuel purchases.

Sheriff's department

Sheriff's department fuel use is not reconciled to fuel purchases. Sheriff's deputies purchase fuel for vehicles on the county's charge account with a local fuel vendor and with fuel purchasing cards from two other local vendors. Two Sheriff's deputies have additional fuel cards to be used for emergencies only. Procedures require Sheriff's deputies to record the fuel purchases on daily maintenance logs; however, the logs are not completed for all vehicles, reviewed for reasonableness and accuracy, or reconciled to monthly fuel billing statements. In addition, the Sheriff's department has not established procedures to reconcile individual fuel tickets to fuel billing statements.



Osage County
Management Advisory Report - State Auditor's Findings

911/EM department and
Assessor

Mileage/fuel use logs are not maintained for 911/EM department and Assessor vehicles and fuel use is not reviewed or reconciled to fuel purchases. Two trucks are assigned to the 911/EM Director and Assistant Director for delivering signs, surveying flood plains, and traveling to meetings and conferences. Another vehicle is assigned to the Assessor's office. Personnel of the 911/EM department and the Assessor's office purchase fuel on the county's charge account during the day and 911/EM department personnel each have fuel purchasing cards for purchases after hours and on weekends. Neither the 911/EM department nor the Assessor maintain mileage/fuel use logs. In addition, 911/EM department personnel do not submit individual fuel tickets for fuel purchased on the purchasing cards to the County Clerk's office for reconciliation to monthly billing statements. Without such records, the county cannot ensure the vehicles are only used for county business and fuel purchases are reasonable.

Controls and procedures

Maintenance and review of vehicle and equipment mileage/fuel use logs and bulk fuel inventory records, and comparison of log information and inventory records to fuel purchases, are necessary to ensure vehicles and equipment are properly utilized, monitor fuel and other operating costs, prevent paying vendors for improper billing amounts, and decrease the risk of theft or misuse of fuel occurring without detection. Requiring individual fuel tickets and comparing the tickets to the items charged on the monthly vendor billing statements provides assurance that all fuel billed was actually charged and used by county employees.

A similar condition was noted in our prior audit report.

2.3 911/EM Director's
credit card

The county needs to implement better controls over the credit card assigned to the 911/EM Director. The county has two credit cards, one is maintained in the County Clerk's vault for use by county officials, and one is assigned to the 911/EM Director. During the 2 years ended December 31, 2009, purchases with the county-wide credit card totaled approximately \$10,000 and purchases with the Director's credit card totaled approximately \$24,000.

Although procedures regarding the use and monitoring of the county-wide credit card (a \$1,000 credit limit) have been established and implemented, these procedures have not been applied to the Director's credit card. The Director's credit card has a \$10,000 credit limit and is to be used solely by the Director for various expenses associated with the 911/EM department. Although the County Commission approves payment of the Director's monthly credit card billings, neither the County Commission or the County Clerk reviews the individual credit card purchases for propriety or reconciles receipt slips to the credit card statements.

According to the County Commission and the Director, the Director needs a credit card with a higher credit limit so monies are readily available in the event of an emergency. The County Commission stated it does not require



Osage County
Management Advisory Report - State Auditor's Findings

prior approval of purchases on this credit card because such approval could hinder purchases in emergency situations. However, it appears the credit card is primarily used for non-emergency purchases. The Director stated she uses the credit card to purchase supplies, and to pay the department's monthly cellular telephone and internet service bills and expenses associated with training and conferences. She stated she purchases items with the credit card to ensure payments are timely, indicating some past payments through the county's normal purchasing process have not been timely.

The lack of oversight of the Director's credit card allowed some credit card purchases to be made without adequate supervisory approval and supporting documentation. For example, using her credit card, the Director purchased a new cellular phone and revised her service plan without any review or approval by the County Commission. She purchased an iPhone and a \$114 monthly service plan, which she stated she also uses for personal use. In addition, we noted several instances where invoices or receipt slips supporting credit card purchases were not submitted with the credit card statements.

By assigning a credit card with a large credit limit, failing to establish restrictions on the amount and type of purchases, and failing to provide sufficient oversight of the credit card purchases, the risk of theft or misuse of county funds and circumvention of normal purchasing procedures is increased. To reduce these risks, the County Commission should evaluate the credit limit for the Director's card for reasonableness and establish 911/EM credit card procedures, including limits on what may be purchased and dollar amounts and approval requirements. Detailed supporting documentation, such as itemized receipts and vendor invoices, should be maintained for all credit card transactions and reconciled to the credit card statements by someone other than the cardholder.

Recommendations

The County Commission:

- 2.1 Require a thorough documented review and approval of all disbursements prior to approving payment and ensure adequate supporting documentation is maintained.
- 2.2 Require appropriately detailed mileage/fuel use logs and bulk fuel inventory records and develop monitoring procedures. Any significant discrepancies should be investigated.
- 2.3 Establish procedures regarding the use and monitoring of the 911/EM Director's credit card purchases, and evaluate the credit limit for the credit card for reasonableness.



Auditee's Response

The County Commission provided the following response:

The recommendations will be implemented.

3. Payroll Controls and Procedures

Improvement is needed over payroll policies and procedures.

3.1 Timesheets

As noted in our seven prior reports, timesheets are not prepared by Sheriff's department personnel, except for the bookkeeper. The County Clerk's office pays these employees the same amount each pay period unless told otherwise. The Sheriff indicated that due to budget constraints, deputies are given time off when feasible, rather than overtime payments, as compensation for the overtime worked. However, no record is made of the overtime worked and compensatory time taken.

In addition, timesheets submitted for 911/EM and road and bridge department employees are not signed by the employees, and timesheets submitted for the Sheriff's bookkeeper are not signed by the employee or the Sheriff.

Timesheets are necessary to document hours worked, substantiate payroll disbursements, and provide the county with a method to monitor hours worked and leave taken, and are beneficial in demonstrating compliance with county policy and the federal Fair Labor Standards Act of 1938 (FLSA) requirements. Timesheets should be signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the County Clerk's office.

3.2 Leave records

Centralized records of leave balances and leave used and earned are not maintained. Each official or department head is responsible for recording and accumulating employee leave balances. Our review of records maintained for some 911/EM and road and bridge department employees noted instances where employee vacation or compensatory leave balances exceeded the maximum allowed per county policy. Without centralized leave records, the County Commission cannot ensure vacation, sick, and compensatory balances are accurate and in compliance with county policy, and all employees are treated equitably. Centralized leave records also aid in determining unused vacation and compensatory leave upon termination of employment, in the event disputes arise, and in demonstrating compliance with the FLSA.

3.3 911/EM pay plan

The County Commission's approval of the 911/EM pay plan was not documented. In addition, the pay plan provides significant annual raises and longevity payments without regard to the county's financial condition. While most county employees did not receive pay increases during 2009



Osage County
Management Advisory Report - State Auditor's Findings

and 2010 due to the county's financial condition, all eight full-time 911/EM department staff received/will receive pay increases or longevity payments in one or both years.

The pay plan utilized for the full-time 911/EM department staff provides pay increases of \$2, \$1, and \$1 per hour after 1, 3, and 5 years of service, respectively. The pay plan also provides a one-time \$250 longevity payment at the end of 2 and 4 years of service. Additional compensation is allowed for supervisors, personnel holding telecommunicator and/or training officer certifications, and/or personnel working the night shift. An employee receives annual pay increases of \$4,160, \$2,080, and \$2,080 after 1, 3, and 5 years of service, respectively. The 911/EM Director indicated this pay plan was established in July 2007, after the department experienced significant staff turnover, to establish employee continuity and longevity. The Presiding Commissioner indicated he believes the County Commission approved the 911/EM pay plan to prevent staff turnover; however, this approval was not documented. Despite implementation of the pay plan, the department has continued to experience significant turnover. As of April 2010, three of the department's eight full-time staff were hired within the past year. In addition, the 911/EM Director's salary is not included in the pay plan.

To ensure employees are treated fairly and equitably, pay plans should be approved for all county employees. In addition, the County Commission should re-evaluate the necessity of including significant annual pay raises and longevity payments in the 911/EM department pay plan.

Recommendations

The County Commission:

- 3.1 Require all county employees to prepare timesheets. These timesheets should be signed by the employee, approved by the appropriate supervisor, and filed with the County Clerk.
- 3.2 Maintain centralized leave records for all county employees and ensure individual leave balances comply with county policy.
- 3.3 Review and document the approval of the 911/EM employee pay plan and reconsider the need for setting significant annual raises in advance without regard to the county's financial condition.

Auditee's Response

The County Commission provided the following responses:

- 3.1 *This recommendation will be implemented.*
- 3.2 *We will consult with other office holders about making these changes.*



Osage County
Management Advisory Report - State Auditor's Findings

3.3 *We believe the 911/EM pay plan, which was approved by the County Commission, is appropriate.*

The Sheriff provided the following response:

3.1 *Timesheets are now prepared for all Sheriff's department employees, and we will submit those timesheets to the County Clerk.*

4. County Financial Records and Procedures

The County Clerk and County Treasurer do not adequately reconcile their accounting records. While both officials indicated they reconcile disbursement records monthly, they do not reconcile other accounting records including receipts, transfers, and ending cash balances. As a result, the omission of some certificates of deposits amounts in the county budget documents was not detected. Section 51.150.1, RSMo, requires the County Clerk to keep regular accounts with the County Treasurer. To provide the type of check and balance system required by state law, ensure errors and omissions are detected on a timely basis, and provide accurate financial reporting, the County Clerk and County Treasurer should regularly reconcile all accounting records.

Recommendation

The County Commission ensure the County Clerk and County Treasurer reconcile all accounting records and all reconciling items are documented and fully investigated.

Auditee's Response

The County Commission provided the following response:

We have implemented this recommendation.

5. Capital Assets

As noted in previous audits, procedures and records to account for county property are not adequate. The County Clerk has no procedures to identify property purchases and dispositions throughout the year. In September 2009, the County Clerk requested inventory reports from all county officials and department heads, and received reports from all except the Sheriff and Prosecuting Attorney. These reports, which had not been updated since 1997, lacked some necessary information such as purchase dates, acquisition costs, serial numbers, and disposal information. In addition, annual physical inventories are not performed by county officials and departments; and capital assets are not numbered, tagged, or otherwise identified as county property.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare to inventory reports from the various county departments would enhance the county's ability to account for capital assets and potentially identify unrecorded



Osage County
Management Advisory Report - State Auditor's Findings

additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Proper tagging of county property items and specific identification of property locations are necessary to reduce the possibility of improper personal use of county property. Section 49.093, RSMo, provides that the officer or their designee of each county department is responsible for performing annual inspections and inventories of county property used by their department and for submitting an inventory report to the County Clerk.

Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement a procedure for tracking and tagging capital asset purchases throughout the year.

Auditee's Response

The County Commission provided the following response:

We will ensure inventory reports are received from all county officials and department heads annually.

6. Sheriff's Deposits

As noted in previous audits, receipts are not deposited on a timely basis. The Sheriff's department receives monies for cash bonds, conceal and carry permits, prisoner boarding fees, jail phone commissions, and various other fees. The Sheriff's department collected a total of \$67,700 and \$91,300 in 2009 and 2008, respectively.

The Sheriff's department receives cash, checks, and money orders. Monies are normally collected each business day, but deposits are only made two to four times a month. For example, a \$1,845 deposit made on May 28, 2009, consisted of monies received from May 11, 2009, to May 27, 2009, including a \$1,059 cash bond received on May 18, 2009.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited in a timely manner.

Recommendation

The Sheriff deposit monies on a timely basis.

Auditee's Response

The Sheriff provided the following response:

We plan to start making deposits at a minimum of twice a week.

Osage County

Organization and Statistical Information

Osage County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Linn.

Osage County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

Elected Officials and Their Compensation Paid

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

Officeholder	2010	2009
Russell J. Scheulen, Presiding Commissioner	\$	24,992
Elmer Senevey, Associate Commissioner		24,354
Vincent A. Samson, Associate Commissioner		24,354
Cynthia Hoffman, Recorder of Deeds		36,900
Stanley E. Strobe, County Clerk		35,260
Amanda L. Grellner, Prosecuting Attorney		42,140
Carl Fowler, Sheriff		40,500
Tim G. Neuner, County Treasurer		35,260
Lois Jaegers, County Coroner		11,700
Paul G. Stratman, Public Administrator		18,000
Doris J. Keilholz, County Collector (1), year ended February 28,	36,557	
Ross Seals, County Assessor, year ended August 31,		35,233
Ralph P. Kliethermes, County Surveyor (2)		

(1) Includes \$1,297 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.

Financing Arrangements

The county entered into a lease agreement with a not-for-profit (NFP) in 2004 and amended this agreement in each subsequent year through 2009. The terms of the agreement call for the NFP to guarantee a bank loan of \$1,750,000 for the purpose of purchasing and renovating the administration annex building and for the NFP to lease the building back to the county for payments totaling the principal and interest due on the 9-year loan. The remaining principal due on the lease-purchase agreement at December 31, 2009, was \$1,526,556. Payments are made from the administration building capital improvements sales tax receipts.



Osage County
Organization and Statistical Information

In 2009, the county contracted with an underwriter to finance the renovation of the courthouse and jail. The financing arrangement required the underwriter to issue \$1,910,000 in certificates of participation and for the county to lease the renovated facility. The county's lease payments equal the amount of the debt principal and interest, and the county will take ownership of the improved property when the debt is extinguished, which is scheduled for 2027. The county began making principal and interest payments in 2010. Payments are made from the courthouse renovation sales tax receipts.