



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Osage County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Osage County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2017, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

September 2018
Report No. 2018-095

**The County of Osage
Linn, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2017 & 2016**



**The County of Osage
Linn, Missouri
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INDEPENDENT AUDITOR'S REPORT

To the County Commission and
Officeholders of Osage County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Osage County, Missouri, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Osage County, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by Osage County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

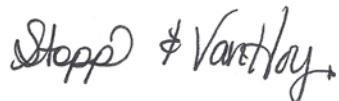
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Osage County, Missouri as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Osage County, Missouri as of December 31, 2017 and 2016, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2018 on our consideration of Osage County, Missouri'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 effectiveness of Osage County, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Osage County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
August 1, 2018

The County of Osage
Linn, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2017

<u>Fund</u>	Cash and Equivalents	Receipts	Disbursements	Cash and Equivalents
	January 1, 2017	2017	2017	December 31, 2017
General Revenue	\$ 193,482	\$ 2,115,723	\$ 2,005,307	\$ 303,898
Special Road and Bridge	442,365	1,490,249	1,351,993	580,621
Assessment	87,967	240,852	222,747	106,072
911	109,034	685,833	665,104	129,763
Emergency Management	34,316	105,343	103,763	35,896
Law Enforcement Training	1,420	1,074	1,081	1,413
Conceal and Carry	15,533	2,485	5,558	12,460
Civil Fees	3,599	9,777	3,559	9,817
Recorder Technology	13,247	8,380	8,952	12,675
Tax Maintenance	9,120	10,455	11,704	7,871
Prosecuting Attorney Administrative Handling	11,856	3,152	5,120	9,888
Prosecutor Training	1,922	271	1,027	1,166
Domestic Violence	3,393	2,004	2,500	2,897
Annex Building	205,830	308,370	96,421	417,779
Jail Renovation	276,192	610,914	589,924	297,182
Roll Back Reserve	427,280	22,274	-	449,554
Election Services	4,380	1,180	-	5,560
Lease Purchase	1,842	4	1,846	-
Use Tax	294,601	263,338	150,000	407,939
Inmate Security	1,363	14,119	13,115	2,367
Health Insurance Savings Carryover	21,978	29,337	-	51,315
Special Elections	5	23,589	23,589	5
Total	<u>\$ 2,160,725</u>	<u>\$ 5,948,723</u>	<u>\$ 5,263,310</u>	<u>\$ 2,846,138</u>

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2016

<u>Fund</u>	Cash and Equivalents		Receipts 2016	Disbursements 2016	Cash and Equivalents December 31, 2016
	January 1, 2016	2016			
General Revenue	\$ 185,369	\$ 1,999,211	\$ 1,991,098	\$ 193,482	
Special Road and Bridge	473,604	1,385,118	1,416,357	442,365	
Assessment	78,191	205,963	196,187	87,967	
911	141,551	619,021	651,538	109,034	
Emergency Management	22,953	101,836	90,473	34,316	
Law Enforcement Training	734	\$ 1,646	\$ 960	1,420	
Conceal and Carry	7,742	18,998	11,207	15,533	
Civil Fees	1,251	8,759	6,411	3,599	
Recorder Technology	12,577	7,836	7,166	13,247	
Tax Maintenance	10,339	10,007	11,226	9,120	
Prosecuting Attorney Administrative Handling	18,424	3,246	9,814	11,856	
Prosecutor Training	1,575	347	-	1,922	
Domestic Violence	3,465	2,428	2,500	3,393	
Annex Building	137,362	287,446	218,978	205,830	
Jail Renovation	274,630	568,514	566,952	276,192	
Roll Back Reserve	405,380	21,900	-	427,280	
Election Services	3,890	2,485	1,995	4,380	
Lease Purchase	6,283	27	4,468	1,842	
Use Tax	210,497	234,104	150,000	294,601	
Inmate Security	2,795	2,189	3,621	1,363	
Health Insurance Savings Carryover	-	21,978	-	21,978	
Special Elections	5	49,707	49,707	5	
Total	<u>\$ 1,998,617</u>	<u>\$ 5,552,766</u>	<u>\$ 5,390,658</u>	<u>\$ 2,160,725</u>	

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	General Revenue Fund			
	2017		2016	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 299,900	\$ 330,216	\$ 283,000	\$ 298,795
Sales Taxes	507,580	548,694	506,328	507,581
Intergovernmental	104,916	106,177	162,185	58,229
Charges for Services	281,892	283,423	291,031	309,257
Interest	4,600	10,499	1,750	4,542
Other Receipts	165,807	111,805	50,750	88,585
Transfers In	702,500	724,909	685,000	732,222
Total Receipts	<u>\$ 2,067,195</u>	<u>\$ 2,115,723</u>	<u>\$ 1,980,044</u>	<u>\$ 1,999,211</u>
Disbursements				
County Commission	\$ 99,512	\$ 99,100	\$ 100,509	\$ 96,441
County Clerk	117,463	109,661	115,413	113,719
Elections	66,250	78,110	161,775	125,312
Buildings and Grounds	95,610	95,282	85,635	91,566
Employee Fringe Benefits	142,000	-	139,308	138,887
County Treasurer	51,428	49,808	51,025	49,480
County Collector	116,222	113,551	115,061	114,892
Recorder of Deeds	55,525	52,509	59,581	59,519
Circuit Clerk	11,700	10,627	13,195	16,289
Court Administration	-	-	-	-
Public Administrator	31,154	31,449	30,651	30,666
Sheriff	601,822	590,663	480,215	468,208
Jail	221,358	216,720	196,836	201,491
Prosecuting Attorney	131,431	127,570	127,278	126,428
Juvenile Officer	26,000	24,142	26,000	25,165
County Coroner	24,346	26,454	24,848	20,225
Health and Welfare	195,742	179,002	183,480	186,619
Other Expenditures	65,461	194,059	45,051	119,591
Transfers Out	58,788	6,600	56,008	6,600
Emergency Fund	61,700	-	57,500	-
Total Disbursements	<u>\$ 2,173,512</u>	<u>\$ 2,005,307</u>	<u>\$ 2,069,369</u>	<u>\$ 1,991,098</u>
Receipts Over (Under) Disbursements	\$ (106,317)	\$ 110,416	\$ (89,325)	\$ 8,113
Cash and Equivalents, Jan 1	193,482	193,482	185,369	185,369
Cash and Equivalents, Dec 31	<u>\$ 87,165</u>	<u>\$ 303,898</u>	<u>\$ 96,044</u>	<u>\$ 193,482</u>

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Special Road and Bridge Fund			
	2017		2016	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 450,000	\$ 425,751	\$ 410,250	\$ 448,824
Sales Taxes	-	-	-	-
Intergovernmental	960,300	927,842	1,039,100	927,975
Charges for Services	-	-	2,000	-
Interest	2,600	5,719	800	2,561
Other Receipts	130,108	130,937	279,970	5,758
Transfers In	-	-	-	-
Total Receipts	\$ 1,543,008	\$ 1,490,249	\$ 1,732,120	\$ 1,385,118
Disbursements				
Salaries	\$ 438,116	\$ 418,910	\$ 437,617	\$ 392,689
Employee Fringe Benefits	98,407	87,923	92,978	86,512
Supplies	21,340	18,187	9,944	13,379
Insurance	19,634	14,631	19,000	19,998
Road and Bridge Materials	259,000	227,078	219,785	194,233
Equipment Repairs	336,500	362,195	290,290	340,618
Rentals	-	-	-	-
Equipment Purchases	202,600	171,896	265,000	71,000
Road and Bridge Construction	275,000	21,671	419,345	276,882
Other Expenditures	20,000	9,502	20,000	11,046
Transfers Out	20,000	20,000	10,000	10,000
Total Disbursements	\$ 1,690,597	\$ 1,351,993	\$ 1,783,959	\$ 1,416,357
Receipts Over (Under) Disbursements	\$ (147,589)	\$ 138,256	\$ (51,839)	\$ (31,239)
Cash and Equivalents, Jan 1	442,365	442,365	473,604	473,604
Cash and Equivalents, Dec 31	\$ 294,776	\$ 580,621	\$ 421,765	\$ 442,365

See Notes to the Financial Statements

**The County of Osage
Linn, Missouri**
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Assessment Fund				911 Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	568,000	611,037	570,000	568,460
Intergovernmental	210,921	228,713	205,000	195,806	-	2,000	15	3,605
Charges for Services	2,000	2,462	5,000	2,019	20	-	8,000	-
Interest	600	1,355	200	603	35	72	20	36
Other Receipts	-	1,722	-	935	15,763	36,654	-	11,450
Transfers In	6,600	6,600	6,600	6,600	36,070	36,070	35,470	35,470
Total Receipts	\$ 220,121	\$ 240,852	\$ 216,800	\$ 205,963	\$ 619,888	\$ 685,833	\$ 613,505	\$ 619,021
Disbursements								
Salaries	\$ 117,930	\$ 116,069	\$ 118,045	\$ 116,071	\$ 356,655	\$ 353,197	\$ 381,472	\$ 362,829
Employee Fringe Benefits	17,849	17,363	14,022	14,339	50,523	44,037	48,927	45,450
Materials and Supplies	30,000	19,901	19,000	28,640	25,760	25,011	27,500	22,419
Services	67,520	69,414	48,900	37,137	7,254	10,621	7,357	8,927
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	99,024	99,738	90,716	86,913
Transfers Out	-	-	-	-	132,500	132,500	125,000	125,000
Total Disbursements	\$ 233,299	\$ 222,747	\$ 199,967	\$ 196,187	\$ 671,716	\$ 665,104	\$ 680,972	\$ 651,538
Receipts Over (Under) Disbursements	\$ (13,178)	\$ 18,105	\$ 16,833	\$ 9,776	\$ (51,828)	\$ 20,729	\$ (67,467)	\$ (32,517)
Cash and Equivalents, Jan 1	<u>87,967</u>	<u>87,967</u>	<u>78,191</u>	<u>78,191</u>	<u>109,034</u>	<u>109,034</u>	<u>141,551</u>	<u>141,551</u>
Cash and Equivalents, Dec 31	<u>\$ 74,789</u>	<u>\$ 106,072</u>	<u>\$ 95,024</u>	<u>\$ 87,967</u>	<u>\$ 57,206</u>	<u>\$ 129,763</u>	<u>\$ 74,084</u>	<u>\$ 109,034</u>

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Emergency Management Fund				Law Enforcement Training Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	94,175	101,726	103,000	101,079	-	-	-	-
Charges for Services	-	2,147	-	-	1,500	1,074	1,500	1,396
Interest	145	301	-	146	-	-	-	-
Other Receipts	25	1,169	-	611	-	-	-	250
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 94,345	\$ 105,343	\$ 103,000	\$ 101,836	\$ 1,500	\$ 1,074	\$ 1,500	\$ 1,646
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	42,402	50,941	44,192	45,682	-	-	-	-
Services	7,750	6,125	8,750	9,321	1,000	1,081	2,000	960
Other Expenditures	7,842	10,627	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	35,470	36,070	35,470	35,470	-	-	-	-
Total Disbursements	\$ 93,464	\$ 103,763	\$ 88,412	\$ 90,473	\$ 1,000	\$ 1,081	\$ 2,000	\$ 960
Receipts Over (Under) Disbursements	\$ 881	\$ 1,580	\$ 14,588	\$ 11,363	\$ 500	\$ (7)	\$ (500)	\$ 686
Cash and Equivalents, Jan 1	34,316	34,316	22,953	22,953	1,420	1,420	734	734
Cash and Equivalents, Dec 31	\$ 35,197	\$ 35,896	\$ 37,541	\$ 34,316	\$ 1,920	\$ 1,413	\$ 234	\$ 1,420

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Conceal and Carry Fund				Civil Fees Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	7,000	2,485	9,000	18,998	5,500	9,777	9,500	8,759
Interest	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 7,000	\$ 2,485	\$ 9,000	\$ 18,998	\$ 5,500	\$ 9,777	\$ 9,500	\$ 8,759
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	9,000	5,558	16,000	11,207	9,000	3,559	9,000	6,411
Services	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 9,000	\$ 5,558	\$ 16,000	\$ 11,207	\$ 9,000	\$ 3,559	\$ 9,000	\$ 6,411
Receipts Over (Under) Disbursements	\$ (2,000)	\$ (3,073)	\$ (7,000)	\$ 7,791	\$ (3,500)	\$ 6,218	\$ 500	\$ 2,348
Cash and Equivalents, Jan 1	15,533	15,533	7,742	7,742	3,599	3,599	1,251	1,251
Cash and Equivalents, Dec 31	\$ 13,533	\$ 12,460	\$ 742	\$ 15,533	\$ 99	\$ 9,817	\$ 1,751	\$ 3,599

See Notes to the Financial Statements

**The County of Osage
Linn, Missouri**
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Recorder Technology Fund				Tax Maintenance Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	7,800	8,380	7,400	7,836	10,000	10,343	10,400	9,948
Interest	-	-	-	-	50	112	20	59
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 7,800	\$ 8,380	\$ 7,400	\$ 7,836	\$ 10,050	\$ 10,455	\$ 10,420	\$ 10,007
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	600	944	600	-	16,850	8,694	12,600	6,746
Services	7,200	8,008	7,200	7,166	844	3,010	400	4,480
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 7,800	\$ 8,952	\$ 7,800	\$ 7,166	\$ 17,694	\$ 11,704	\$ 13,000	\$ 11,226
Receipts Over (Under) Disbursements	\$ -	\$ (572)	\$ (400)	\$ 670	\$ (7,644)	\$ (1,249)	\$ (2,580)	\$ (1,219)
Cash and Equivalents, Jan 1	13,247	13,247	12,577	12,577	9,120	9,120	10,339	10,339
Cash and Equivalents, Dec 31	\$ 13,247	\$ 12,675	\$ 12,177	\$ 13,247	\$ 1,476	\$ 7,871	\$ 7,759	\$ 9,120

See Notes to the Financial Statements

**The County of Osage
Linn, Missouri**
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Prosecuting Attorney Administrative Handling Fund				Prosecutor Training Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,500	2,995	5,000	3,173	300	271	600	347
Interest	70	118	25	73	-	-	-	-
Other Receipts	-	39	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 2,570	\$ 3,152	\$ 5,025	\$ 3,246	\$ 300	\$ 271	\$ 600	\$ 347
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	3,000	5,120	5,500	9,814	-	-	-	-
Services	-	-	6,000	-	300	1,027	-	-
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	6,000	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 3,000	\$ 5,120	\$ 17,500	\$ 9,814	\$ 300	\$ 1,027	\$ -	\$ -
Receipts Over (Under) Disbursements	\$ (430)	\$ (1,968)	\$ (12,475)	\$ (6,568)	\$ -	\$ (756)	\$ 600	\$ 347
Cash and Equivalents, Jan 1	11,856	11,856	18,424	18,424	1,922	1,922	1,575	1,575
Cash and Equivalents, Dec 31	\$ 11,426	\$ 9,888	\$ 5,949	\$ 11,856	\$ 1,922	\$ 1,166	\$ 2,175	\$ 1,922

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Domestic Violence Fund				Annex Building Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	285,000	305,454	288,000	284,256
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	2,300	2,004	2,600	2,428	-	-	-	-
Interest	-	-	-	-	780	2,916	370	770
Other Receipts	-	-	-	-	-	-	-	2,420
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 2,300	\$ 2,004	\$ 2,600	\$ 2,428	\$ 285,780	\$ 308,370	\$ 288,370	\$ 287,446
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	2,500	2,500	2,500	2,500	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	50,000	2,443	100,000	18,218
Debt Payments	-	-	-	-	117,000	93,978	200,760	200,760
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 167,000	\$ 96,421	\$ 300,760	\$ 218,978
Receipts Over (Under) Disbursements	\$ (200)	\$ (496)	\$ 100	\$ (72)	\$ 118,780	\$ 211,949	\$ (12,390)	\$ 68,468
Cash and Equivalents, Jan 1	<u>3,393</u>	<u>3,393</u>	<u>3,465</u>	<u>3,465</u>	<u>205,830</u>	<u>205,830</u>	<u>137,362</u>	<u>137,362</u>
Cash and Equivalents, Dec 31	<u>\$ 3,193</u>	<u>\$ 2,897</u>	<u>\$ 3,565</u>	<u>\$ 3,393</u>	<u>\$ 324,610</u>	<u>\$ 417,779</u>	<u>\$ 124,972</u>	<u>\$ 205,830</u>

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Jail Renovation Fund				Roll Back Reserve Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	570,000	610,914	576,000	568,514	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	1,900	2,274	1,100	1,900
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	20,000	20,000	20,000	20,000
Total Receipts	\$ 570,000	\$ 610,914	\$ 576,000	\$ 568,514	\$ 21,900	\$ 22,274	\$ 21,100	\$ 21,900
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	25,000	20,681	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Payments	147,000	149,243	146,988	146,952	-	-	-	-
Transfers Out	420,000	420,000	420,000	420,000	-	-	-	-
Total Disbursements	\$ 592,000	\$ 589,924	\$ 566,988	\$ 566,952	\$ -	\$ -	\$ -	\$ -
Receipts Over (Under) Disbursements	\$ (22,000)	\$ 20,990	\$ 9,012	\$ 1,562	\$ 21,900	\$ 22,274	\$ 21,100	\$ 21,900
Cash and Equivalents, Jan 1	276,192	276,192	274,630	274,630	427,280	427,280	405,380	405,380
Cash and Equivalents, Dec 31	\$ 254,192	\$ 297,182	\$ 283,642	\$ 276,192	\$ 449,180	\$ 449,554	\$ 426,480	\$ 427,280

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Election Services Fund				Lease Purchase Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	4	4	8	27
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	1,200	1,180	4,500	2,485	-	-	-	-
Total Receipts	\$ 1,200	\$ 1,180	\$ 4,500	\$ 2,485	\$ 4	\$ 4	\$ 8	\$ 27
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	2,200	-	2,750	1,995	1,846	1,846	6,283	4,468
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 2,200	\$ -	\$ 2,750	\$ 1,995	\$ 1,846	\$ 1,846	\$ 6,283	\$ 4,468
Receipts Over (Under) Disbursements	\$ (1,000)	\$ 1,180	\$ 1,750	\$ 490	\$ (1,842)	\$ (1,842)	\$ (6,275)	\$ (4,441)
Cash and Equivalents, Jan 1	4,380	4,380	3,890	3,890	1,842	1,842	6,283	6,283
Cash and Equivalents, Dec 31	\$ 3,380	\$ 5,560	\$ 5,640	\$ 4,380	\$ -	\$ -	\$ 8	\$ 1,842

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Use Tax Fund				Inmate Security Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	233,000	260,523	188,000	233,053	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	8,000	14,074	6,000	2,189
Interest	1,000	2,716	-	1,051	-	45	-	-
Other Receipts	-	99	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 234,000	\$ 263,338	\$ 188,000	\$ 234,104	\$ 8,000	\$ 14,119	\$ 6,000	\$ 2,189
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	4,350	13,115	1,000	3,621
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	150,000	150,000	150,000	150,000	-	-	-	-
Total Disbursements	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 4,350	\$ 13,115	\$ 1,000	\$ 3,621
Receipts Over (Under) Disbursements	\$ 84,000	\$ 113,338	\$ 38,000	\$ 84,104	\$ 3,650	\$ 1,004	\$ 5,000	\$ (1,432)
Cash and Equivalents, Jan 1	294,601	294,601	210,497	210,497	1,363	1,363	2,795	2,795
Cash and Equivalents, Dec 31	\$ 378,601	\$ 407,939	\$ 248,497	\$ 294,601	\$ 5,013	\$ 2,367	\$ 7,795	\$ 1,363

See Notes to the Financial Statements

The County of Osage
Linn, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2017 & 2016

	Health Insurance Savings Carryover Fund				Special Elections Fund			
	2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	25,000	29,010	18,444	21,967	-	-	-	-
Charges for Services	-	-	-	-	-	23,589	-	49,707
Interest	15	327	-	11	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 25,015	\$ 29,337	\$ 18,444	\$ 21,978	\$ -	\$ 23,589	\$ -	\$ 49,707
Disbursements								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	23,589	-	49,707
Total Disbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,589	\$ -	\$ 49,707
Receipts Over (Under) Disbursements	\$ 25,015	\$ 29,337	\$ 18,444	\$ 21,978	\$ -	\$ -	\$ -	\$ -
Cash and Equivalents, Jan 1	<u>21,978</u>	<u>21,978</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Cash and Equivalents, Dec 31	<u>\$ 46,993</u>	<u>\$ 51,315</u>	<u>\$ 18,444</u>	<u>\$ 21,978</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>

See Notes to the Financial Statements

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 1 - Summary of Significant Accounting Policies

Organized in 1841, the County of Osage was created by an Act of the Missouri Territory. It is a third-class county, and the county seat is Linn. Osage County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Osage County, Missouri.

Osage County's operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Osage County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Osage County's legal entity. The Osage County Senate Bill B40 Board is controlled by a separate board which has issued separately audited financial statements. For information, please contact the Osage County Senate Bill 40 Board by calling (573) 897-3095 (or write to 205 East Main Street, Linn, Missouri 65051).

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Osage County, Missouri, and the comparisons of such information with the corresponding budgeted information for all 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 or an elected county official. The General Revenue Fund is the County's general operation 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.

Basis of Accounting

The 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 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.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases), and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

If Osage County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Osage County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

Budgets are prepared and adopted on the cash basis of accounting.

During our audit, it was noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following funds had actual expenditures that exceeded the budgeted expenditures in 2017: Emergency Management Fund, Law Enforcement Training Fund, Recorder Technology Fund, Prosecuting Attorney Administrative Handling Fund, Prosecutor Training Fund, and Inmate Security Fund. The following funds had actual expenditures that exceeded the budgeted expenditures in 2016: Emergency Management Fund and Inmate Security Fund. The following fund did not have a prepared budget for 2017 or 2016: Special Elections Fund.

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within Osage County's boundaries for the calendar year 2017 and 2016, respectively, for the purposes of County taxation was as follows:

	2017	2016
Real Estate	\$ 137,020,665	\$ 127,633,590
Personal Property	50,591,818	48,845,955
Railroad and Utilities	30,584,111	31,529,234
	<u><u>\$ 218,196,594</u></u>	<u><u>\$ 208,008,779</u></u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2017 and 2016, respectively, for the purpose of County taxation, was as follows:

	2017	2016
General Revenue Fund	\$ 0.0622	\$ 0.0692
Special Road and Bridge Fund	0.2130	0.2154

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Osage County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Note 2 - Deposits and Investments

Osage County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2017, as follows:

	<u>Carrying Value</u>	<u>Bank Balances</u>
Deposits	\$ 2,220,676	\$ 2,333,885
Investments	625,462	625,462
 Total Deposits and Investments as of December 31, 2017	 <u>\$ 2,846,138</u>	 <u>\$ 2,959,347</u>

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2016, as follows:

	<u>Carrying Value</u>	<u>Bank Balances</u>
Deposits	\$ 1,535,263	\$ 1,644,458
Investments	625,462	625,462
 Total Deposits and Investments as of December 31, 2016	 <u>\$ 2,160,725</u>	 <u>\$ 2,269,920</u>

Note: Bank balances are inclusive of all funds of Osage County, and as such, include balances of unaudited funds which are not included in the scope of this report.

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2017 and 2016, 100% of Osage County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Osage County or its agent but not in the government's name. Osage County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of Osage County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Osage County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by Osage County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Osage County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities.

The following investments represent more than 5%, individually, of total investments:

Issuer	Investment		2017 Balance	% of Portfolio	2016 Balance	% of Portfolio
	Type					
Legends Bank	Cert. of Deposit		\$ 100,000	16.0%	\$ 100,000	16.0%
Legends Bank	Cert. of Deposit		100,000	16.0%	100,000	16.0%
Legends Bank	Cert. of Deposit		100,000	16.0%	100,000	16.0%
Legends Bank	Cert. of Deposit		100,000	16.0%	100,000	16.0%
Legends Bank	Cert. of Deposit		100,000	16.0%	100,000	16.0%
Legends Bank	Cert. of Deposit		101,462	16.2%	101,462	16.2%
			<u>\$ 601,462</u>		<u>\$ 601,462</u>	

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 3 - Interfund Transfers

Transfers between funds for the years ended December 31, 2017 and 2016 are as follows:

	2017		2016	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	\$ 724,909	\$ 6,600	\$ 732,222	\$ 6,600
Special Road and Bridge Fund	-	20,000	-	10,000
Assessment Fund	6,600	-	6,600	-
911 Fund	36,070	132,500	35,470	125,000
Emergency Management Fund	-	36,070	-	35,470
Jail Renovation Fund	-	420,000	-	420,000
Roll Back Reserve Fund	20,000	-	20,000	-
Election Services Fund	1,180	-	2,485	-
Use Tax Fund	-	150,000	-	150,000
Special Elections Fund	-	23,589	-	49,707
Total	\$ 788,759	\$ 788,759	\$ 796,777	\$ 796,777

Note 4 - Long-Term Debt

Capital Leases

On February 25, 2009, Osage County entered into a cancelable lease purchase agreement with Legends Bank. The lease purchase is for \$1,665,000 with a maturity date of January 2018. The lease purchase agreement calls for monthly payments of \$16,730, which includes interest of 3.5%. The proceeds of the lease purchase were used to renovate the county courthouse. The County paid this lease purchase off in 2017 ahead of schedule.

On June 6, 2013, Osage County entered into a cancelable lease purchase agreement with Legends Bank. The lease purchase is for \$134,332 with a maturity date of June 2017. The lease purchase agreement calls for 48 monthly payments of \$2,990, which includes interest of 3.25%. The proceeds of the lease purchase were used to purchase 6 police vehicles.

On January 1, 2015, Osage County entered into a cancelable lease purchase agreement with FS Leasing. The lease purchase is for \$1,587,800 with a maturity date of October 2027. The lease purchase agreement calls for 26 semi-annual payments of unequal amounts, which includes interest of 3.25%. The proceeds of the lease purchase were used to refund the Series 2009 Certificates of Participation.

On August 5, 2015, Osage County entered into a cancelable lease purchase agreement with Legends Bank. The lease purchase is for \$76,747 with a maturity date of August 2017. The lease purchase agreement calls for 24 monthly payments of \$3,304, which includes interest of 3%. The proceeds of the lease purchase were used to purchase 911 equipment.

On February 28, 2017, Osage County entered into a cancelable lease purchase agreement with Legends Bank. The lease purchase is for \$90,008 with a maturity date of January 2020. The lease purchase agreement calls for 32 monthly payments of \$2,990, which includes interest of 3.75%. The proceeds of the lease purchase were used to purchase 3 police vehicles.

Although the agreements provide cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its option to cancel.

The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016

Note 4 - Long-Term Debt (continued)

Capital Leases (continued)

The following is the changes in long-term debt for the year ended December 31, 2017:

Capital Lease Obligations	Balance		Retirements	Balance		Interest Paid
	January 1	Additions		December 31		
Courthouse renovation	\$ 93,061	\$ -	\$ 93,061	\$ -	\$ 952	
6 police vehicles	14,590	-	14,590	-	119	
2009 COP refunding	1,373,900		104,800	1,269,100	43,800	
911 equipment	26,112	-	26,112	-	288	
3 police vehicles	-	90,008	18,414	71,594	2,516	
	<u>\$ 1,507,663</u>	<u>\$ 90,008</u>	<u>\$ 256,977</u>	<u>\$ 1,340,694</u>	<u>\$ 47,675</u>	

The following is the changes in long-term debt for the year ended December 31, 2016:

Capital Lease Obligations	Balance		Retirements	Balance		Interest Paid
	January 1	Additions		December 31		
Courthouse renovation	\$ 287,184	\$ -	\$ 194,123	\$ 93,061	\$ 7,067	
6 police vehicles	49,363	-	34,773	14,590	1,107	
2009 COP refunding	1,473,800		99,900	1,373,900	48,087	
911 equipment	64,329	-	38,217	26,112	1,429	
	<u>\$ 1,874,676</u>	<u>\$ -</u>	<u>\$ 367,013</u>	<u>\$ 1,507,663</u>	<u>\$ 57,690</u>	

The following is the future minimum payments for all leases obligations:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 143,173	\$ 42,464	\$ 185,637
2019	148,861	37,585	186,446
2020	120,760	33,042	153,802
2021	122,000	29,165	151,165
2022	121,100	25,209	146,309
2023-2027	684,800	62,527	747,327
	<u>\$ 1,340,694</u>	<u>\$ 229,992</u>	<u>\$ 1,570,686</u>

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 5 - Operating Leases

On January 11, 2017, Osage County entered into an operating lease agreement with Caterpillar Financial for a motor grader. The lease agreement calls for 5 annual payments of \$26,350 beginning January 2017 and ending January 2022.

On January 11, 2017, Osage County entered into an operating lease agreement with Caterpillar Financial for a motor grader. The lease agreement calls for 5 annual payments of \$26,350 beginning January 2017 and ending January 2022.

Future minimum payments for the year ended December 31, 2017, are as follows:

Year Ending December 31	Caterpillar Grader Lease #1	Caterpillar Grader Lease #2
2017	\$ 26,350	\$ 26,350
2018	26,350	26,350
2019	26,350	26,350
2020	26,350	26,350
2021	26,350	26,350
	<hr/> <u>\$ 131,750</u>	<hr/> <u>\$ 131,750</u>

Note 6 - County Employees' Retirement Fund (CERF)

Plan Description

The County Employees' Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elected or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under RSMo. Sections 56.800 to 56.840, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under RSMo. Sections 57.949 to 57.997, and certain personnel not defined as an employee per RSMo. Section 50.1000(8). The Fund was created by an act of legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Benefits Provided

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 6 - County Employees' Retirement Fund (CERF) (continued)

Benefits Provided (continued)

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, Missouri, 65101, by calling (573) 632-9203, or by visiting the CERF website at www.mocerf.org.

Contributions

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 are required to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in CERF. During 2017 and 2016, the County collected and remitted to CERF, employee contributions of \$87,212 and \$86,343, respectively, for the years then ended.

Note 7 - Prosecuting Attorney Retirement Fund

In accordance with state statute Section 56.807 RSMo, Osage County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. Osage County has contributed \$3,366 and \$3,366, respectively, for the years ended December 31, 2017 and 2016.

Note 8 - Other Retirement Plan

Osage County have voluntary 457 and 401(a) plans administered by Empower Retirement (formerly Great-West Retirement Services) which is paid by a deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the years ended December 31, 2017 and 2016 for the 457 plan were \$32,207 and \$35,811, respectively. Employee contributions collected and remitted by the County for the years ended December 31, 2017 and 2016 for the 401(a) plan were \$11,307 and \$11,408, respectively.

Note 9 - Post-Employment Benefits

Osage County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by Osage County.

Note 10 - Claims, Commitments and Contingencies

Litigation

The County is subject to various claims and legal proceeding covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**The County of Osage
Linn, Missouri
Notes to the Financial Statements
For the years ended December 31, 2017 & 2016**

Note 10 - Claims, Commitments and Contingencies (continued)

Compensated Absences

The County provides employees with up to 24 days of paid vacation based upon the number of years of continuous service. Vacation days do carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue eight hours of sick leave per month for a total of twelve days for the year. The County allows employees to carry forward any and all unused sick leave up to 720 hours. However, upon termination, employees do not get reimbursed for sick leave. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 11 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Section 537.700 RSMo.). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Injured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 12 - Subsequent Events

The County has evaluated events subsequent to December 31, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 1, 2018, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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 Osage County, Missouri

We have audited, 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, the accompanying financial statements of Osage County, Missouri as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Osage County, Missouri's basic financial statements, and have issued our report thereon dated August 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Osage County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Osage County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Osage County, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2017-002 and 2017-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Osage County, Missouri's financial statements are free from material misstatement, we performed tests of its 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2017-001.

Osage County, Missouri's Responses to Findings

Osage County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Osage County, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creve Coeur, Missouri

August 1, 2018

**The County of Osage
Linn, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2017 & 2016**

Financial Statement Findings

2017-001 **Criteria:** Missouri statutes requires Counties to prepare an annual budget as applicable to each fund. Expenditures are not to exceed the budget and funds are not to be budgeted at a deficit.

Condition: During our audit, it was noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following funds had actual expenditures that exceeded the budgeted expenditures in 2017: Emergency Management Fund, Law Enforcement Training Fund, Recorder Technology Fund, Prosecuting Attorney Administrative Handling Fund, Prosecutor Training Fund, and Inmate Security Fund. The following funds had actual expenditures that exceeded the budgeted expenditures in 2016: Emergency Management Fund and Inmate Security Fund. The following fund did not have a prepared budget for 2017 or 2016: Special Elections Fund.

Effect: The County is in violation of Missouri Revised Statutes due to exceeding budgets in certain funds and not preparing budgets for certain funds.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County Commission, County Treasurer, and County Clerk will review all funds throughout the year and make all necessary budget amendments as necessary in accordance with the Mo Revised Statutes. The expected completion date is December 31, 2018. The phone number for the County Clerk is (573) 897-2139.

2017-002 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The County will work to prepare a risk assessment procedure. The expected completion date is December 31, 2018. The phone number for the County Clerk is (573) 897-2139.

**The County of Osage
Linn, Missouri
Schedule of Findings and Responses
For the years ended December 31, 2017 & 2016**

Financial Statement Findings (continued)

2017-003 **Criteria:** Management of the County is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial statements.

Condition: During our audit we were required to make several material audit adjustments to cash and revenue to ensure the financial statements of the County were not misstated. The County has not been reporting the value of certificates of deposits within the available cash balance on the budgets.

Effect: Due to errors reported in cash and revenue, the 2017 and 2016 financial statements of the County were misstated.

Cause: Lack of controls over financial reporting.

Recommendation: We recommend management of the County develop controls over financial reporting to ensure cash and revenue are accurately reported.

Management's Response: The County Clerk and County Treasurer will work together to ensure that cash and revenue are accurately reported in the financial statements. The phone number for the County Clerk is (573) 897-2139.

**The County of Osage
Linn, Missouri
Summary Schedule of Prior Year Findings and Responses
For the years ended December 31, 2017 & 2016**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2013 & 2012.

Prior Year Financial Statement Findings

FS 13/12-01 **Criteria:** Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, Statements on Auditing Standards: Clarification and Recodification, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The County will begin the process of internal control documentation in 2014 with the direction from the County Commission. The County Clerk's (Patrick Steele) office phone number is (573) 897-2139.

Status: Management has corrected this issue.

FS 13/12-02 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During the County's walkthroughs, we noted there is no formal fraud risk assessment in place.

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

**The County of Osage
Linn, Missouri
Summary Schedule of Prior Year Findings and Responses
For the years ended December 31, 2017 & 2016**

Prior Year Financial Statement Findings (continued)

FS 13/12-02 **Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating (cont.) controls.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Management's Response: The County will begin the process of fraud risk assessment documentation in 2014 with the direction from the County Commission. The County Clerk's (Patrick Steele) office phone number is (573) 897-2139.

Status: Management has not corrected this issue and the finding is repeated as finding 2017-002 in the current year.

FS 13/12-03 **Criteria:** SAS No. 55, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS No. 78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55.

Condition: Lack of sufficient segregation of duties within the office of the Collector and Treasurer.

Context: During the engagement, we noted that an individual is allowed to receive, record, deposit, as well as write, approve, sign and reconcile expenditures and receipts to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding departments.

Recommendation: These areas should be reviewed periodically and consideration should be given to improving the segregation of duties.

Management's Response: The County Collector's (Doris Keilholz) office and the County Treasurer's (Tim Neuner) has informed us that the County will look into making proper segregation of duties within their offices. The Collector's office phone number is 573-897-3706 and the Treasurer's office phone number is 573-897-3095.

Status: Management has corrected this issue.

**The County of Osage
Linn, Missouri
Summary Schedule of Prior Year Findings and Responses
For the years ended December 31, 2017 & 2016**

Prior Year Federal Award Findings and Questioned Cost

SA 13/12-01 Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: Missouri Department of Economic Development
Federal CFDA Number: 14.228
Program Title: Community Development Block Grant

Information on the federal program: The County was non-compliant with the sub-recipient monitoring requirement set forth by OMB Circular A-133.

Criteria: OMB Circular A-133 requires that pass-through entities monitor the activities of sub-recipients to ensure compliance with laws, regulations and the provisions of contracts or grant agreements.

Condition: During our testing of CDBG funds, we noted that the County did not monitor the sub-recipient's activities performed for the requirements of the Davis-Bacon Act and procurement and suspension and debarment.

Questioned Cost: Not applicable

Context: During our testing of compliance, we noted that the County did not monitor the sub-recipient's activities relating to the requirements of the Davis-Bacon Act and procurement and suspension and debarment.

Effect: The County was non-compliant with the sub-recipient monitoring requirement.

Cause: County personnel were not aware of monitoring responsibilities beyond obtaining and approving invoices.

Recommendation: The County should review the activities of the sub-recipient to ensure that the Davis-Bacon Act is being followed and that entities being used are not on the suspension and debarment list.

Management's Response: Going forward the County Clerk's (Patrick Steele) office will require clarification of monitoring processes, procedures and reimbursement. His phone number is (573) 897-2139.

Status: This finding is no longer applicable.

**The County of Osage
Linn, Missouri
Summary Schedule of Prior Year Findings and Responses
For the years ended December 31, 2017 & 2016**

Prior Year Federal Award Findings and Questioned Cost (continued)

SA 13/12-02 Federal Grantor:	U.S. Department of Agriculture, U.S. Department of Interior, U.S. Department of Transportation, U.S. Department of Health and Human Services, and U.S. Department of Homeland
Pass-Through Grantor:	Department of Health and Senior Services, Office of Homeland Security Grants and Training, Missouri Department of Public Safety, and Highway and Transportation Commission
Federal CFDA Number:	All programs except 14.228
Program Title:	All programs except CDBG

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Cost: Not applicable

Context: During the audit of federal programs, we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by Governmental Accounting and Financial Reporting Standards.

Cause: Adequate emphasis was not placed on the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements.

Management's Response: The County Clerk's (Patrick Steele) office will focus more attention on defining sources of funds going forward. His phone number is (573) 897-2139.

Status: This finding is no longer applicable.