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Missouri State Auditor

Ste. Genevieve County



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CITIZENS SUMMARY

Findings in the audit of Ste. Genevieve County

County Collector's Procedures	The County Collector had not performed bank reconciliations of the main account since June 2012 and does not monthly reconcile the protested tax account. To avoid writing insufficient funds checks in the main account, the County Collector transferred \$137,810 from the protested tax account to the main account but transferred back \$139,985 a month later. The County Collector could not explain why the main account was short in the first place or why \$2,175 more was returned to the protested tax account.
Public Administrator's Procedures	The Public Administrator does not always timely file annual settlements, in accordance with state law. Also, the Public Administrator does not assess and collect fees from the accounts of active wards and estates, so the county is not recouping any of the Public Administrator salary costs.
Fuel Usage	As noted in our prior audit report, the Road and Bridge department still needs to improve controls and procedures over fuel use and purchases. Although the road and bridge supervisor maintains a log of fuel pumped, he does not reconcile fuel pumped to fuel purchased each month.
Senate Bill 40 Board	The Senate Bill 40 (SB40) Board does not prepare a formal budget for the Donation Fund, as required by state law, and does not have written contracts with two entities to which it provides funding, making it more difficult to ensure tax payer monies are spent for their intended use. The SB40 Board does not issue receipt slips for donations received and does not maintain a detailed record of donation receipts.
Computer Controls	The Public Administrator does not require passwords to log on to her computer, and in the offices of the Sheriff, Recorder of Deeds, Prosecuting Attorney, and Assessor, passwords do not have to be changed periodically. Also, the Sheriff, Recorder of Deeds, Assessor, and Public Administrator have no security control to shut down computers after a certain period of inactivity and to detect or prevent incorrect login attempts. The county does not have formal emergency contingency plans and has not made formal arrangements for the use of backup facilities in the event of a disaster or other disruption of services.
Closed Meetings and Minutes	As noted in our prior audit report, the County Commission did not always comply with the Sunshine Law. The County Commission did not document its reasons for closing three meetings and did not maintain minutes for three other closed meetings. The County Commission closed one meeting to discuss the importance of maintaining equipment in good working order and closed another meeting to discuss the importance of placing warning signs in road construction zones; the Sunshine Law does not allow either of these topics to be discussed in closed session.

Sheriff's Procedures	The Sheriff's office does not perform a periodic physical inventory of all seized property and reconcile the results to seized property records. The Deputy Office Clerk has not been routinely following up on outstanding checks for the inmate account. At December 31, 2012, 133 checks totaling \$2,314 had been outstanding for over a year, with some dating back to 2009.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

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

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

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

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Ste. Genevieve County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Ste. Genevieve County

We have audited certain operations of Ste. Genevieve County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Ste. Genevieve County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to the year ended December 31, 2012. 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 financial transactions.

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. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

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

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

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

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Ste. Genevieve County Management Advisory Report State Auditor's Findings

1. County Collector's Procedures

Bank reconciliations are not prepared timely and accurately. In addition, liabilities are not properly identified and reconciled to the cash balance. The County Collector's office processed collections of approximately \$23 million during the year ended February 28, 2013.

1.1 Main account

The County Collector had not performed bank reconciliations since June 2012. As a result, disbursement errors were not identified timely and there is no assurance all monies are accounted for properly. In February 2013, at our request, the County Collector prepared bank reconciliations through December 2012; however, these reconciliations were not prepared properly. As of May 2013, the bank reconciliations for January 2013 through April 2013 had not been prepared.

The County Collector's main account balance at December 31, 2012, was short \$185,109 due to a double payment of Tax Increment Financing monies totaling \$182,795 and other disbursement errors totaling \$2,314. Problems were noted with the County Collector's procedures for identifying outstanding checks when preparing bank reconciliations. The County Collector does not consider checks outstanding for more than a month, regardless of actual bank clearing date. In addition, the County Collector transferred \$137,810 from the protested tax account to the main account to avoid writing insufficient funds checks in January 2013. However, \$139,985 was subsequently transferred back to the protested tax account in February 2013. The County Collector could not provide an explanation for the shortage in the main account or why \$2,175 more than the original transfer amount was transferred back to the protested tax account.

Without preparing accurate monthly bank reconciliations there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

1.2 Protested tax account

Monthly bank reconciliations are not prepared and identified liabilities are not reconciled to the cash balance for the protested tax account. As a result, there is no assurance available cash is sufficient to cover liabilities. We prepared a bank reconciliation for January 2013. At January 31, 2013, the list of identified liabilities totaled \$172,156; however, the reconciled bank balance was \$172,074 indicating a shortage of \$82.

To ensure records are in balance and sufficient funds are available for payment of all liabilities, a monthly bank reconciliation and a complete and accurate list of liabilities should be prepared monthly and reconciled. Prompt investigation is needed to determine the cause of and resolve any differences.



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Recommendations

The County Collector:

- 1.1 Prepare monthly bank reconciliations for the main account and investigate and resolve any errors.
- 1.2. Prepare monthly bank reconciliations for the protested tax account and reconcile the cash balance to the monthly list of liabilities. Any differences should be promptly investigated and resolved.

Auditee's Response

The County Collector provided the following responses:

- 1.1 *The bank reconciliations for the main account have been completed through July 2013 and I will continue to work on resolving any discrepancies. In addition, the overpayment of the TIF monies has been recouped except for approximately \$500.*
- 1.2 *The bank reconciliations for the protest taxes account have been completed through July 2013. I am also working on reconciling the open liabilities to the remaining cash balance.*

2. Public Administrator's Procedures

The Public Administrator does not timely file annual settlements. In addition, there is no written policy or procedure to assess fees to the wards or estates. The Public Administrator acts as the court appointed personal representative for wards or estates of the Probate Division. The Public Administrator administered 54 wards or estates as of December 31, 2012. For 47 of these wards or estates the court required filing a summary status report rather than an annual settlement.

2.1 Annual settlements

The Public Administrator does not always file annual settlements timely in compliance with state law.

We reviewed all seven case files that required an annual settlement to be filed for 2012 and 2011. Three annual settlements filed in 2012 were filed between 4 and 9 months late and one annual settlement was not filed. In addition, four annual settlements filed in 2011 were filed from 3 to 5 months late and one annual settlement was filed 9 months late.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

2.2 Fees assessed

The Public Administrator does not assess and collect fees from the accounts of active wards and estates. Given the current circumstances, the county is not recouping any of the Public Administrator salary costs which are paid



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from the county General Revenue Fund. Section 473.742, RSMo, provides all fees collected by a Public Administrator who elects to be salaried are to be deposited into the county treasury.

To ensure fees are properly assessed against the accounts of the wards and estates and remitted to the county treasury, the Public Administrator should work with the Associate Circuit Judge to establish a policy for fees to be assessed.

Recommendations

The Public Administrator:

- 2.1 Ensure annual settlements are timely filed.
- 2.2 Work with the Associate Circuit Judge to establish a formal policy outlining the fee amount to assess the wards and estates and ensure fees are assessed and paid to the county for all applicable wards and estates.

Auditee's Response

The Public Administrator provided the following responses:

- 2.1 *A full time deputy clerk was hired in October 2012 who is responsible for preparing the annual settlements. We are in the process of completing all of the annual settlements which have not been filed and will ensure all future required filings are completed timely.*
- 2.2 *We will work with the Associate Circuit Judge to establish a policy for assessing fees.*

The Associate Circuit Judge and Probate Clerk provided the following response:

- 2.2 *We are willing to work with the Public Administrator to establish a fee schedule for qualifying wards.*

3. Fuel Usage

As noted in our prior audit report, controls and procedures over fuel use and purchases for the Road and Bridge department still need improvement. The Road and Bridge department uses 13 vehicles and 19 pieces of equipment as of December 31, 2012. Road and Bridge department fuel purchases totaled approximately \$123,000 for the year ended December 31, 2012.

The county maintains two diesel tanks and one gasoline tank for fueling road and bridge vehicles and equipment, and the road and bridge supervisor maintains a log of fuel pumped and records the beginning and ending fuel readings of the fuel tanks each day. However, he does not reconcile fuel pumped to fuel purchases each month.



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To ensure the validity and propriety of fuel disbursements and detect fuel loss or misuse on a timely basis, procedures should be adopted to ensure fuel pumped is reconciled to fuel purchased. Failure to account for fuel use could result in theft and misuse and billing errors going undetected.

Recommendation

The County Commission ensure fuel purchases are reconciled to fuel usage and investigate any significant differences.

Auditee's Response

The County Commission provided the following response:

We check the fuel tank levels each morning, maintain usage logs, and turn off the power to the fuel pumps after all vehicles have been refueled. We do not feel additional procedures to monitor fuel need to be implemented.

4. Senate Bill 40 Board

The Senate Bill 40 (SB40) Board did not prepare budgets for the Donation Fund or enter into written contracts with entities providing services. In addition, receipt slips are not issued for monies received.

4.1 Donation Fund budget

Formal budgets were not prepared detailing receipts, disbursements, beginning cash balance, or estimated ending cash balance for the Donation Fund. The Donation Fund was established in June 2012; however, a budget was not prepared for 2012 or 2013. The Donation Fund had receipts of \$37,838 and disbursements of \$11,574 resulting in an ending cash balance of \$26,264 at December 31, 2012.

To be of maximum assistance as a planning tool and to adequately inform the public, budgets should be prepared for all funds. Chapter 50, RSMo, requires county officials to prepare annual budgets for all funds and prohibits the disbursement of public funds without an approved budget. In addition, Section 50.590, RSMo, requires budgets to include the amounts for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year, and Section 50.740, RSMo, requires budgets to be submitted to the State Auditor's office.

4.2 Contracts for services

The SB40 Board does not have written contracts with two entities to which it provides funding. As a result, there is less assurance tax payer monies are being spent for their intended use. During the year ended December 31, 2012, the Board provided funding totaling \$126,000. The Board indicated the lists of requests for funding acts as the contract between the entities and Board.

SB40 Board tax revenues are restricted to specific uses by law and it is the responsibility of the Board to oversee and ensure the appropriate use of those funds. As a result, the need for clear and detailed written contracts is necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.



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A similar condition was noted in our prior audit report.

4.3 Receipt slips

The SB40 Board Treasurer does not issue receipt slips for donations received or maintain a detailed record of donation receipts. While the SB40 Board Treasurer sends each donor a letter acknowledging the donation and retains a copy on file, there is no centralized record of monies collected to ensure all monies are properly recorded and deposited.

To adequately account for receipts and reduce the risk of loss, theft, or misuse of funds, official prenumbered receipt slips should be issued for all monies immediately upon receipt and a centralized record of donation receipts should be maintained.

Recommendations

The Senate Bill 40 Board:

- 4.1 Ensure an annual budget is prepared in accordance with state law for the Donation Fund.
- 4.2 Enter into written contracts for funding requests that clearly detail the services to be performed and the compensation to be paid or benefits received.
- 4.3 Ensure prenumbered receipt slips are issued for all monies received and maintain a detailed record of all receipts.

Auditee's Response

The Senate Bill 40 Board provided the following written responses:

- 4.1 *We are working on getting a budget in order for the fund raising account (Challenger Sports baseball field project) effective 2014.*
- 4.2 *All future contracts will clearly detail the services to be performed and compensation paid and will be signed by both parties, the recipient of the funds as well as a member of our board.*
- 4.3 *A numbered receipt book which will include a detailed record of the receipt will be used effective immediately to acknowledge donations or any other monies given on behalf of the Challenger Sports baseball field project.*

5. Computer Controls

Controls over county computer systems are not sufficient to prevent unauthorized access, or to restore important systems in the event of a disaster or systems failure. As a result, county records are unprotected and susceptible to damage or theft.

5.1 User passwords

The Sheriff, Recorder of Deeds, Prosecuting Attorney, and Assessor do not require passwords to be periodically changed. In addition, the Public Administrator does not require passwords to log on to her computer.



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Requiring and changing passwords periodically limits access to data files and programs to only those individuals who need access for completion of job responsibilities, and reduces the possibility of unauthorized users.

5.2 Computer inactivity

The Sheriff, Recorder of Deeds, Assessor, and Public Administrator do not have a security control in place to shut down computers after a certain period of inactivity and detect or prevent incorrect login attempts. As a result, unauthorized individuals could access an unattended computer and have unrestricted access to programs and data files. To help protect computer files, security controls should be implemented to shut down the system after a certain period of inactivity and to detect and prevent incorrect login attempts.

5.3 Contingency plan

The county does not have formal emergency contingency plans and has not made formal arrangements for the use of backup facilities in the event of a disaster or other disruption of services.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. The major benefit of a thorough contingency plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the degree of reliance on data processing, the need for contingency planning is evident.

Recommendations

The County Commission:

- 5.1 Work with the Sheriff, Recorder of Deeds, Prosecuting Attorney, Assessor, and Public Administrator to require passwords for all employees and ensure passwords are periodically changed.
- 5.2 Work with the Sheriff, Recorder of Deeds, Assessor, and Public Administrator to establish a security control requiring computers to shut down after a certain period of inactivity.
- 5.3 Work with other county officials to develop formal contingency plans for the various computer systems.

Auditee's Response

The County Commission provided the following responses:

- 5.1 *We will discuss and work with the other office holders to ensure passwords are confidential and are changed periodically.*
- 5.2 *We will work with a computer programmer to determine the feasibility of locking out computer after a period of inactivity and/or a specific number of incorrect login attempts.*



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5.3 *The county is currently working on developing an emergency plan.*

The Sheriff and Prosecuting Attorney provided the following response:

5.1 *We will consider the recommendation.*

The Recorder of Deeds and Assessor provided the following response:

5.1 *We will work with the County Commission to require passwords to be changed.*

The Public Administrator provided the following response:

5.1 *This has been implemented.*

The Assessor provided the following response:

5.2 *I will work with the County Commission on this issue.*

The Sheriff provided the following response:

5.2 *We will work with our IT technician to implement the recommendation.*

The Recorder of Deeds and Public Administrator provided the following response:

5.2 *We will work the County Commission to implement the recommendation.*

6. Closed Meetings and Minutes

As noted in our prior report, County Commission procedures related to closed meetings were not always in compliance with the Sunshine Law. The County Commission held 12 closed meetings during the year ended December 31, 2012.

- Reasons for closing three meetings were not documented and minutes were not maintained for three other closed meetings. Without documenting the reasons for closing the meetings and preparing minutes of closed sessions, there is no record to support the decisions made, and less assurance to the public that various statutory provisions are followed.
- The County Commission closed a meeting on July 2, 2012, to discuss the importance of maintaining equipment in good working order and closed another meeting on August 9, 2012, to discuss the importance of



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placing warning signs in road construction zones. The Sunshine Law does not allow these topics to be discussed in closed session.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all closed meetings and the reason for the closed meeting be voted on in an open meeting. The law also provides guidance on which topics and actions are allowable in closed meetings.

Recommendation

The County Commission ensure open meeting minutes document the reason and the corresponding vote for entering into closed session and minutes are prepared for all closed meetings. In addition, the County Commission should ensure items discussed in closed meetings comply with the Sunshine Law.

Auditee's Response

The County Commission provided the following response:

We will document the reasons for all closed meetings and the corresponding vote. In addition, we will prepare minutes for all closed meetings and ensure topics discussed are allowable per the Sunshine Law.

7. Sheriff's Procedures

Controls over seized property are in need of improvement and several old outstanding checks have not been investigated and resolved.

7.1 Seized property

The Sheriff's office does not perform a periodic physical inventory of all seized property and reconcile results to seized property records. As a result, there is an increased potential for theft or misuse of items going undetected.

Considering the often sensitive nature of seized property, performing a periodic physical inventory is essential to ensure items are accounted for properly.

7.2 Old outstanding checks

The Deputy Office Clerk has not routinely followed up on outstanding checks for the inmate account. As a result, at December 31, 2012, 133 checks totaling \$2,314 had been outstanding for over a year with some checks dating back to 2009.

Follow up on outstanding checks is necessary to ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

Recommendations

The Sheriff:

- 7.1 Ensure a periodic physical inventory of all seized property is conducted and reconciled to the seized property records.
- 7.2 Routinely follow up on outstanding checks. Old outstanding checks should be voided and reissued to payees who can be readily located.



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If the payees cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

The Sheriff provided the following responses:

- 7.1 *We will conduct spot inventories of various cases throughout the year.*
- 7.2 *The deputy clerk is currently working on resolving the old outstanding checks.*

Ste. Genevieve County

Organization and Statistical Information

Ste. Genevieve County is a county-organized, third-class county. The county seat is Ste. Genevieve.

Ste. Genevieve 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. The county employed 99 full-time employees and 90 part-time employees on December 31, 2012.

In addition, county operations include the Senate Bill 40 Board, Senior Citizens Board, Mental Health Board, and the Community Center Board.

Elected Officials

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

Officeholder	2013	2012
Garry Nelson, Presiding Commissioner	\$	36,343
Ray Gettinger, Associate Commissioner		33,951
Randy Bahr, Associate Commissioner		33,951
Peggy Yamnitz, Recorder of Deeds		51,441
Kay A. Basler, County Clerk		51,441
Carl Kinsky, Prosecuting Attorney		116,858
Gary Stolzer, Sheriff		57,440
Judy E. Thomas, County Treasurer		51,441
Leo C. Chipper Basler Jr., County Coroner		17,944
Mary Jo Ramer, Public Administrator		25,000
Phyllis A. Vessell, County Collector (1), year ended February 28,	61,185	
Linda Wagner, County Assessor , year ended August 31,		55,831
Gerald Bader, County Surveyor (2)		

(1) Includes \$9,534 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.

Financing Arrangements

In February 2006, the county entered into an agreement to issue taxable Industrial Development Revenue Bonds as authorized by Article VI, Section 27, Missouri Constitution, and Sections 100.010 to 100.200, RSMo. The proceeds of the bonds, which were issued in 2006 in the amount of



Ste. Genevieve County Organization and Statistical Information

approximately \$1 billion, are to be used for the acquisition, construction, and furnishing costs related to an industrial development project in Ste. Genevieve County. The county is not liable for ultimate repayment of the bonds. The county subsequently amended the agreement in August 2010 increasing the total amount of the bonds issued to \$2 billion. It is expected the company developing the project will receive property tax abatements of approximately \$1.6 billion until 2020 and will make payments in lieu of taxes during that period.

A lease-purchase agreement was entered into with the Community Center Foundation of Ste. Genevieve to lease the community center on June 1, 2008. The terms of the agreement are for the Community Center Foundation of Ste. Genevieve to purchase the community center and lease the community center back to the county for payments totaling the principal and interest due on the outstanding Certificates of Participation. Payments are made from the Community Center Sales Tax Fund. The Certificates of Participation are scheduled to be paid off in 2018. The remaining principal and interest due on the lease-purchase agreement at December 31, 2012, was \$3,365,000 and \$412,000 respectively. In June 2011, an amendment to the lease was entered into to issue an additional \$950,000 of Certificates of Participation which are scheduled to be paid off in 2021. The remaining principal and interest at December 31, 2012, was \$925,000 and \$241,000 respectively.

The county entered into a lease agreement with the Bank of Bloomsdale (the Grantor) on June 21, 2012. The terms of the agreement call for the Grantor to provide funding for the costs of acquiring, constructing, furnishing, and equipping the justice center and for the county to lease the justice center from the Grantor for lease payments equal to the amount due to retire the trustee's indebtedness. The aggregate amount of the loan cannot exceed \$6.5 million. The negotiated interest rate is 4 percent for 10 years. The county paid \$34,400 in interest for the year ended December 31, 2012. Construction on the jail expansion is expected to be completed in October 2013.