

BOONE COUNTY, MISSOURI

STATEMENT OF NET ASSETS December 31, 2009

	Primary Government	Component Unit
	Governmental Activities	Boone Hospital Board of Trustees
ASSETS		
Cash and cash equivalents	\$ 11,561,554	5,216,958
Investments	18,871,293	79,992,364
Accrued interest	165,321	852,740
Accounts receivable	361,836	6,428,984
Commissions receivable	370,847	—
Property taxes receivable, net	808,029	—
Assessments receivable	180,613	—
Sales taxes receivable	4,906,844	—
Due from other governments	466,347	—
Advance to external parties	2,850	—
Due from others	43	—
Loans receivable	558	—
Deferred charges	144,821	—
Prepaid items	7,356	5,917
Other assets	—	110,065
Restricted assets:		
Cash and cash equivalents	2,187,619	4,945,824
Investments	205,000	75,682,335
Capital assets, net:		
Nondepreciable	19,445,965	19,214,801
Depreciable	68,978,123	72,307,840
Total assets	<u>128,665,019</u>	<u>264,757,828</u>
LIABILITIES		
Accounts payable	2,303,188	1,801,802
Short-term notes payable	550,000	—
Wages payable	554,290	—
Accrued liabilities	71,864	300,773
Due to other governments	434	—
Due to others	39,603	—
Estimated liability for claims incurred but not paid	503,816	—
Unearned revenue	476,035	—
Interest payable	120,003	2,609,958
Long-term liabilities:		
Due within one year	1,318,839	3,735,000
Due within more than one year	7,157,737	116,860,000
Other post employment benefits	113,439	—
Total liabilities	<u>13,209,248</u>	<u>125,307,533</u>
NET ASSETS		
Invested in capital assets, net of related debt	83,875,914	39,735,006
Restricted for:		
Debt service	3,378,807	11,113,944
Capital projects	5,802,008	—
Roads and Bridge Infrastructure	8,398,792	—
Law Enforcement Services	1,422,687	—
Other statutory restrictions	4,364,177	—
Expendable donor restrictions	—	1,628,985
Nonexpendable donor restrictions	—	706,850
Unrestricted	8,213,386	86,265,510
Total net assets	<u>\$ 115,455,771</u>	<u>139,450,295</u>

BOONE COUNTY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2009

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Boone Hospital Board of Trustees
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Policy and administration	\$ 7,302,080	3,826,596	293,082	—	(3,182,402)	—
Law enforcement and judicial	18,630,308	1,955,473	2,505,657	—	(14,169,178)	—
Environment, public buildings, and infrastructure	20,497,171	76,031	1,838,137	—	(18,583,003)	—
Community health and public services	1,219,320	39,991	16,398	—	(1,162,931)	—
Economic vitality	66,000	—	—	—	(66,000)	—
Beautification and recreation	58,877	—	—	—	1,481	—
Protective inspection	1,041,387	156,805	60,358	—	(884,582)	—
Interest and fiscal charges	279,209	—	—	—	(279,209)	—
Total primary government	<u>49,094,352</u>	<u>6,054,896</u>	<u>4,713,632</u>	<u>—</u>	<u>(38,325,824)</u>	<u>—</u>
COMPONENT UNIT:						
Boone Hospital Board of Trustees	<u>\$ 10,685,277</u>	<u>17,251,483</u>	<u>1,232,617</u>	<u>—</u>		<u>7,798,823</u>
GENERAL REVENUES:						
Property taxes				\$	4,227,381	80,651
Sales taxes					28,967,457	—
Franchise and other taxes					283,856	—
Investment revenue					221,272	2,624,135
Hospital lease revenue					1,632,323	—
Gain on sale of capital assets					50,407	—
Miscellaneous					471,486	682
Total general revenues					<u>35,854,182</u>	<u>2,705,468</u>
Change in net assets					(2,471,642)	10,504,291
NET ASSETS -- beginning of year					117,927,413	128,946,004
NET ASSETS -- end of year				\$	<u>115,455,771</u>	<u>139,450,295</u>

BOONE COUNTY, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2009

Major Funds							
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund	Government Center Capital Improvement Fund	One-Fifth Cent Sales Tax Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,367,235	6,015,718	—	3,458,971	582,416	137,214	11,561,554
Investments	2,987,586	797,584	971,578	—	1,057,603	7,737,245	13,551,596
Accrued interest	103,666	18,846	2,589	7,851	8,586	10,693	152,231
Accounts receivable	237,092	3,646	65	—	—	108,794	349,597
Commissions receivable	163,921	1,218	—	—	—	205,708	370,847
Property taxes receivable	593,603	251,879	—	—	—	—	845,482
Assessments receivable	—	—	—	—	—	180,613	180,613
Sales taxes receivable	2,176,822	2,175,069	543,718	—	11,235	—	4,906,844
Loans receivable from other funds	250,199	—	—	—	—	—	250,199
Due from other funds	670,791	6,741	619	—	—	4,091	682,242
Due from other governments	212,846	206,395	—	—	—	47,106	466,347
Advance to other funds	37,576	—	—	—	—	—	37,576
Loans receivable	558	—	—	—	—	—	558
Prepaid items	5,165	—	—	—	—	2,191	7,356
Restricted assets:							
Cash and cash equivalents	317,012	—	—	906,826	—	963,781	2,187,619
Total assets	9,124,072	9,477,096	1,518,569	4,373,648	1,659,840	9,397,436	35,550,661
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	730,719	935,244	51,866	23,232	332,202	158,140	2,231,403
Short-term notes payable	—	—	—	—	—	550,000	550,000
Wages payable	353,202	118,259	40,587	—	—	27,632	539,680
Accrued liabilities	54,350	10,180	3,387	—	—	2,479	70,396
Due to other funds	4,710	—	42	—	670,000	749	675,501
Due to other governments	434	—	—	—	—	—	434
Due to others	34,707	4,000	—	—	—	896	39,603
Advance from other funds	—	—	—	—	—	34,726	34,726
Deferred revenue	551,515	47,674	—	—	—	198,464	797,653
Loans payable to other funds	—	—	—	—	—	250,199	250,199
Total liabilities	1,729,637	1,115,357	95,882	23,232	1,002,202	1,223,285	5,189,595
Fund balances:							
Reserved for:							
Loan receivable	250,757	—	—	—	—	—	250,757
Prepaid items	5,165	—	—	—	—	2,191	7,356
Reserved for NID projects	—	—	—	—	—	239,268	239,268
Debt service	316,872	—	—	—	—	2,912,738	3,229,610
Capital projects	—	—	—	906,826	657,638	—	1,564,464
Security deposits	140	—	—	—	—	—	140
Encumbrances	71,508	1,622,614	14,411	—	—	909,572	2,618,105
Unreserved							
Designated for capital improvements	—	1,039,400	250,000	—	—	—	1,289,400
Designated for out-of-county housing	—	—	629,000	—	—	—	629,000
Undesignated, reported in:							
General fund	6,749,993	—	—	—	—	—	6,749,993
Special revenue funds	—	5,699,725	529,276	—	—	3,320,068	9,549,069
Capital project funds	—	—	—	3,443,590	—	790,314	4,233,904
Total fund balances	7,394,435	8,361,739	1,422,687	4,350,416	657,638	8,174,151	30,361,066
Total liabilities and fund balances	\$ 9,124,072	9,477,096	1,518,569	4,373,648	1,659,840	9,397,436	35,550,661

BOONE COUNTY, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2009

Total fund balance-- total governmental funds \$ 30,361,066

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the fund financial statements. 88,198,010

Some of the County's property taxes and special assessments will be collected after the 60-day availability period and are deferred in the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements, net of allowance for uncollectible amounts. 284,165

Internal service funds are used by management to charge the cost of building and custodial maintenance and self-insurance to the individual governmental funds, generally on a cost-reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 5,047,258

Long-term liabilities applicable to the County's governmental activities (excluding internal service fund accrued compensated absences) are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -- both current and long-term -- are reported on the government-wide statement of net assets. Discounts, premiums, bond issuance costs are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.

Balances as of December 31, 2009 are:

Accrued interest on long-term debt	(120,003)
Bonds payable	(7,452,000)
Unamortized premiums	(49,637)
Unamortized bond issuance costs	144,821
Accrued compensated absences	(957,909)

Total net assets -- governmental activities -- statement of net assets \$ 115,455,771

BOONE COUNTY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2009

Major Funds							
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund	Government Center Capital Improvement Fund	One-Fifth Cent Sales Tax Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 2,980,220	1,232,417	—	—	—	—	4,212,637
Assessments	—	—	—	—	—	182,385	182,385
Sales taxes	11,144,410	11,478,664	2,782,843	—	3,313,986	247,554	28,967,457
Other taxes	157,199	—	—	—	—	—	157,199
Licenses and permits	282,690	10,897	—	—	—	58,702	352,289
Intergovernmental	2,227,679	1,916,727	—	—	—	888,583	5,032,989
Charges for services	3,524,950	28,295	—	—	—	1,548,588	5,101,833
Fines and forfeitures	16,696	—	—	—	—	27,747	44,443
Investment income	71,345	51,892	6,467	14,876	18,769	26,712	190,061
Interfund services provided	218,703	31,849	—	—	—	—	250,552
Miscellaneous:							
Hospital lease revenue	1,632,323	—	—	—	—	—	1,632,323
Contributions	—	—	—	—	—	18,768	18,768
Other	442,079	4,747	3,281	—	44	56,738	506,889
Total revenues	22,698,294	14,755,488	2,792,591	14,876	3,332,799	3,055,777	46,649,825
EXPENDITURES							
Current:							
Policy and administration	5,542,924	—	—	—	—	1,098,400	6,641,324
Law enforcement and judicial	14,319,861	—	2,542,622	—	—	1,011,252	17,873,735
Environment, public buildings, and infrastructure	50,834	14,702,352	—	—	—	1,653,520	16,406,706
Community health and public services	1,134,673	—	—	—	—	32,711	1,167,384
Economic vitality	66,000	—	—	—	—	—	66,000
Beautification and recreation	58,877	—	—	—	—	—	58,877
Protective inspection	1,021,169	—	—	—	—	—	1,021,169
Interfund services used	31,849	150,000	—	—	—	68,703	250,552
Capital outlay	152,668	733,005	376,323	117,072	1,148,490	529,040	3,056,598
Debt service:							
Principal retirement	290,000	—	—	—	—	154,000	444,000
Interest and fiscal charges	126,090	—	—	—	—	157,700	283,790
Total expenditures	22,794,945	15,585,357	2,918,945	117,072	1,148,490	4,705,326	47,270,135
REVENUES OVER (UNDER) EXPENDITURES	(96,651)	(829,869)	(126,354)	(102,196)	2,184,309	(1,649,549)	(620,310)
OTHER FINANCING SOURCES (USES)							
Transfers in	741,090	—	—	1,078,600	—	2,916,730	4,736,420
Transfers out	(698,900)	—	—	(44,478)	(3,716,375)	(276,667)	(4,736,420)
Insurance proceeds	7,690	20,931	—	—	—	—	28,621
Sale of capital assets	4,883	127,267	39,825	—	—	21	171,996
Total other financing sources (uses)	54,763	148,198	39,825	1,034,122	(3,716,375)	2,640,084	200,617
NET CHANGE IN FUND BALANCES	(41,888)	(681,671)	(86,529)	931,926	(1,532,066)	990,535	(419,693)
FUND BALANCES, beginning of year	7,436,323	9,043,410	1,509,216	3,418,490	2,189,704	7,183,616	30,780,759
FUND BALANCES, end of year	\$ 7,394,435	8,361,739	1,422,687	4,350,416	657,638	8,174,151	30,361,066

BOONE COUNTY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2009

Net change in fund balances -- governmental funds-- statement of revenues, expenditures, and changes in fund balances \$ (419,693)

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets that meet the capitalization threshold is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which such capital outlays (\$6,831,665) exceeded depreciation expense (\$9,575,706) in the current period. (2,744,041)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, contributed capital assets) is to increase net assets. (199,004)

Revenues in the statement of activities (net of allowance for uncollectible amounts) that do not provide current financial resources are not reported as revenues in the fund financial statements. This amount represents the extent to which revenues not providing current financial resources in the current fiscal year exceeded revenues not providing current financial resources in the prior fiscal year (which are recognized in the fund financial statements in the current year). (76,415)

Internal service funds are used by management to charge the cost of building and custodial maintenance and self-insurance to the individual governmental funds. The net income of internal service funds attributable to governmental activities is reported on the statement of activities. 662,525

Governmental funds report repayment of principal on bonds payable and capital leases as an expenditure. However, repayment of principal is not recognized as an expense in the statement of activities; instead, it reduces the liability in the statement of net assets. Annual principal payments on bonds payable and capital leases 444,000

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

This adjustment combines the net changes of the following:

Accrued compensated absences	(125,317)	
Accrued interest on bonds	(1,258)	
Premiums on debt issuances, net of amortization	5,839	
Deferred bond issuance costs, net of amortization	(18,278)	
		(139,014)

Change in net assets -- governmental activities -- statement of activities \$ (2,471,642)

BOONE COUNTY, MISSOURI

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**December 31, 2009**

	<u>Governmental Activities-Internal Service Funds</u>
ASSETS	
Current assets:	
Investments	\$ 5,319,697
Accrued interest	13,090
Accounts receivable	12,239
Due from others	43
Total current assets	<u>5,345,069</u>
Restricted assets:	
Investments	205,000
Noncurrent assets:	
Capital assets, net	36,789
Construction in progress	<u>189,289</u>
 Total assets	 <u><u>5,776,147</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	71,785
Wages payable	14,610
Compensated absences	17,030
Accrued liabilities	1,468
Estimated liability for claims incurred but not paid	503,816
Due to other funds	6,741
Long-term liabilities:	
Other post-employment benefit	<u>113,439</u>
 Total liabilities	 <u><u>728,889</u></u>
NET ASSETS	
Invested in capital assets	226,078
Restricted for workers' compensation expenses	205,000
Unrestricted	<u>4,616,180</u>
 Total net assets	 \$ <u><u>5,047,258</u></u>

BOONE COUNTY, MISSOURI

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS****For The Year Ended December 31, 2009**

	Governmental Activities-Internal Service Funds
OPERATING REVENUES	
Intergovernmental	\$ 5,642
Charges for services	4,693,039
Miscellaneous	30,158
Total operating revenues	<u>4,728,839</u>
OPERATING EXPENSES	
Salaries and employee benefits	564,316
Supplies, services, and other charges	776,076
Claims expense	2,236,201
Professional services	66,104
Administrative fees	386,345
Other post-employment benefit expense	65,084
Depreciation	11,163
Total operating expenses	<u>4,105,289</u>
Operating income	<u>623,550</u>
NONOPERATING REVENUES (EXPENSES)	
Transfer in	50,000
Transfer out	(50,000)
Miscellaneous	7,764
Investment income	31,211
Total nonoperating revenues (expenses)	<u>38,975</u>
Change in net assets	662,525
Net assets, beginning of year	<u>4,384,733</u>
Net assets, end of year	<u>\$ 5,047,258</u>

BOONE COUNTY, MISSOURI

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2009**

	Governmental Activities—Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,717,016
Other operating cash receipts	1,325
Payments to employees	(563,324)
Payments to suppliers for goods and services	(3,463,425)
Net cash provided by operating activities	<u>691,592</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(189,289)
Insurance proceeds	7,764
Net cash used in capital and related financing activities	<u>(181,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	4,734,616
Purchase of investments	(5,270,501)
Interest received	25,818
Net cash used in investing activities	<u>(510,067)</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income	623,550
Depreciation	11,163
Change in assets and liabilities:	
Decrease (increase) in receivables	(10,498)
Increase (decrease) in accounts payable and estimated liability for claims incurred but not paid	1,110
Increase (decrease) in wages payable	1,292
Increase (decrease) in prepaid expenses	134
Increase (decrease) in accrued liabilities	57
Increase (decrease) in compensated absences	(300)
Increase (decrease) in other post-employment benefit	65,084
Net cash provided by operating activities	<u>691,592</u>
Noncash investing, capital, and financing activities:	
Net appreciation (depreciation) in value of investments reported at fair value (not classified as cash equivalents)	\$ <u>(32,482)</u>

BOONE COUNTY, MISSOURI

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2009

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ —	—	13,750,025
Investments:			
U.S. Government and agency securities	—	119,137	103,873,625
Money market mutual funds	1,667,474	—	—
Accrued interest	—	289	76,232
Accounts receivable	—	—	3,877
Property taxes receivable	—	—	22,652,736
Due from others	—	—	157,837
Total assets	<u>1,667,474</u>	<u>119,426</u>	<u>140,514,332</u>
LIABILITIES			
Accounts payable	—	—	409,340
Due to other political subdivisions	—	—	140,102,142
Advance from other funds	—	—	2,850
Total liabilities	<u>—</u>	<u>—</u>	<u>140,514,332</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>1,667,474</u>	<u>119,426</u>	<u>—</u>
Total net assets	\$ <u><u>1,667,474</u></u>	<u><u>119,426</u></u>	<u><u>—</u></u>

BOONE COUNTY, MISSOURI

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2009**

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>
ADDITIONS		
Contributions - employer	\$ 177,339	—
Contributions - other	—	—
Investment income	<u>312,856</u>	<u>708</u>
Total additions	<u>490,195</u>	<u>708</u>
DEDUCTIONS		
Benefits	38,021	—
Scholarships	—	916
Supplies, services and other charges	<u>—</u>	<u>3,099</u>
Total deductions	<u>38,021</u>	<u>4,015</u>
Change in net assets	452,174	(3,307)
NET ASSETS, beginning of year	<u>1,215,300</u>	<u>122,733</u>
NET ASSETS, end of year	\$ <u><u>1,667,474</u></u>	<u><u>119,426</u></u>

BOONE COUNTY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

(1) Summary Of Significant Accounting Policies

Boone County, Missouri (the County) is a first-class County, effective January 1, 1991, governed by a County commission comprised of a northern district commissioner, southern district commissioner, and presiding commissioner. Elected officials are responsible for the operations of certain County offices, including the assessor, collector, treasurer, clerk, auditor, sheriff, public administrator, prosecuting attorney and recorder offices, and the circuit court with its various divisions.

The accounting policies and financial reporting practices of the County conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental entities. The following is a summary of the more significant policies:

(a) *Reporting Entity*

The County's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. These standards identify the County's financial accountability for potential component units as the primary, but not only, criteria for inclusion. The County is financially accountable if it appoints a voting majority of a potential component unit governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to or impose specific financial burdens on the County. The County's financial reporting entity consists of Boone County, Missouri (the primary government) and its component unit.

Component Unit

The County has no blended component units. The component unit column in the government-wide financial statements presents the financial data of the County's discretely presented component unit discussed below.

The Board of Trustees of Boone Hospital Center (the Board of Trustees) is a five-member elected board operating under the provisions of Revised Missouri Statute 205.160, et seq. The Board of Trustees is charged with the operation of County hospital facilities in Boone County, Missouri. These facilities provide acute health care services to Boone County under the name of Boone Hospital Center.

Component units of the Board of Trustees include Boone Hospital Foundation and the Walter Johnson Palliative Care Foundation. The purpose of the Boone Hospital Foundation is to provide support and provision of care to, and in respect to, patients at Boone Hospital Center and its facilities. The purpose of the Walter Johnson Palliative Care Foundation is to provide support and provision of palliative care to patients and their families at Boone Hospital Center and its facilities.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Effective September 1, 1988, the Board of Trustees and Boone County entered into a lease agreement with CH Allied Services, Inc. (CHAS), a Missouri not-for-profit corporation, to lease the facilities and operate the services of Boone Hospital Center. The lease was amended and restated effective January 1, 2001. The Board of Trustees serve as lessor and shares in certain Hospital management responsibilities pursuant to the lease agreement. The lease agreement is explained in Note 9.

Complete financial statements for the discretely presented component unit can be obtained from its administrative office as follows:

Boone Hospital Center
1600 E. Broadway
Columbia, Missouri 65201

Related Organizations

The County Commissioners also are responsible for appointing the members of Boone County Group Homes and Family Support, the Board of Trustees of the Boone County Regional Sewer District, the Industrial Development Authority, the Boone County Library Board, and the Boone County Mental Health Board of Trustees. The County's accountability for these organizations does not extend beyond making the appointments. Thus, these organizations are not component units of the County, and accordingly, no financial data for these organizations are included in the County's basic financial statements.

(b) *Government-Wide And Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. The effect of interfund activity has been removed from these statements. The County's nonfiduciary activities consist entirely of governmental activities, which normally are supported by taxes and intergovernmental revenues. The County has no business-type activities that rely to a significant extent on charges for services from external parties. Additionally, the County is reported separately from the legally separate component unit for which the County is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Fiduciary activities are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Nonmajor Governmental Funds." The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide statements. Additionally, the County has nine internal service funds (governmental activities): self-insured health plan, self-insured dental plan, self-insured workers' compensation, self-insured worker's compensation loss control, facilities and grounds, building and grounds capital repair and replacement fund, utilities fund, family health center capital repair and replacement, and health department capital repair and replacement. All internal service fund activity is combined into a single column on the proprietary fund statements since major fund reporting requirements do not apply to internal service funds.

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are reported by the County:

Governmental Funds

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the County's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the County's governmental major funds:

General Fund - The general fund is the general operating fund of the County. All general tax revenues and other receipts not allocated by law or contractual agreement to another fund are accounted for in this fund. This fund provides for general operating expenditures, fixed charges, and the capital improvement costs not paid through other funds.

Road And Bridge Fund - The road and bridge fund is a special revenue fund used to account for the operations of the public works department. Financing is primarily provided by a one-half cent sales tax, revenue from the State of Missouri, and property taxes.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Law Enforcement Services Fund - The law enforcement services fund is a special revenue fund financed by a one-eighth cent sales tax for law enforcement and judicial activities.

Government Center Capital Improvement Fund - The Government Center capital improvement fund is a capital projects fund that accounts for the resources used in planning, renovating, and expending the Government Center.

One-Fifth Cent Sales Tax Capital Improvement Fund - The one-fifth cent sales tax capital improvement fund is a capital projects fund financed by a one-fifth sales tax for capital improvements.

The other governmental funds of the County are considered nonmajor and are reported as nonmajor governmental funds within these financial statements. Nonmajor governmental funds include special revenue funds that account for the proceeds of specific revenue sources that are legally restricted, or restricted through local policy, to expenditures for specific purposes; debt service funds that account for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest, and related costs; and capital projects funds that account for financial resources used for the acquisition or construction of major capital facilities.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The following are the County's proprietary funds:

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. The following internal service funds have been established: self-insured health plan fund, self-insured dental plan fund, self-insured workers' compensation fund, self-insured worker's compensation loss control fund, facilities and grounds fund, building and grounds capital repair and replacement fund, utilities fund, family health center capital repair and replacement fund, and health department capital repair and replacement fund. The self-insured health plan fund accounts for operations of the self-insured health plan for County employees. The self-insured dental plan fund accounts for operations of the self-insured dental plan for County employees. The self-insured workers' compensation fund accounts for operations of the self-insured workers' compensation plan for County employees. The facilities and grounds fund accounts for the operations of the facilities maintenance and housekeeping departments. The buildings and grounds capital repair and replacement fund provides for the accumulation of resources to be used for major repairs and replacements for County-owned buildings. The utilities fund accounts for building utilities for the Government Center, the Johnson Building, the Courthouse, the County-owned space in the Centralia Clinic, and the building located at 607 East Ash.

In the government-wide and proprietary fund financial statements, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. The discretely presented component unit has elected to apply the provisions of all relevant pronouncements of the FASB, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units.

The following are the County's fiduciary funds:

Pension Trust Fund - The pension trust fund accounts for the plan net assets of the Boone County Matching Pension Plan, a defined contribution plan under Internal Revenue Code (IRC) Section 401(a). The pension trust fund is accounted for and reported similar to a proprietary fund.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Private Purpose Trust Funds - The private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Private-purpose trust funds are accounted for and reported similar to a proprietary fund. Three private-purpose trust funds have been established: the George Spencer Trust Fund, which was established to award academic scholarships from the interest earned, the Union Cemetery Trust Fund, which was established to fund the maintenance of the Union Cemetery, and the Rocky Fork Cemetery Trust Fund, which was established to fund the maintenance of the Rocky Fork Cemetery.

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County maintains agency funds for special taxing districts, the Circuit Clerk, the Collector of Revenue, and for other miscellaneous purposes.

(c) ***Basis Of Accounting***

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the financial statements of the proprietary fund, pension trust fund, private-purpose trust fund, and the discretely presented component unit. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating expenses for the internal service funds consist of the cost of providing services to other County funds, and operating revenues consist of the charges to other County funds for these services. Investment income and gains or losses on disposals of capital items are considered nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term “available” is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the County, available is defined as expected to be received within 60 days of fiscal year-end, except for government grants, which is within 270 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (i.e. matured).

GASB Statement No. 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions and voluntary nonexchange transactions.

The County recognizes assets from derived tax revenue transactions (such as sales taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The County recognizes assets from imposed nonexchange revenue transactions (such as property taxes, licenses and permits, and fines and forfeitures) in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The County recognizes revenues from property taxes, net of refunds and estimated uncollectible amounts, in the period for which the taxes are levied.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first and then unrestricted resources as they are needed.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

For the pension trust funds, under the accrual basis of accounting, contributions are recognized in the period in which the contributions are due and benefits are recognized when they become due and payable.

(d) *Cash And Investments*

The County Treasurer maintains a cash and investment pool that is available for use by all funds except the pension trust fund. Within the financial statements, income from investments associated with one fund is not assigned to another fund for other than legal or contractual reasons. In addition, cash and investments are separately maintained by County court officials and third-party trustee and fiscal agents.

Investments are recorded at fair value. Fair values for investments are determined by closing market prices at year end.

(e) *Contributions – Component Unit*

Contributions receivable consisted of amounts receivable to the Boone Hospital Foundation, a discretely presented component unit of the Board of Trustees, and were temporarily restricted for the support of an intergenerational day care program. These contributions were refunded in 2009 as discussed in Note 14.

(f) *Inventories*

Purchases of materials and supplies in the governmental funds are charged to expenditures as incurred. Amounts of inventories are immaterial.

(g) *Capital Assets*

Primary Government

Capital assets, which include buildings, improvements, equipment, infrastructure assets (e.g., roads, drainage structures and similar items) and works of art, are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets also are recorded in the proprietary fund financial statements. Capital assets are defined by the County as assets with an estimated useful life in excess of one year with an initial, individual cost of \$5,000 or more, infrastructure with a cost of \$50,000 or more, and all land and land improvements.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings and improvements	5 to 50
Vehicles and equipment	4 to 7
Furniture and fixtures	3 to 4
Infrastructure	10 to 75

Component Unit

Capital assets include equipment, land and buildings which are valued at actual historical cost where available and at estimated historical cost where historical cost records are not available. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Land is valued at actual historical cost or fair market value if received by donation. Interest costs are capitalized when incurred on debt where proceeds were used to finance construction of assets.

(h) *Restricted Assets*

Restricted assets, comprised of cash and cash equivalents and investments, represent those funds that are restricted as to use either at the time of receipt, by action of a governing body, or by legal requirement. At December 31, 2009, the County's restricted assets represent the proceeds of bond issuances restricted as to their use and the pledged security for the self-insured workers' compensation plan.

(i) *Reserved Fund Balance/Restricted Net Assets*

Primary Government

Reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriation and is legally segregated for a specific future use. Restricted net assets represents the portion of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Component Unit

Restricted net assets of the Board of Trustees consist of bond proceeds, held in escrow, restricted by bond covenant to be used for future debt reduction.

Net assets restricted for expendable donor restrictions include donor-imposed restrictions, which limit the net assets use to a specified time period or purpose. Net assets restricted for nonexpendable donor restrictions include donor-imposed restrictions, which require the net assets to be maintained by the Board of Trustees in perpetuity.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

(j) *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities for GAAP-basis financial statements. Encumbrances will remain in force and be liquidated under the current year's budget.

(k) *Amortization*

In government-wide financial statements, bond premiums are recorded as an addition to the debt obligation and bond issuance costs are recorded as a deferred charge. Such amounts are amortized using the interest method or bonds outstanding method over the term of the related revenue bonds.

In the fund financial statements, governmental funds recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(l) *Compensated Absences*

Under terms of the County's personnel policies, employees are granted vacation and sick leave in varying amounts. County employees are allowed to carry their total accrued vacation leave balance. However, in the event of termination, County employees are only paid for accrued vacation leave up to a maximum of two times their annual accrual of vacation leave. Employees are not paid for accumulated sick leave upon termination. The vacation earned by County employees, subject to the aforementioned maximum, has been recorded as a long-term liability in the government-wide financial statements. A liability for compensated absences is recorded within the fund financial statements only to the extent that this liability has matured. Compensated absences are typically liquidated from the general fund.

(m) *Interfund Transactions*

In the fund financial statements, the County has the following types of transactions amongst funds:

Transfers

Legally authorized transfers are reported when incurred as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Interfund Services Provided/Used

Charges for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the County.

(n) *Statement Of Cash Flows*

For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash and all highly liquid investments (including restricted assets) with a maturity of three months or less at the date of purchase.

(o) *Use Of Estimates*

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenue, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

(p) *Income Taxes - Component Unit*

The Board of Trustees is exempt from federal income tax as described in Section 115 of the Internal Revenue Code. The Boone Hospital Foundation and the Walter Johnson Palliative Care Foundation, component units of the Board of Trustees, are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

(2) Cash And Investments

Primary Government

The County's investment policies are governed by County Commission Order, state statutes, and management policies. The County deposits all cash with the County Treasurer, who maintains all banking relationships for the County. Additionally, all investment decisions are made by the County Treasurer and the Treasurer's agents. County moneys are deposited in FDIC-insured banks located within the State of Missouri.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The County is authorized to invest in the following:

- a. United States Treasury Securities;
- b. United States Agency Securities, including coupon and zero coupon securities, discount notes, callable securities, step-up securities, floating rate securities, and mortgage backed securities;
- c. Repurchase agreements;
- d. Collateralized public deposits (certificates of deposit);
- e. Banker's acceptance and
- f. Commercial paper.

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end as reported by FT Interactive Data. In addition, money market mutual funds are classified as cash and cash equivalents on the statement of net assets but as investments for risk disclosure.

As of December 31, 2009, the County had the following investments:

Investment Type	Fair Value
Certificates of Deposit	\$ 23,000,000
U.S. Treasuries	205,000
U.S. Agencies:	
Federal Home Loan Bank	17,871,894
Federal National Mortgage Association	8,027,400
Federal Farm Credit Bank	7,994,688
Freddie Discount Notes	7,009,002
Farmer Mac Discount Notes	999,700
Commercial Paper	57,961,512
Money Market Mutual Funds	2,187,478
Pension Trust Fund Mutual Funds	1,667,474
	<u>\$ 126,924,148</u>

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

(a) *Interest Rate Risk*

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The County's investment policy provides that the County seeks to minimize the risk that the market value of securities in its portfolio will decrease due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Additionally, the County primarily invests operating funds in shorter-term securities. Investments with call options are assumed to mature on the call date for interest rate risk disclosures.

As of December 31, 2009, the County's investments had the following maturities:

Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than One	1-5
Certificates of Deposit	\$ 23,000,000	\$ 23,000,000	\$ —
U.S. Treasuries	205,000	—	205,000
U.S. Agencies:			
Federal Home Loan Bank	17,871,894	9,051,563	8,820,331
Federal National Mortgage Association	8,027,400	4,019,275	4,008,125
Federal Farm Credit Bank	7,994,688	—	7,994,688
Freddie Discount Notes	7,009,002	—	7,009,002
Farmer Mac Discount Notes	999,700	999,700	—
Commercial Paper	57,961,512	57,961,512	—
	\$ 123,069,196	\$ 95,032,050	\$ 28,037,146

(b) *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Moody's Investor Services.

The County's investment policy provides that the County will minimize credit risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the County will do business, as well as through diversifying its portfolio in order to minimize potential losses on individual securities.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The County's investments (excluding U.S. Treasuries) were rated as follows by Moody's Investor Services as of December 31, 2009:

<u>Investment Rating</u>	<u>Investment Fair Value</u>
Aaa	\$ 43,193,450
P-1	45,964,579
P-2	11,996,796
Unrated	25,564,323
	<u>\$ 126,719,148</u>

(c) ***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty. The County's investment policy requires that deposits be covered by adequate pledge collateral. In order to anticipate market changes and provide a level of security for all funds, the market value (including accrued interest) of the collateral should be at least 102%.

The County's investment policy further provides that all securities that serve as collateral against the deposits of a depository institution must be safe kept at a nonaffiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts within five business dates from the settlement date. The County shall have a depository contract and pledge agreement with each safekeeping bank that complies with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This will ensure that the County's security interest in collateral pledged to secure deposits is enforceable against the receivables of a failed financial institution.

At December 31, 2009, all County investments and all collateral securities and letters of credit pledged against County deposits are held by the counterparty's trust department or agent in the County's name.

(d) ***Concentration Of Credit Risk***

The County's investment policy provides that investments shall be diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. The County's investment policy further provides that, with the exception of U.S. Treasury Securities, U.S. Government Agency Securities, and collateralized repurchase agreements, no more than 30% of the County's total investment portfolio will be invested with a single security type.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

At December 31, 2009, the concentration of the County's investments was as follows:

Investment Type	Percentage	Fair Value
Certificates of Deposit	18.12%	\$ 23,000,000
U.S. Treasuries	0.16%	205,000
U.S. Agencies:		
Federal Home Loan Bank	14.08%	17,871,894
Federal National Mortgage Association	6.32%	8,027,400
Federal Farm Credit Bank	6.30%	7,994,688
Freddie Discount Notes	5.52%	7,009,002
Farmer Mac Discount Notes	0.79%	999,700
Commercial Paper	45.68%	57,961,512
Money Market Mutual Funds	1.72%	2,187,478
Pension Trust Fund Mutual Funds	1.31%	1,667,474
	100.00%	\$ 126,924,148

Investments are included within the County's accompanying statement of net assets as of December 31, 2009 as follows:

	Government-Wide Statement Of Net Assets	Fiduciary Statement Of Net Assets	Total
Investments	\$ 18,871,293	\$ 105,660,236	\$ 124,531,529
Restricted assets:			
Cash and cash equivalents	2,187,619	—	2,187,619
Investments	205,000	—	205,000
Total investments	\$ 21,263,912	\$ 105,660,236	\$ 126,924,148

Component Unit

The Board of Trustees may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities; obligations guaranteed by the full faith and credit of the State of Missouri; repurchase agreements, certificates of deposit; bankers acceptances; and commercial papers.

(a) *Interest Rate Risk*

The Board of Trustees' investment policy related to interest rate risk specifically requires investments of a short-term nature to meet liquidity needs and avoid the need to sell securities on the open market, prior to maturity.

BOONE COUNTY, MISSOURINotes To Basic Financial Statements (*Continued*)

As of December 31, 2009, the Board of Trustees had the following investments and weighted average maturities:

Investment Type	Fair Value	Weighted Average Maturity In Years
Overnight repurchase agreements	\$ 3,775,872	0.00
U.S. Treasury money market funds	1,441,086	0.00
Certificates of deposit	4,271,675	1.71
U.S. government agency obligations	71,349,400	1.84
Restricted bond accounts:		
U.S. Treasury money market funds	4,945,824	0.00
U.S. government agency obligations	74,975,485	0.50
Marketable equity securities	3,195,359	N/A
Bonds	1,882,780	5.00
	<u>\$ 165,837,481</u>	

(b) Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of a counterparty, the Board of Trustees will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty. At December 31, 2009, all U.S. Government Agency securities were held by local financial institutions in the name of the Board of Trustees. All investments in marketable equity securities were held in stock certificates in the name of the Board of Trustees.

(c) Credit Risk

The Board of Trustees policy related to credit risk requires diversification of the investment portfolio to mitigate the potential loss related to any one security. At December 31, 2009, the credit ratings associated with the Board of Trustee's investments were as follows:

Investment Type	Fair Value	Credit Rating
Overnight repurchase agreements	\$ 3,775,872	Not Rated
U.S. Government agency obligations	146,324,885	Aaa
Certificates of deposit	908,884	A1
Certificates of deposit	248,003	A2
Certificates of deposit	247,948	A3
Certificates of deposit	492,895	Baa3
Certificates of deposit	2,373,945	Not Rated
	<u>\$ 154,372,432</u>	

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

(d) *Concentration Of Credit Risk*

As a means of limiting its exposure to losses arising from concentration of investments, the Board of Trustees investment policy mandates that the investment portfolio not have a concentration of assets in specific maturity, specific issuer, or specific class of securities. At a minimum diversification standards by security type and issuer shall be: a) U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. Government, up to 100%; b) Collateralized time and demand deposits, up to 100%; c) U.S. Government agencies and Government sponsored enterprises, up to 60%; d) Collateralized repurchase agreements, up to 50%; and e) U.S. Government agency callable securities, up to 30%.

(3) **Property Tax**

The County's property tax is levied by September 20 of each year based on the assessed value listed for all property located in the County and appropriate taxing districts as of January 1 of that year. Property taxes are due by December 31 following the levy date. Taxes become delinquent if not paid by February and a lien is placed on the property as of March 1 if the delinquent taxes are not paid. Assessed values are established by the County Assessor, subject to review by the Board of Equalization.

Property taxes levied for 2009, which are intended to finance the budgeted expenditures for the fiscal year 2009, are recorded as receivables, net of estimated uncollectibles. Property taxes that have been billed and are expected to be collected before March 1 of the subsequent year are recognized as revenues in the current year within the governmental fund financial statements. Property taxes expected to be collected after March 1 have been recorded as property taxes receivable and deferred revenue within the governmental fund financial statements. All property taxes billed are recognized as revenue on the government-wide statements, regardless of when they are expected to be collected.

The County is permitted by Missouri State statutes to levy taxes for various purposes. The following schedule presents the maximum allowable County-wide tax levies and the County's actual levy for 2009:

Purpose	Per \$100 Of Assessed Valuation	
	Maximum Levy Allowed By Law (a)	County's Levy 2009
General, other than payment of principal and interest on long-term debt	0.3065	0.1200
Road and bridge (excluding special road districts)	0.2601	0.0475
Boone County Hospital	0.1300	—
Group Homes	0.1114	0.1127
Combined County-wide tax rate (noncommercial and commercial)		0.2802
County-wide surtax on commercial property (Class III)	0.6100	0.6100

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

- (a) Missouri State statutes require the County to reduce its property tax levy (levies) in an amount sufficient to decrease the total property taxes it expects to collect in a year by not less than 50% of the amount of general revenue sales taxes received by the County.

In addition to the tax levies described above, various independent taxing districts within the County, including school, County, library, fire, special road, and levee districts, levy a tax that is collected by the County Collector. The property tax collections resulting from these levies are disbursed by the County to the appropriate taxing districts.

Property taxes receivable are net of an allowance for uncollectible receivables of \$26,832 in the general fund and \$10,621 in the road and bridge fund.

(4) Intergovernmental Revenue And Receivables

Intergovernmental revenue for governmental funds for fiscal year 2009 consisted of the following:

	General Fund	Road And Bridge Fund	Other Governmental Funds	Total Governmental Funds
Federal	\$ 913,980	\$ 699,755	\$ 540,521	\$ 2,154,256
State	1,150,292	1,216,972	317,911	2,685,175
Local	163,407	—	30,151	193,558
Total inter- governmental revenue	\$ 2,227,679	\$ 1,916,727	\$ 888,583	\$ 5,032,989

Within the fund financial statements, amounts due from other governments at December 31, 2009 include the following:

	General Fund	Road And Bridge Fund	Other Governmental Funds	Total Governmental Funds
Federal	\$ 130,773	\$ 83,284	\$ 39,286	\$ 253,343
State	55,565	123,111	—	178,676
Local	26,508	—	7,820	34,328
Total due from other governments	\$ 212,846	\$ 206,395	\$ 47,106	\$ 466,347

BOONE COUNTY, MISSOURINotes To Basic Financial Statements (*Continued*)**(5) Interfund Balances**

Interfund receivable and payable balances at December 31, 2009 were as follows:

Due From:	Due To:					Total
	General Fund	Law Enforcement Services Fund	One Fifth Cent Sales Tax Capital Improvement Fund	Other Governmental Funds-- Nonmajor	Internal Service Funds	
General Fund	\$ —	\$ 42	\$ 670,000	\$ 749	\$ —	\$ 670,791
Road and Bridge	—	—	—	—	6,741	6,741
Law Enforcement Services						
Capital Improvement Fund	619	—	—	—	—	619
Other Governmental Funds-- Nonmajor	4,091	—	—	—	—	4,091
	<u>\$ 4,710</u>	<u>\$ 42</u>	<u>\$ 670,000</u>	<u>\$ 749</u>	<u>\$ 6,741</u>	<u>\$ 682,242</u>

These interfund balances are the result of services provided by one fund to another fund and are expected to be repaid during the fiscal year ended December 31, 2009.

Loans receivable and payable between funds at December 31, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 250,199</u>

Interfund loans were used to provide short-term financing for Neighborhood Improvement District (NID) projects.

Advances between funds at December 31, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 34,726
General fund	Agency funds	<u>2,850</u>
		<u>\$ 37,576</u>

The advance to the nonmajor governmental funds was made to fund expenses that were to be subsequently reimbursed by a grant from an external party. The advance to the agency fund relates to an amount owed by an external party relating to the November elections, which was subsequently collected in January 2010.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

(6) Interfund Transfers

Transfers between funds of the County for the year ended December 31, 2009 were as follows:

Transfers out:	Transfer In:				Total
	General Fund	Government Center Capital Improvement Fund	Nonmajor Governmental	Internal Service Funds	
General fund	\$ —	\$ 78,600	\$ 620,300	\$ —	\$ 698,900
Law Enforcement Services	—	—	44,478	—	44,478
One Fifth Cent Sales Tax					
Capital Improvement Fund	670,000	1,000,000	2,046,375	—	3,716,375
Other Governmental Funds--					
Nonmajor	71,090	—	205,577	—	276,667
Internal Service Funds	—	—	—	50,000	50,000
	\$ 741,090	\$ 1,078,600	\$ 2,916,730	\$ 50,000	\$ 4,786,420

Interfund transfers were used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

BOONE COUNTY, MISSOURINotes To Basic Financial Statements (*Continued*)**(7) Capital Assets*****Primary Government***

The following is a summary of changes in capital assets for the year ended December 31, 2009:

	Balance January 1, 2009	Additions	Deletions	Transfers	Balance December 31, 2009
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,656,080	\$ —	\$ —	\$ —	\$ 6,656,080
Land - infrastructure	10,383,805	39,472	—	—	10,423,277
Construction in progress	8,109,172	1,488,787	—	(8,714,892)	883,067
Construction in progress - infrastructure	534,020	1,121,490	(256,683)	(35,514)	1,363,313
Works of art	120,228	—	—	—	120,228
Total capital assets not being depreciated	25,803,305	2,649,749	(256,683)	(8,750,406)	19,445,965
Capital assets being depreciated:					
Buildings and improvements	35,784,080	—	—	8,714,892	44,498,972
Vehicles and equipment	10,896,382	991,013	(629,552)	—	11,257,843
Office furniture and equipment	3,595,248	363,386	(39,431)	—	3,919,203
Infrastructure	98,358,855	3,273,489	—	35,514	101,667,858
Total capital assets being depreciated	148,634,565	4,627,888	(668,983)	8,750,406	161,343,876
Less accumulated depreciation for:					
Buildings and improvements	7,787,282	716,826	—	—	8,504,108
Vehicles and equipment	5,853,068	1,031,588	(430,548)	—	6,454,108
Office furniture and equipment	2,854,838	527,424	(39,431)	—	3,342,831
Infrastructure	66,753,675	7,311,031	—	—	74,064,706
Total accumulated depreciation	83,248,863	9,586,869	(469,979)	—	92,365,753
Total capital assets being depreciated, net	65,385,702	(4,958,981)	(199,004)	8,750,406	68,978,123
Total capital assets, net	\$ 91,189,007	\$ (2,309,232)	\$ (455,687)	\$ —	\$ 88,424,088

Within the statement of activities, depreciation expense is charged to the functions of the primary government as follows:

Policy and administration	\$ 685,688
Law enforcement and judicial	700,255
Environment, public buildings and infrastructure	8,122,095
Community health and public services	51,936
Protective inspection	15,732
Internal service funds	11,163
	<u>\$ 9,586,869</u>

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Component Unit

The following is a summary of changes in the component unit capital assets for the year ended December 31, 2009:

	Balance January 1, 2009	Additions	Deletions	Transfers	Balance December 31, 2009
Governmental activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 17,071,748	\$ 17,734,861	\$ —	\$ (15,591,808)	\$ 19,214,801
Capital assets being depreciated:					
Land and land improvements	16,774,179	—	—	365,557	17,139,736
Buildings	106,238,823	—	(45,856)	15,050,089	121,243,056
Fixed equipment	813,235	—	(7,467)	6,234	812,002
Major movable equipment	13,318,878	—	(1,091,859)	169,928	12,396,947
Total capital assets being depreciated	137,145,115	—	(1,145,182)	15,591,808	151,591,741
Less accumulated depreciation for:					
Land and land improvements	5,323,552	520,640	—	—	5,844,192
Buildings	57,722,869	3,326,074	(45,855)	—	61,003,088
Fixed equipment	631,960	31,871	(7,467)	—	656,364
Major movable equipment	12,761,865	108,505	(1,090,113)	—	11,780,257
Total accumulated depreciation	76,440,246	3,987,090	(1,143,435)	—	79,283,901
Total capital assets being depreciated, net	60,704,869	(3,987,090)	(1,747)	15,591,808	72,307,840
Total capital assets, net	\$ 77,776,617	\$ 13,747,771	\$ (1,747)	\$ —	\$ 91,522,641

(8) Long-Term Liabilities

Primary Government

Following is a summary of the changes in long-term liabilities for the year ended December 31, 2009:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009	Due Within One Year
General obligation bonds payable	\$2,101,000	\$ —	\$ (104,000)	\$ 1,997,000	\$ 108,000
Special obligation bonds payable	5,795,000	—	(340,000)	5,455,000	345,000
Unamortized premiums	55,476	—	(5,839)	49,637	5,839
Accrued compensated absences	849,922	968,215	(843,198)	974,939	860,000
	\$8,801,398	\$ 968,215	\$(1,293,037)	\$ 8,476,576	\$ 1,318,839

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

General Obligation Bonds

General obligation bonds at December 31, 2009 are composed of special assessment debt as follows:

\$280,000 - 2000A general obligation neighborhood sewer improvement bonds due in annual installments of \$25,000 to \$35,000 through 2010; interest at 4.85% to 5.35%	\$ 35,000
\$184,000 - 2000B general obligation neighborhood improvement bonds due in annual installments of \$14,000 to \$23,000 through 2010; interest at 5.2%	23,000
\$305,000 - 2001 general obligation neighborhood improvement bonds due in annual installments of \$25,000 to \$37,000 through 2012; interest at 2.35% to 4.1%	105,000
\$182,000 - 2006 general obligation neighborhood improvement bonds due in annual installments of \$15,000 to \$21,000 through 2016; interest at 4.2% to 4.5%	134,000
\$1,700,000 - 2008 general obligation neighborhood sewer improvement bonds due in annual installments of \$80,000 to \$108,000 through 2028; interest at 1.92%	<u>1,700,000</u>
Total general obligation bonds	<u><u>\$ 1,997,000</u></u>

The annual debt service requirements for the above general obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 108,000	\$ 43,357	\$ 151,357
2011	133,800	38,941	172,741
2012	138,300	35,110	173,410
2013	102,800	31,902	134,702
2014	105,300	29,401	134,701
2015-2019	492,000	111,810	603,810
2020-2024	491,900	64,738	556,638
2025-2029	424,900	16,456	441,356
	<u>\$ 1,997,000</u>	<u>\$ 371,715</u>	<u>\$ 2,368,715</u>

The County is subject to Missouri State statutes that limit the amount of the County's outstanding bonded debt (exclusive of revenue bonds and balances available in Debt Service funds) to 10% of the County's assessed valuation. At December 31, 2009, the statutory limit for the County was \$230,682,860, providing a debt margin of \$228,921,813.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Although the County is generally obligated for their payment, neighborhood improvement bonds are to be repaid from assessments on properties within the districts. Such assessments are required to be deposited in debt service funds that are legally restricted for payment of the bonds. The County attaches liens on the properties within the districts to secure payment of the assessments. As of December 31, 2009, delinquent assessments receivable amounted to \$10,142.

Special Obligation Bonds

On June 1, 2003, the County issued \$5,240,000 in Series 2003 special obligation refunding and improvement bonds with interest at rates ranging from 2% to 4%. Proceeds provided funding to renovate portions of certain existing buildings and to current refund \$1,865,000 of outstanding Series 1993 special obligation administration building bonds with an average interest rate of 5.37%.

On March 30, 2005, the County issued \$2,005,000 in Series 2005 taxable special obligations bonds with interest at rates ranging from 4.92% to 5.94%. Proceeds provided funding to acquire two existing buildings, and the land on which they are located, that abut property currently owned by the County.

The annual debt service requirements for the above special obligation bonds are as follows:

Year Ending December 31	Principal	Interest	Total
2010	\$ 345,000	\$ 229,406	\$ 574,406
2011	515,000	215,144	730,144
2012	375,000	200,300	575,300
2013	390,000	187,066	577,066
2014	400,000	173,053	573,053
2015-2019	3,430,000	216,323	3,646,323
	<u>\$ 5,455,000</u>	<u>\$ 1,221,292</u>	<u>\$ 6,676,292</u>

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Component Unit

Following is a summary of the changes in the Board of Trustees long-term debt liabilities for the year ended December 31, 2009:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008	Due Within One Year
Revenue bonds	\$ 124,185,000	\$ —	\$ (3,590,000)	\$ 120,595,000	\$ 3,735,000
Other accrued expenses	713,124	—	(562,351)	150,773	—
	\$ 124,898,124	\$ —	\$ (4,152,351)	\$ 120,745,773	\$ 3,735,000

Revenue bonds of the Board of Trustees at December 31, 2009 are composed of the following:

Hospital Refunding Revenue Bonds, Series 2002, principal payable annually through August 2022 in amounts ranging from \$905,000 to \$2,205,000, including premium of \$93,573. Interest is payable semiannually and ranges from 2.1% to 5.25%	\$ 16,185,000
Hospital Revenue Bonds, Series 2004, principal payable annually through July 2024 in amounts ranging from \$230,000 to \$505,000, including discount of \$68,410. Interest is payable semiannually and ranges from 3.75% to 5%	5,540,000
Hospital Revenue Bonds, Series 2008, principal payable annually through August 2038 in amounts ranging from \$655,000 to \$7,040,000, including premium of \$1,078,731. Interest is payable semiannually and ranges from 3% to 5.625%	98,870,000
	<u>\$ 120,595,000</u>

Debt service requirements for the revenue bonds relating to the Board of Trustees are being financed through the hospital facilities lease payments pursuant to and through the terms of the lease agreement with CHAS.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The annual requirements to amortize the above principal are as follows:

Year Ending December 31	Principal	Interest
2010	\$ 3,735,000	\$ 6,263,896
2011	3,865,000	6,131,306
2012	4,015,000	5,979,979
2013	4,180,000	5,817,296
2014	4,390,000	5,609,642
2015 – 2019	14,160,000	25,536,397
2020 – 2024	14,945,000	22,166,680
2025 – 2029	19,615,000	17,509,549
2030 – 2034	25,645,000	11,485,083
2035 – 2038	26,045,000	3,657,618
	\$ 120,595,000	\$ 110,157,446

(9) Operating Lease

Effective January 2001, and as amended on December 26, 2006, the County and the Board of Trustees entered into an amended and restated lease agreement with CHAS, whereby CHAS leases real property and equipment of the Board of Trustees for the purpose of providing healthcare services in Boone County and surrounding areas. The amended term of the lease is through December 31, 2015.

Under terms of the agreement, the Board of Trustees as lessor will lease real property and equipment to CHAS (Lessee), for the purpose of providing health care services in Boone County and surrounding areas.

Minimum payments, under the terms of the lease for 2009, are as follows:

1. Effective for the year ended December 31, 2008, the base annual lease payment totals \$10,000,000, which is intended to approximate the debt service requirements of the Board of Trustees.
2. The Board of Trustees receives annually a percentage of the change in cash and cash equivalents generated by the hospital during the year. In 2009, the percentage of cash and cash equivalents per the lease was 25%. Accordingly, the Board of Trustees recognized income of \$6,349,957 in 2009. As of December 31, 2009, the amount was reported in accounts and other receivables on the accompanying statement of net assets. Under the same terms of the Lease, the Board of Trustees is responsible for 75% of any shortfall in cash and cash equivalent balances during a fiscal year, and therefore under those conditions would be required to make a payment to the lessee.

The restated lease agreement also includes minimum capital expenditure requirements, certain lessee and lessor operational covenants, and governance and control clauses.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Amended and Restated Lease between the Board of Trustees and CHAS requires CHAS to commit to expend, on a successive three-year period average basis, no less than seven percent (7%) of Boone Hospital Center net revenues on capital expenditures. This requirement was not satisfied by the cumulative amount of \$17,927,162 for the period of January 1, 2001 to December 31, 2009. This cumulative amount is before consideration of commitments for capital expenditures for specific projects and equipment that have been made by CHAS to the Board of Trustees, but for which expenditures have not yet been incurred as of December 31, 2009.

On November 26, 2007, the Board of Trustees approved a joint resolution with CHAS whereby CHAS shall commit and earmark current or future net revenue until the capital expenditure benchmark is satisfied. Under this resolution CHAS transferred \$10,248,231 into a segregated account which is to be used to pay for specific capital projects as soon as practical. At December 31, 2009, the balance of this account was \$5,059,000 and is included in the before mentioned cumulative shortfall balance of \$17,927,162.

Additionally, pursuant to the Lease, CHAS is required to make payments of \$1,350,000 per year to the County in equal quarterly installments beginning in 2001. In years subsequent to 2001, the required lease payment is increased as determined based upon the Consumer Price Index.

The Board of Trustees also leases or rents property in Boone County, Missouri for establishing medical practices and related services primarily located adjacent to Boone Hospital Center. The income from these agreements is characterized as rental income on the financial statements for the Board of Trustees.

Future minimum lease payments expected under noncancellable lease agreements for the next five years are as follows:

Year Ending December 31	CHAS Lease	Other Leases	Total
2010	\$ 10,000,000	\$ 532,870	\$ 10,532,870
2011	10,000,000	368,882	10,368,882
2012	10,000,000	332,559	10,332,559
2013	10,000,000	332,559	10,332,559
2014	10,000,000	329,369	10,329,369
	\$ 50,000,000	\$ 1,896,239	\$ 51,896,239

(10) Employee Benefit Plans***Primary Government*****(a) *Boone County Matching Pension Plan***

The Boone County Matching Pension Plan (the Plan) is a defined contribution plan under Internal Revenue Code (IRC) Section 401 (a). The Plan was adopted by Order of the County Commission on March 16, 1999, with an effective date of May 1, 1999. The County Commission has the authority to amend the Plan. All employees who are in “benefited” positions are eligible to participate. As of December 31, 2009, 271 employees were participating in the Plan. The County makes contributions equal to participating employees’ contributions to the County’s IRC Section 457 deferred compensation plan, with County contributions limited to \$25 per bi-weekly pay period per participant. These matching contributions are invested as directed by participants in a variety of registered investment company funds. The County’s matching contributions for 2009 were \$177,339. For financial reporting purposes, the activity of the Plan is accounted for within the pension trust fund of the County. Separate financial statements are not available for the Plan.

(b) *Statewide County Employees’ Retirement Fund*

The County Employees’ Retirement Fund (CERF) was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. The CERF is administered by a governing board of directors, which has the authority to adopt rules and regulations for administering the system.

The CERF is a mandatory cost-sharing multiple employer retirement system for each county in the State of Missouri, except any county not within a county (which excludes the County of St. Louis) and counties of the first classification with a charter form of government. Complete financial statements of the CERF can be obtained from its administrative offices:

County Employee Retirement Fund
c/o Brydon, Searingen, and England
312 East Capitol
Jefferson County, Missouri 65102

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The CERF covers County elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, noncharter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, County prosecuting attorneys, and County sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system.

The CERF provides retirement and death benefits to its members. All benefits vest after eight years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. Employees who have a minimum of eight years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost of living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of the Fund are paid out of funds of the system.

Prior to January 1, 2003, participating County employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining eight years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature.

While the County is not required to make any contributions to the Plan, the County has elected to contribute 4% of the required 6% contribution for employees hired between February 25, 2002 and December 31, 2002. During 2009, the County collected and remitted to CERF employee contributions of \$620,960, employer contributions of \$21,589 and statutory charges of \$723,880.

(c) *Deferred Compensation Plan*

The County offers its employees a deferred compensation plan created in accordance with IRC Section 457. The deferred compensation plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust for the exclusive benefit of employees. As the County does not have fiduciary responsibility for these assets, the trust account and related liability are not included in the accompanying basic financial statements.

(11) Other Post-Employment Benefit Plan

Plan Description

The County has a single-employer defined benefit healthcare plan (the Healthcare Plan) that provides medical and prescription drug coverage to retirees. Participants are eligible to retire once they have attained age 55 plus five years of service or age 65.

The County requires retirees to pay the same premiums charged to active participants. The rates being paid for benefits are typically lower than those for individual health insurance policies. The difference between these rates is the implicit rate subsidy, which is considered an other post-employment benefit under GASB Statement No. 45, *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*.

Retirees and spouses have the same benefits as active employees. Retiree and spousal coverage terminates when the retiree becomes covered under another employer health plan, or becomes eligible to be covered under Medicare at age 65.

Funding Policy

The County is not required to fund the Healthcare Plan and has elected not to do so. County policy dictates the payment of retiree claims as they come due.

Annual Post-Employment Benefit Cost

The County's annual post-employment benefit cost for the current year is as follows:

Annual required contribution (January 1, 2009)	\$ 69,800
Contributions made	<u>(4,716)</u>
Increase in benefit obligation	65,084
Net post-employment benefit obligation - Beginning of year	<u>48,355</u>
End of year	<u><u>\$ 113,439</u></u>

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Trend Information

Year Ended	Annual Post-Employment Benefit Cost (APBC)	Percentage Of APBC Contributed	Net Post-Employment Obligation
2009	\$ 69,800	7%	\$ 113,439
2008	\$ 60,100	20%	\$ 48,355

Funded Status And Funding Progress

As of December 31, 2009, the Healthcare Plan was not funded. The actuarial accrued liability for benefits at January 1, 2008, the date of the latest actuarial valuation, was \$422,000, and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$422,000. The covered payroll (annual payroll of active employees covered by the plan) was \$16,830,000, and the ratio of the UAAL to covered payroll was 3%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents trend information about whether the actuarial accrued liability for benefits is increasing or decreasing over time.

Actuarial Assumptions And Methods

The actuarial accrued liability was determined as part of an actuarial valuation at January 1, 2008, the most recently filed actuarial valuation report. Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2008
Actuarial Cost Method:	Projected unit credit
Amortization Method and Period:	The initial UAAL is being amortized over 30 years
Healthcare Cost Trend Rate:	10% initially, reduced by decrements to an ultimate rate of 5% in 2018.
Discount Rate	4%
Investment Rate of Return	N/A

(12) Commitments And Contingent Liabilities

Litigation

The County is a defendant in a number of claims and lawsuits. The County's legal counsel has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the County and arrive at an estimate, if any, of the amount or range of potential loss to the County. The County's legal counsel has indicated that the resolution of any lawsuits pending is not expected to have a material adverse effect on the basic financial statements of the County. No amount has been provided in the December 31, 2009 basic financial statements for any such claims and lawsuits.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

General Obligation Bonds

In 1992, County voters approved a \$3.5 million general obligation bond issue for the purpose of financing the construction and repair of roads and streets within the County's neighborhood improvement districts. Property taxes will not be levied for debt service on the bonds; instead, property owners within these districts will repay the bonds through annual billings over a period not to exceed 10 years. As of December 31, 2009, \$1,581,000 of the bonds has been issued.

In 1997, County voters approved a \$5.5 million general obligation bond issue for the purpose of financing the construction and repair of sewers within the County's neighborhood improvement districts. Property taxes will not be levied for debt service on the bonds; instead, property owners within these districts will repay the bonds through annual billings over a period not to exceed 10 years. As of December 31, 2009, \$1,980,000 of the bonds has been issued.

Construction

At December 31, 2009, the County had outstanding commitments amounting to approximately \$501,580 resulting from outstanding commitments related to Courthouse expansion and improvements.

Component Unit

As a normal part of operations, the Board of Trustees may enter into significant contracts and make proposals and commitments of a financial nature for various business reasons. Lease agreements and construction contracts account for substantially all of the Board of Trustees material commitments.

The Board of Trustees entered into contracts for the construction and renovation of outpatient, surgical and administrative areas of the hospital. Remaining commitments for these contracts totaled approximately \$49 million at December 31, 2009.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

(13) Risk Management

Primary Government

The County maintains broad form insurance coverage for property/casualty, general liability, inland marine, EDP, public officials' errors and omissions, law enforcement errors and omission, and boiler and machinery. The County is a member of the Missouri Public Entity Risk Management Fund (MOPERM), a public entity risk retention pool. The Board of Directors includes six member representatives, including the Commissioner of the State's Office of Administration and the Missouri Attorney General. MOPERM has the right to assess members' additional premiums to cover deficiencies in claim payments and may also issue refunds when revenues exceed expenses. MOPERM covers risks up to \$2,000,000 with deductibles varying between \$0 and \$10,000 per incident, and also maintains excess insurance agreements in the event of large losses. MOPERM is responsible for claims within its specified self-insured retention limits prior to the coverage of the excess insurance. The County had no settlements in excess of insurance coverage in any of the past three years. Total premiums paid to MOPERM by the County in 2009 were \$650,531. Premiums paid to Naught Naught for crime insurance and professional engineers/architects insurance were \$19,190.

Self-Insured Employee Benefits

The County maintains three Internal Service funds to account for its self-insured coverage of County employees and their dependents for health, dental, and workers' compensation benefits. Under these self-insurance programs, coverage is provided up to a maximum of \$85,000, \$1,250, and \$350,000 for each health, dental, and workers' compensation claims, respectively. Additionally, coverage is provided up to a maximum of \$450,000 for police officers for workers' compensation claims. The County has commercial reinsurance for claims in excess of the health and workers' compensation individual claim maximum. No reinsurance is in place for dental because the County's plan does not provide for individual claims in excess of \$1,250. The claims liability, as reported in the Internal Service funds, is based on the GASB Statement No. 10 requirements that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. There were no significant changes in coverage during the year.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Changes in the internal service funds claims liability for the past two years are as follows:

	2009			
	Beginning Of Year Claims Liability	Current Year Claims And Changes In Estimates	Claim Payments	End Of Year Claims Liability
Self-insured health plan, including prescription drugs	\$ 163,494	\$ 1,784,154	\$ (1,788,870)	\$ 158,778
Self-insured dental plan	15,323	183,685	(177,217)	21,791
Self-insured worker's compensation	275,989	317,372	(270,114)	323,247
	\$ 454,806	\$ 2,285,211	\$ (2,236,201)	\$ 503,816

	2008			
	Beginning Of Year Claims Liability	Current Year Claims And Changes In Estimates	Claim Payments	End Of Year Claims Liability
Self-insured health plan, including prescription drugs	\$ 166,897	\$ 1,944,407	\$ (1,947,810)	\$ 163,494
Self-insured dental plan	30,751	155,030	(170,458)	15,323
Self-insured worker's compensation	257,586	414,121	(395,718)	275,989
	\$ 455,234	\$ 2,513,558	\$ (2,513,986)	\$ 454,806

Component Unit

The Board of Trustees is exposed to various risks of loss related to certain aspects of the Board of Trustees' operations. These legal proceedings are not likely to have a material adverse impact on the funds of the Board of Trustees. Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year.

(14) Contributions Refunded

Boone Hospital Foundation began soliciting funds in 2005 for an Intergenerational Daycare Center to be built and operated in Boone County, Missouri. The Intergenerational Daycare Center project was placed on hold in 2008 and cancelled in 2009. The Foundation offered refunds to donors who made contributions to the project. Contributions totaling \$1,702,846 were either returned to donors or the donor's pledges payable to the Foundation were cancelled in 2009.

BOONE COUNTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Of this amount, the following were contributions of the Board of Trustees to the Foundation:

Cash contribution in 2006	\$ 1,500,000
Cash contribution in 2007	150,000
Unpaid pledge at the date the project was terminated	600,000
Less discount of unpaid pledge to net present value	<u>(41,513)</u>
	2,208,487
Less amount the Board of Trustees permitted to be redirected to other purposes	<u>(650,000)</u>
Contribution refunded	<u><u>\$ 1,558,487</u></u>

(15) Conduit Debt

During 2008, the County issued \$15,000,000 of Chapter 100 bonds in order to finance the construction of a facility and purchase of equipment for Analytical Bio-Chemistry Laboratories, Inc. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon payment of the bonds, ownership of the acquired facilities transfers to Analytical Bio-Chemistry Laboratories, Inc. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

(16) Fund Deficit

The fund deficit of \$73,605 in the Neighborhood Improvement District nonmajor special revenue fund is due to neighborhood improvements being performed in advance of assessments being collected from residents. The deficit will be resolved in future years as assessments are collected.

(17) Subsequent Event

In January 2010, the County issued \$830,000 in Series 2010 Taxable Special Obligation Bonds at interest rates ranging between 3.354% and 4.554%, due in installments through February 1, 2020. The proceeds of the bonds will be used to construct a storage building.