BOONE COUNTY, MISSOURI

BASIC FINANCIAL STATEMENTS

BOONE COUNTY, MISSOURI

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government	Component Unit
	Governmental Activities	Boone Hospital Trustees
ASSETS		
Cash and cash equivalents	$ 6,531,292	9,645,359
Investments	17,390,431	51,850,774
Accrued interest	143,138	690,305
Accounts receivable	813,927	11,113,717
Commissions receivable	424,130	-
Property taxes receivable, net	881,084	-
Assessments receivable	511,220	-
Sales taxes receivable	5,494,048	-
Due from other governments	1,235,058	-
Due from others	7,700	-
Due from component units	-	1,431,150
Loans receivable	5,008	-
Deferred charges	180,182	-
Prepaid items	5,769	14,537
Other assets	-	406,749
Restricted assets:		
Cash and cash equivalents	1,971,774	-
Investments	202,438	4,107,525
Capital assets, net:		
Nondepreciable	7,291,397	6,131,024
Depreciable	41,572,563	56,706,218
Total assets	84,661,159	142,097,358
LIABILITIES		
Accounts payable	3,367,733	508,429
Wages payable	310,378	-
Accrued liabilities	52,384	552,100
Due to other governments	33,109	-
Due to others	95,255	-
Due to component units	-	1,431,150
Estimated liability for claims incurred but not paid	222,690	-
Unearned revenue	406,899	-
Interest payable	129,609	587,802
Long-term liabilities:		
Due within one year	1,206,007	2,210,000
Due within more than one year	6,723,314	26,510,000
Total liabilities	12,547,378	31,799,481
NET ASSETS		
Invested in capital assets, net of related debt	43,327,618	34,117,242
Restricted for:		
Debt service	1,906,881	3,407,525
Capital projects	4,128,010	-
Other statutory restrictions	12,147,414	-
Expendable donor restrictions	-	3,588,300
Nonexpendable donor restrictions	-	700,000
Unrestricted	10,603,858	68,484,810
Total net assets	$ 72,113,781	110,297,877

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government Governmental Activities	Net (Expenses) Revenue and Changes in Net Assets: Component Unit Boone Hospital Board of Trustees
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Policy and administration	$ 8,235,033	3,941,928	501,802	903,606	(2,887,697)	-
Law enforcement and judicial	16,452,287	1,660,417	2,146,248	24,625	(12,620,997)	-
Environment, public buildings, and infrastructure	13,178,130	625,299	1,418,587	1,378,118	(9,756,126)	-
Community health and public services	1,171,702	34,355	36,900	-	(1,100,447)	-
Economic vitality	66,000	-	-	-	(66,000)	-
Beautification and recreation	41,008	-	-	-	(41,008)	-
Protective inspection	1,039,597	319,633	71,172	-	(648,792)	-
Interest and fiscal charges	284,280	-	-	-	(284,280)	-
Total primary government	40,468,037	6,581,632	4,174,709	2,306,349	(27,405,347)	-
COMPONENT UNIT:						
Boone Hospital Board of Trustees	$ 7,650,454	14,004,488	2,127,268	-		8,481,302

GENERAL REVENUES:		
Property taxes	$ 3,900,415	65,675
Sales taxes	27,751,933	-
Franchise and other taxes	213,759	-
Investment revenue	1,311,016	3,404,346
Hospital lease revenue	1,528,104	-
Gain on sale of capital assets	37,012	-
Miscellaneous	913,564	105,749
Total general revenues	35,655,803	3,575,770
Change in net assets	8,250,456	12,057,072
NET ASSETS -- beginning	63,863,325	98,240,805
NET ASSETS -- ending	$ 72,113,781	110,297,877

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	Major Funds						
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund	Federal HAVA Election Fund	One-Fifth Cent Sales Tax Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 5,885,492	441,485	-	-	-	204,315	6,531,292
Investments	61,040	5,750,023	1,198,272	18,045	2,557,015	4,031,827	13,616,222
Accrued interest	52,190	42,766	8,376	66	8,707	13,948	126,053
Accounts receivable	212,475	15,697	-	-	-	120,737	348,909
Commissions receivable	216,249	1,350	-	-	-	206,531	424,130
Property taxes receivable	670,512	275,399	-	-	-	-	945,911
Assessments receivable	-	-	-	-	-	511,220	511,220
Sales taxes receivable	2,080,867	2,077,382	518,935	-	816,864	-	5,494,048
Loans receivable from other funds	3,183	-	-	-	-	-	3,183
Due from other funds	3,876	9,182	3,570	-	-	-	16,628
Due from other governments	367,799	286,792	-	452,389	-	128,078	1,235,058
Due from others	3,800	-	-	-	-	-	3,800
Loans receivable	5,008	-	-	-	-	-	5,008
Prepaid items	5,619	-	-	-	-	150	5,769
Restricted assets:							
Cash and cash equivalents	329,821	-	-	-	-	1,641,953	1,971,774
Investments	202,438	-	-	-	-	-	202,438
Total assets	10,100,369	8,900,076	1,729,153	470,500	3,382,586	6,858,759	31,441,443
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	726,634	1,733,330	72,805	583,734	-	210,600	3,327,103
Wages payable	218,270	47,589	21,330	-	-	11,298	298,487
Accrued liabilities	42,596	5,043	2,247	-	-	1,268	51,154
Due to other funds	12,752	3,876	-	-	-	-	16,628
Due to other governments	24,183	8,926	-	-	-	-	33,109
Due to others	87,886	-	-	-	-	7,369	95,255
Deferred revenue	503,691	39,699	-	-	-	466,112	1,009,502
Loans payable to other funds	-	-	-	-	-	3,183	3,183
Total liabilities	1,616,012	1,838,463	96,382	583,734	-	699,830	4,834,421
Fund balances:							
Reserved for:							
Loan receivable	8,191	-	-	-	-	-	8,191
Prepaid items	5,619	-	-	-	-	150	5,769
Debt service	329,681	-	-	-	-	1,117,983	1,447,664
Capital projects	-	-	-	-	3,382,586	858,658	4,241,244
Security deposits	202,578	-	-	-	-	-	202,578
Encumbrances	77,933	1,241,348	307,307	-	-	154,544	1,781,132
Unreserved							
Designated for capital improvements	-	500,000	250,000	-	-	-	750,000
Undesignated, reported in:							
General fund	7,860,355	-	-	-	-	-	7,860,355
Special revenue funds	-	5,320,265	1,075,464	(113,234)	-	3,605,626	9,888,121
Capital project funds	-	-	-	-	-	421,968	421,968
Total fund balances	8,484,357	7,061,613	1,632,771	(113,234)	3,382,586	6,158,929	26,607,022
Total liabilities and fund balances	$ 10,100,369	8,900,076	1,729,153	470,500	3,382,586	6,858,759	31,441,443

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Total fund balance-- total governmental funds	$ 26,607,022
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.	48,835,414
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.	537,776
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.	3,994,660
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, 2006 are:	
Accrued interest on long-term debt	(129,609)
Bonds payable	(7,075,000)
Unamortized premiums	(67,154)
Unamortized bond issuance costs	180,182
Accrued compensated absences	(769,510)
Total net assets -- governmental activities -- statement of net assets	$ 72,113,781

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	Major Funds						
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund	Federal HAVA Election Fund	One-Fifth Cent Sales Tax Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 2,678,509	1,094,386	-	-	-	-	3,772,895
Assessments	-	-	-	-	-	206,031	206,031
Sales taxes	11,511,804	12,006,214	2,870,297	-	1,139,498	224,120	27,751,933
Other taxes	175,895	-	-	-	-	-	175,895
Licenses and permits	452,872	14,971	-	-	-	8,928	476,771
Intergovernmental	2,466,963	1,421,087	-	903,168	-	547,350	5,338,568
Charges for services	3,359,103	613,744	-	-	-	1,498,116	5,470,963
Fines and forfeitures	-	-	-	-	-	22,774	22,774
Investment income	399,414	360,239	54,971	996	43,088	224,226	1,082,934
Interfund services provided	237,551	18,263	-	-	-	-	255,814
Miscellaneous:							
Hospital lease revenue	1,528,104	-	-	-	-	-	1,528,104
Contributions	-	-	-	-	-	150	150
Other	283,814	3,566	-	-	-	138,882	426,262
Total revenues	23,094,029	15,532,470	2,925,268	904,164	1,182,586	2,870,577	46,509,094
EXPENDITURES							
Current:							
Policy and administration	6,252,068	-	-	5,100	-	1,050,611	7,307,779
Law enforcement and judicial	13,497,441	-	2,178,877	-	-	569,622	16,245,940
Environment, public buildings, and infrastructure	33,198	13,714,410	-	-	-	33,926	13,781,534
Community health and public services	1,134,745	-	-	-	-	36,957	1,171,702
Economic vitality	66,000	-	-	-	-	-	66,000
Beautification and recreation	41,008	-	-	-	-	-	41,008
Protective inspection	1,046,238	-	-	-	-	-	1,046,238
Interfund services used	18,263	150,000	-	-	-	87,551	255,814
Capital outlay	616,386	1,265,143	168,669	1,012,298	-	351,515	3,414,011
Debt service:							
Principal retirement	270,000	-	-	-	-	132,000	402,000
Interest and fiscal charges	144,915	-	-	-	-	145,973	290,888
Total expenditures	23,120,262	15,129,553	2,347,546	1,017,398	-	2,408,155	44,022,914
REVENUES OVER (UNDER) EXPENDITURES	(26,233)	402,917	577,722	(113,234)	1,182,586	462,422	2,486,180
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	-	-	-	182,000	182,000
Transfers in	75,926	-	-	-	2,200,000	350,950	2,626,876
Transfers out	(2,550,000)	-	-	-	-	(76,876)	(2,626,876)
Insurance proceeds	224,383	13,239	-	-	-	-	237,622
Sale of capital assets	110,747	144,927	7,610	-	-	3,800	267,084
Total other financing sources (uses)	(2,138,944)	158,166	7,610	-	2,200,000	459,874	686,706
NET CHANGE IN FUND BALANCES	(2,165,177)	561,083	585,332	(113,234)	3,382,586	922,296	3,172,886
FUND BALANCES, beginning of year	10,649,534	6,500,530	1,047,439	-	-	5,236,633	23,434,136
FUND BALANCES, end of year	$ 8,484,357	7,061,613	1,632,771	(113,234)	3,382,586	6,158,929	26,607,022

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

Net change in fund balances -- governmental funds-- statement of revenues, expenditures, and changes in fund balances	$	3,172,886
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 exceeded depreciation expense in the current period.		2,171,143
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, contributed capital assets) is to increase net assets.		1,080,393
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).		97,290
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.		1,558,490
Bond proceeds are reported as financing sources in governmental funds financial satements and thus increase fund balance. In the statement of net assets, however, issuing debt increases long-term liabiliites and does not affect the statement of activities. Simiarly, 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.		
Debt issued during the current year: Special obligation bonds payable	(182,000)	
Annual principal payments on bonds payable and capital leases	402,000	
		220,000
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	(49,977)	
Accrued interest on bonds	768	
Premiums on debt issuances, net of amortization	5,840	
Deferred bond issuance costs, net of amortization	(6,377)	
		(49,746)
Change in net assets -- governmental activities -- statement of activities	$	8,250,456

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

		Governmental Activities—Internal Service Funds
ASSETS		
Current assets:		
Investments	$	3,774,209
Accrued interest		17,085
Accounts receivable		465,018
Due from others		3,900
Total current assets		4,260,212
Noncurrent assets:		
Capital assets, net		28,546
Total assets		4,288,758
LIABILITIES		
Current liabilities:		
Accounts payable		40,630
Wages payable		11,891
Compensated absences		17,657
Accrued liabilities		1,230
Estimated liability for claims incurred but not paid		222,690
Total liabilities		294,098
NET ASSETS		
Invested in capital assets		28,546
Unrestricted		3,966,114
Total net assets	$	3,994,660

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS—PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2006

		Governmental Activities—Internal Service Funds
OPERATING REVENUES		
Intergovernmental	$	3,900
Charges for services		4,452,248
Miscellaneous		77,957
Total operating revenues		4,534,105
OPERATING EXPENSES		
Salaries and employee benefits		567,203
Supplies, services, and other charges		720,441
Claims expense		1,840,608
Professional services		12,250
Administrative fees		376,382
Capital outlay		3,416
Depreciation		2,223
Total operating expenses		3,522,523
Operating income		1,011,582
NONOPERATING REVENUES (EXPENSES)		
Insurance proceeds		318,826
Investment income		228,082
Total nonoperating revenues (expenses)		546,908
Change in net assets		1,558,490
Total net assets, beginning of year		2,436,170
Total net assets, end of year	$	3,994,660

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2006

		Governmental Activities—Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	4,385,803
Other operating cash receipts		105
Payments to employees		(561,745)
Payments to suppliers for goods and services		(3,073,535)
Net cash provided by (used in) operating activities		750,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		3,876,498
Purchase of investments		(4,847,303)
Interest received		220,177
Net cash provided by (used in) investing activities		(750,628)
Net increase in cash and cash equivalents		-
Cash and cash equivalents, beginning of year		-
Cash and cash equivalents, end of year		-
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income		1,011,582
Depreciation		2,223
Change in assets and liabilities:		
Decrease (increase) in receivables		(148,197)
Increase (decrease) in accounts payable and estimated liability for claims incurred but not paid		(121,668)
Increase (decrease) in wages payable		3,105
Increase (decrease) in compensated absences		2,353
Increase (decrease) in accrued liabilities		1,230
Net cash provided by (used in) operating activities		750,628
Noncash investing, capital, and financing activities:		
Net appreciation (depreciation) in value of investments reported at fair value (not classified as cash equivalents)	$	34,996

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

		Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash and cash equivalents	$	-	-	14,733,653
Investments:				
U.S. Government and agency securities		-	41,035	89,408,402
Money market mutual funds		1,389,860	-	-
Investment contract agreements		-	-	-
Accrued interest		-	158	77,415
Accounts receivable		-	-	81,621
Property taxes receivable		-	-	20,334,688
Due from others		-	-	233,686
Total assets		1,389,860	41,193	124,869,465
LIABILITIES				
Accounts payable		-	-	216,868
Due to other political subdivisions		-	-	124,652,597
Total liabilities		-	-	124,869,465
NET ASSETS				
Held in trust for pension benefits and other purposes		1,389,860	41,193	-
Total net assets	$	1,389,860	41,193	-

See accompanying notes to the basic financial statements.

BOONE COUNTY, MISSOURI

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2006

		Pension Trust Fund	Private-Purpose Trust Funds
ADDITIONS			
Contributions - employer	$	174,645	-
Contributions - other		-	-
Investment income		111,821	1,993
Total additions		286,466	1,993
DEDUCTIONS			
Benefits		42,322	-
Scholarships		-	1,300
Total deductions		42,322	1,300
Change in net assets		244,144	693
NET ASSETS, beginning of year		1,145,716	40,500
NET ASSETS, end of year	$	1,389,860	41,193

See accompanying notes to the basic financial statements.

(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.

Effective September 1, 1988, the Board of Trustees and Boone County entered into a lease agreement with CH Allied Services, Inc. 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 10.

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.

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. The County has determined that the general fund, the road and bridge fund, the law enforcement services fund, the Federal Help Americans Vote Act election fund, and the one-fifth cent sales tax capital improvement fund are major governmental funds. 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 six internal service funds (governmental activities): self-insured health plan, self-insured dental plan, self-insured workers' compensation, facilities and grounds, building and grounds capital repair and replacement fund, and utilities fund. 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.

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.

Federal Help Americans Vote Act (HAVA) Election Fund – The Federal HAVA election fund is a special revenue fund used to account for the expenditures mandated by the HAVA and the related reimbursement revenues received.

One-Fifth Cent Sales Tax Capital Improvement Fund – The one-fifth cent sales tax capital improvement fund is a special revenue 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.

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: the self-insured health plan fund, the self-insured dental plan fund, the self-insured workers' compensation fund, the facilities and grounds fund, the building and grounds capital repair and replacement fund, and the utilities 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.

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. Two private-purpose trust funds have been established: the George Spencer Trust Fund, which was established to award academic scholarships from the interest earned, and the Union Cemetery Trust Fund, which was established to fund the maintenance of the Union 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.

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.

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) Due From/To Component Units

Due from/to component units consist of amounts due from/to the Board of Trustees and its discretely presented component units, the Boone Hospital Foundation and the Walter Johnson Palliative Care Foundation. As of December 31, 2006, due from/to component units amounted to $1,431,150, of which $150,000 was due within one year.

(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.

Pursuant to the transition provisions of GASB Statement No. 34, infrastructure assets acquired prior to January 1, 2003 have not been reported within the County's basic financial statements. These infrastructure assets will be retroactively reported in future years.

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.

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:

	Years
Buildings and improvements	5 to 50
Vehicles and equipment	4 to 7
Office furniture and equipment	3 to 4
Infrastructure	10 to 50

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.

(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, 2006, 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 precisions 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.

(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.

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) Restatement of Beginning of Year Net Assets – Component Unit

The net asset balances of the Board of Trustees have been restated as of December 31, 2005 to properly reflect obligations between the Board of Trustees and its discretely presented component units, the Boone Hospital Foundation and the Walter Johnson Palliative Care Foundation, and to properly reflect obligations to external organizations. The following is a summary of restated balances:

Net assets, as previously reported	$	98,790,805
Adjustments		(550,000)
Net assets, as restated	$	98,240,805

(2) Individual Fund Deficits

At December 31, 2006, the Federal HAVA Election fund accumulated deficit of $113,234 is the result of expenditures exceeding intergovernmental revenue in 2006. The deficit will be offset by a future grant award and a future appropriation from the general fund.

At December 31, 2006, the Special Revenue—Neighborhood Improvement Districts fund accumulated deficit of $2,914 is the result of expenditures exceeding assessment revenue in 2006. The deficit will be offset by future assessment revenue.

(3) 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.

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.

(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.

As of December 31, 2006, the County had the following investments and maturities:

		Investment maturities (in years)	
	Fair value	Less than one	1–5
Investment type:			
U.S. Treasuries	$ 202,438	202,438	—
U.S. Agencies:			
Federal Farm Credit Bank	3,995,600	3,995,600	—
Federal Home Loan Bank	61,896,911	59,893,177	2,003,734
Federal Home Loan Mortgage Corporation	2,974,071	1,991,460	982,611
Freddie Discount notes	9,899,700	9,899,700	—
Federal National Mortgage Association	28,073,586	27,059,967	1,013,619
Money market mutual funds	1,971,774	1,971,774	—
Pension Trust Fund investments:			
Money market mutual funds	1,389,860	1,389,860	—
Total	$ 110,403,940	106,403,976	3,999,964

(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.

The County's investments in U.S. Agencies were rated Aaa by Moody's Investor Services as of December 31, 2006. All other investments were unrated as of December 31, 2006.

(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 safekept 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, 2006, 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.

At December 31, 2006, the concentration of the County's investments was as follows:

Investment type:	
U.S. Treasuries	0.2%
U.S. Agencies:	
Federal Farm Credit Discount	—
Federal Farm Credit Bank	3.6
Federal Home Loan Bank	56.1
Federal Home Loan Mortgage Corporation	2.7
Freddie Discount note	9.0
Federal National Mortgage Association	25.4
Money market mutual funds	1.8
Pension Trust Fund investments:	
Money market mutual funds	1.2
Total	100.0%

Investments are included within the County's accompanying statement of net assets as of December 31, 2006 as follows:

		Government-wide statement of net assets	Fiduciary statement of net assets	Total
Investments	$	17,390,431	90,839,297	108,229,728
Restricted assets:				
Cash and cash equivalents		1,971,774	—	1,971,774
Investments		202,438	—	202,438
Total investments	$	19,564,643	90,839,297	110,403,940

Component Unit

The component unit investment policies are governed by state statutes and legal opinions. Repurchase agreements are classified as cash and cash equivalents on the balance sheet but as investments for risk disclosure.

(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 Board of Trustees do not have a formal policy related to interest rate risk.

As of December 31, 2006, the Board of Trustees had the following investments and maturities:

			Investment maturities (in years)	
		Fair value	Less than one	1-5
Investment type:				
Repurchase agreements	$	9,641,551	9,641,551	—
U.S. Agencies		53,940,237	44,300,237	9,640,000
Marketable equity securities		2,018,062	2,018,062	—
Total	$	65,599,850	55,959,850	9,640,000

In addition to the investments listed above, the Board of Trustees own real estate held for investment. The income produced from the property in 2006 totaled $17,456, primarily consisting of oil royalties. The real estate was received by inheritance approximately 50 years ago and is not included within the investments of the Board of Trustees because such real estate is not considered to be readily marketable.

(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 Board of Trustees do not have a formal investment policy related to credit risk. The Board of Trustees' investments in U.S. Agencies and repurchase agreements owned by the Board of Trustees were rated Aaa by Moody's Investor Services as of December 31, 2006. The marketable equity securities were not rated.

(c) Custodial Credit Risk

Custodial credit risk 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. The Board of Trustees' investment policy requires that 100% of deposits not covered by federal deposit insurance be collateralized. Obligations that may be pledged as collateral are of the same type in which the Board of Trustees may invest. At December 31, 2006, all Board of Trustees' investments and all collateral securities pledged against Board of Trustees' deposits are held by the counterparty's trust department or agent in the Board of Trustees' name. All investments in marketable equity securities were held in stock certificates in the name of the Board of Trustees.

(d) Concentration of Credit Risk

The Board of Trustees do not have a formal investment policy related to concentration of credit risk.

At December 31, 2006, the concentration of the Board of Trustees' investments was as follows:

Investment type:	
Repurchase agreements	14.7%
U.S. Agencies	82.2
Marketable equity securities	3.1
Total	100.0%

(4) 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 2006, which are intended to finance the budgeted expenditures for the fiscal year 2006, 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 2006:

	Per $100 of assessed valuation	
Purpose	**Maximum levy allowed by law (a)**	**County's levy 2006**
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	0.1114
Combined County-wide tax rate (noncommercial and commercial)		$ 0.2789
County-wide surtax on commercial property (Class III)	0.6100	0.6100

(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, city, 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.

(5) Intergovernmental Revenue and Receivables

Intergovernmental revenue for governmental funds for fiscal year 2006 consisted of the following:

	General fund	Road and bridge fund	Federal HAVA election fund	Nonmajor governmental funds	Total governmental funds
Federal	$ 1,226,057	127,700	903,168	27,861	2,284,786
State	1,079,855	1,293,387	—	492,231	2,865,473
Local	161,051	—	—	27,258	188,309
Total inter-governmental revenue	$ 2,466,963	1,421,087	903,168	547,350	5,338,568

Within the fund financial statements, amounts due from other governments at December 31, 2006 include the following:

	General fund	Road and bridge fund	Federal HAVA election fund	Nonmajor governmental funds	Total governmental funds
Federal	$ 227,912	126,920	452,389	1,138	808,359
State	114,496	152,976	—	119,351	386,823
Local	25,391	6,896	—	7,589	39,876
Total due from other governments	$ 367,799	286,792	452,389	128,078	1,235,058

(6) Interfund Balances

Interfund receivable and payable balances at December 31, 2006 were as follows:

	Payable fund		
Receivable fund	General fund	Nonmajor governmental funds	Total
General fund	$ —	3,876	3,876
Road and bridge fund	9,182	—	9,182
Law enforcement services fund	3,570	—	3,570
Total	$ 12,752	3,876	16,628

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, 2007.

Loans receivable and payable between funds at December 31, 2006 are as follows:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 3,183

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

(7) Interfund Transfers

Transfers between funds of the County for the year ended December 31, 2006 were as follows:

Transfers to	Transfers from	Amount
General fund	Nonmajor governmental funds	$ 75,926
One-Fifth Cent Sales Tax Capital Improvement fund	General fund	2,200,000
Nonmajor governmental funds	General fund	350,000
Nonmajor governmental funds	Nonmajor governmental funds	950
		$ 2,626,876

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.

(8) Capital Assets

Primary Government

The following is a summary of changes in capital assets for the year ended December 31, 2006:

	Balance January 1, 2006	Additions	Deletions	Transfers	Balance December 31, 2006
Capital assets not being depreciated:					
Land	$ 6,525,691	99,858	—	6,175	6,631,724
Construction in progress	631,180	546,334	7,376	(630,693)	539,445
Works of art	120,228	—	—	—	120,228
Total capital assets not being depreciated	7,277,099	646,192	7,376	(624,518)	7,291,397
Capital assets being depreciated:					
Buildings and improvements	34,013,587	10,905	—	66,471	34,090,963
Vehicles and equipment	9,533,803	1,433,968	883,880	—	10,083,891
Office furniture and equipment	2,900,303	930,670	324,728	34,128	3,540,373
Infrastructure	4,716,084	2,762,341	—	523,919	8,002,344
Total capital assets being depreciated	51,163,777	5,137,884	1,208,608	624,518	55,717,571
Less accumulated depreciation for:					
Buildings and improvements	5,820,363	633,670	—	—	6,454,033
Vehicles and equipment	4,128,840	964,027	632,807	—	4,460,060
Office furniture and equipment	2,436,490	266,582	285,452	—	2,417,620
Infrastructure	440,536	372,759	—	—	813,295
Total accumulated depreciation	12,826,229	2,237,038	918,259	—	14,145,008
Total capital assets being depreciated, net	38,337,548	2,900,846	290,349	624,518	41,572,563
Capital assets, net	$ 45,614,647	3,547,038	297,725	—	48,863,960

Construction in progress consists primarily of infrastructure.

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

Policy and administration	$ 499,846
Law enforcement and judicial	584,457
Environment, public buildings, and infrastructure	1,134,363
Protective inspection	16,149
Internal service funds	2,223
	$ 2,237,038

Component Unit

The following is a summary of changes in the component unit capital assets for the year ended December 31, 2006:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
Capital assets not being depreciated:				
Construction in progress	$ 16,599,182	10,880,362	21,348,520	6,131,024
Total capital assets not being depreciated	16,599,182	10,880,362	21,348,520	6,131,024
Capital assets being depreciated:				
Land and improvements	13,343,847	1,393,623	—	14,737,470
Buildings	80,046,812	20,157,009	56,407	100,147,414
Fixed equipment	1,619,423	5,659	23,684	1,601,398
Major movable equipment	16,598,091	183,542	1,338,281	15,443,352
Total capital assets being depreciated	111,608,173	21,739,833	1,418,372	131,929,634
Less accumulated depreciation for:				
Land and improvements	4,233,608	427,018	—	4,660,626
Buildings	52,196,960	2,284,124	49,918	54,431,166
Fixed equipment	1,435,162	162,654	23,682	1,574,134
Major movable equipment	15,594,186	301,556	1,338,252	14,557,490
Total accumulated depreciation	73,459,916	3,175,352	1,411,852	75,223,416
Total capital assets being depreciated, net	38,148,257	18,564,481	6,520	56,706,218
Capital assets, net	$ 54,747,439	29,444,843	21,355,040	62,837,242

(9) Long-term Liabilities

Primary Government

Following is a summary of the changes in long-term liabilities for the year ended December 31, 2006:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006	Due within one year
General obligation bonds payable	$ 630,000	182,000	(132,000)	680,000	138,000
Special obligation bonds payable	6,665,000	—	(270,000)	6,395,000	275,000
Unamortized premiums	72,994	—	(5,840)	67,154	5,840
Accrued compensated absences	734,837	825,714	(773,384)	787,167	787,167
	$ 8,102,831	1,007,714	(1,181,224)	7,929,321	1,206,007

General Obligation Bonds

General obligation bonds at December 31, 2006 are composed of special assessment debt as follows:

$355,000-1998 general obligation neighborhood improvement bonds due in annual installments of $30,000 to $45,000 through 2008; interest at 3.70% to 4.45%	$ 85,000
$280,000-2000A general obligation neighborhood improvement bonds due in annual installments of $20,000 to $35,000 through 2010; interest at 4.85% to 5.35%	130,000
$184,000-2000B general obligation neighborhood improvement bonds due in annual installments of $14,000 to $23,000 through 2010; interest at 5.20%	86,000
$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%	197,000
$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%	182,000
Total general obligation bonds	$ 680,000

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

		Principal	Interest	Total
Year ending December 31:				
2007	$	138,000	28,630	166,630
2008		141,000	21,318	162,318
2009		104,000	15,691	119,691
2010		108,000	10,717	118,717
2011		52,000	7,092	59,092
2012 – 2016		137,000	12,279	149,279
Total payments	$	680,000	95,727	775,727

On July 29, 2006, the County issued $182,000 in Series 2006A general obligation bonds with interest at rates ranging from 4.2% to 4.5%. The proceeds provided funding for the construction and repair of roads and streets within the County.

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, 2006, the statutory limit for the County was $209,822,714, providing a debt margin of $209,461,690.

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, 2006, delinquent assessments receivable amounted to $19,075.

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 2.00% to 4.00%. 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:

		Principal	Interest	Total
Year ending December 31:				
2007	$	275,000	257,056	532,056
2008		325,000	249,699	574,699
2009		340,000	240,172	580,172
2010		345,000	229,406	574,406
2011		515,000	215,144	730,144
2012 – 2016		3,480,000	724,641	4,204,641
2017 – 2018		1,115,000	52,100	1,167,100
Total payments	$	6,395,000	1,968,218	8,363,218

Component Unit

Following is a summary of the changes in the Board of Trustees long-term debt liabilities for the year ended December 31, 2006:

		Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006	Due within one year
Revenue bonds	$	30,930,000	—	(2,210,000)	28,720,000	2,210,000

Revenue bonds of the Board of Trustees at December 31, 2006 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%	$	22,440,000
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 5.0%		6,280,000
	$	28,720,000

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

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

		Principal	Interest
Year ending December 31:			
2007	$	2,210,000	1,414,131
2008		2,325,000	1,312,931
2009		2,460,000	1,199,744
2010		1,170,000	1,090,056
2011		1,240,000	1,034,416
2012 – 2016		7,140,000	4,201,163
2017 – 2021		9,095,000	2,223,180
2022 – 2024		3,080,000	252,588
Total debt	$	28,720,000	12,728,209

(10) Operating Lease

Effective January 2001, the County and the Board of Trustees entered into an amended and restated lease agreement with CH Allied Services, Inc. (CHAS), a Missouri not-for-profit corporation, whereby CHAS leases real property and equipment of the Hospital for the purpose of providing healthcare services in Boone County and surrounding areas. The initial term of the lease is through December 31, 2010, subject to certain early termination provisions, after five years. The Lessee has an option to extend the agreement for one additional five-year period, beyond the initial ten-year term. The modified lease calls for annual payments from hospital revenues, to the extent sufficient, as follows:

1. Payments to the Board of Trustees equal to annual bond debt service payments, including principal and interest for all obligations incurred for hospital-related facilities and equipment;

2. Payments to the County of $1,528,104 annually, due and payable in four quarterly payments of $382,026, as adjusted by the Consumer Price Index; and

3. Payments to the Board of Trustees annually equal to 50% of the year's`increase in cash and cash equivalents of the Hospital. Under the same terms of the agreement, the Board of Trustees are responsible for 50% of any reduction in cash and cash equivalent balances during a fiscal year and, therefore, may be required under those conditions to make payments to the Hospital.

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

Section 5 of 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 nine percent (9%) of Boone Hospital Center net revenues on capital expenditures. This requirement was not satisfied by the cumulative amount of $10,227,834 for the period of January 1, 2001 to December 31, 2006. The Board of Trustees approved a resolution along with CHAS whereby CHAS shall commit and earmark current or future Boone Hospital Center net revenue until the capital expenditure benchmark is satisfied.

(11) 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, 2006, 400 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 2006 were $174,645. 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 Employee Retirement Fund

In August 1994, the Missouri State Legislature passed RSMo Sections 50.100 through 50.306 creating a Statewide County Employee Retirement Fund (CERF). The cost-sharing multi-employer defined benefit plan is funded through various fees and employee contributions. The CERF is administered by a governing board of directors. 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 City, Missouri 65102

As established by statute, all full-time employees and certain part-time employees of the County are eligible to participate in the CERF. Employees attaining the age of 62 years may retire with full benefits with eight or more years of creditable service. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri State Legislature.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age 62. Early retirement at age 55 with reduced benefit is allowed. Any member with less than eight years of creditable service forfeits all rights in the fund, but will be paid the member's accumulated contributions.

In accordance with State statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. All participating employees hired before February 25, 2002 are required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating employees hired on or after February 25, 2002 are required to make contributions equal to 6% of gross compensation. 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 2006, the County collected and remitted to CERF

employee contributions of $507,050, employer contributions of $21,121 and statutory charges of $647,922.

(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.

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.

Component Unit

Effective September 1, 1988, a noncontributory defined benefit pension plan was created to duplicate, where allowable, those benefits previously provided by the Board of Trustees' plan prior to inception of the CHAS lease. The Board of Trustees' administered plan (Board of Trustees' Plan) continued to assume the benefit obligations of existing retirees and vested terminations at the lease inception date.

During 1989, the Board of Trustees' Plan made lump sum payments and purchased annuities to satisfy any remaining retirees benefits and vested terminations. In 2006, the remaining obligation under the Board of Trustees' plan was terminated by making a lump sum payout to the remaining retiree. Remaining plan assets were refunded to the Board of Trustees totaling $77,454 and are included in miscellaneous income.

(12) Commitments and Contingent Liabilities

Litigation

The County is a defendant in a number of claims and lawsuits. The County Counselor 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 Counselor 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, 2006 basic financial statements for any such claims and lawsuits.

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, 2006, $1,399,000 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, 2006, $280,000 of the bonds has been issued.

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 $4.7 million at December 31, 2006.

(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 Mid-American Regional Council Insurance Trust (MARCIT), a public entity risk retention pool, and shares a full-time risk manager through that organization. The Board of Directors includes 11 member representatives. MARCIT has the right to assess members additional premiums to cover deficiencies in claim payments and may also issue refunds when revenues exceed expenses. MARCIT covers risks up to $1,000,000 with deductibles varying between $0 and $25,000 per incident, and also maintains excess insurance agreements in the event of large losses. MARCIT 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 MARCIT by the County in 2006 were $571,724.

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 $75,000, $1,000, and $350,000 for each health, dental, and workers' compensation claims, respectively. 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 $1,000. 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.

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

	2006			
	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	$ 138,083	1,604,829	(1,632,144)	110,768
Self-insured Dental Plan	6,280	147,541	(149,185)	4,636
Self-insured Workers' Compensation	207,329	59,279	(159,322)	107,286
	$ 351,692	1,811,649	(1,940,651)	222,690

	2005			
	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	$ 115,230	1,508,158	(1,485,305)	138,083
Self-insured Dental Plan	5,997	129,317	(129,034)	6,280
Self-insured Workers' Compensation	—	402,165	(194,836)	207,329
	$ 121,227	2,039,640	(1,809,175)	351,692

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.