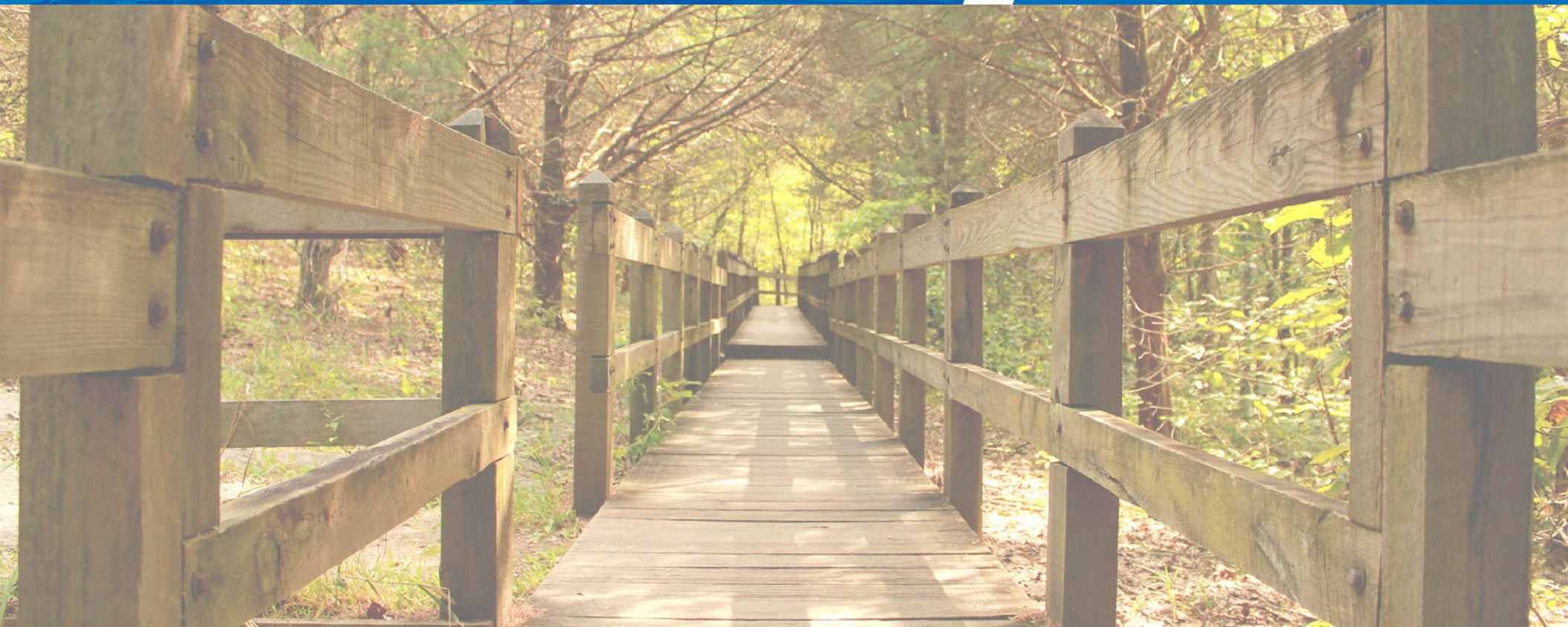


Citizens' Guide to County Finances

Boone County, Missouri

2014



To The Citizens of Boone County

I am pleased to present the *2014 Boone County Citizens' Guide to County Finances*. This is the first year for publication of this condensed report.

As your elected County Auditor, I am responsible for the County's accounting, budgeting, and financial reporting activities. I am pleased to provide this additional information source for the people of Boone County which presents financial and demographic information in an easy-to-read format. The financial information in this report is taken from the County's Fund Financial Statements presented within the *2014 Comprehensive Annual Financial Report* (CAFR). However, because this report presents financial information in a summarized and less comprehensive manner, it does not conform to generally accepted accounting principles and reporting requirements for government entities and should not be used as a substitute for the CAFR.

The County's financial activities are guided by formally-adopted fiscal and budget policies which are published in the annual budget document. Additionally, the County is committed to the highest standards of financial reporting and disclosure, preparing its financial statements in accordance with generally accepted accounting principles applicable to governmental entities. An annual financial audit is required by grant contracts and long-term debt covenants and the County receives an "unmodified", or "clean", audit opinion each year. The Government Finance Officers Association (GFOA) has awarded Certificates of Achievement for Excellence in Financial Reporting to the County each year since 1987. The CAFR, including the independent audit report, is available on the County's website at www.showmeboone.com/auditor/CAFR.asp.

Our county government is experiencing significant growth, as reflected in the pages that follow. Most notably, two new voter-approved permanent sales tax levies have significantly impacted County services: a one-fourth cent sales tax for Community Children's Services (effective April 1, 2013) and a three-eighths cent sales tax for 911 and Emergency Management Services (effective October 1, 2013). The Community Children's Services sales tax provides a new source of local funding for counseling, family support, and temporary residential services to persons nineteen years of age or less. The 911 and Emergency Management sales tax resulted in the transfer of 911 and Emergency Management operations from the City of Columbia to Boone County with an expectation for expanded and improved services. A new facility, the Emergency Communications Center (ECC), is under construction with completion expected in 2016. Planned staffing increases and new technologies will be implemented in conjunction with relocation to the new facility.

I value the opportunity to serve as your County Auditor and hope that you find this report informative and useful in enhancing your understanding of Boone County's finances.



Sincerely,

June E. Pitchford, CPA
Boone County Auditor

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This report is published by the Boone County Auditor's Office and is available on the County's website at www.showmeboone.com/auditor. Other reports also available from this webpage include the *Comprehensive Annual Financial Report* (CAFR) and the *Annual Budget*.

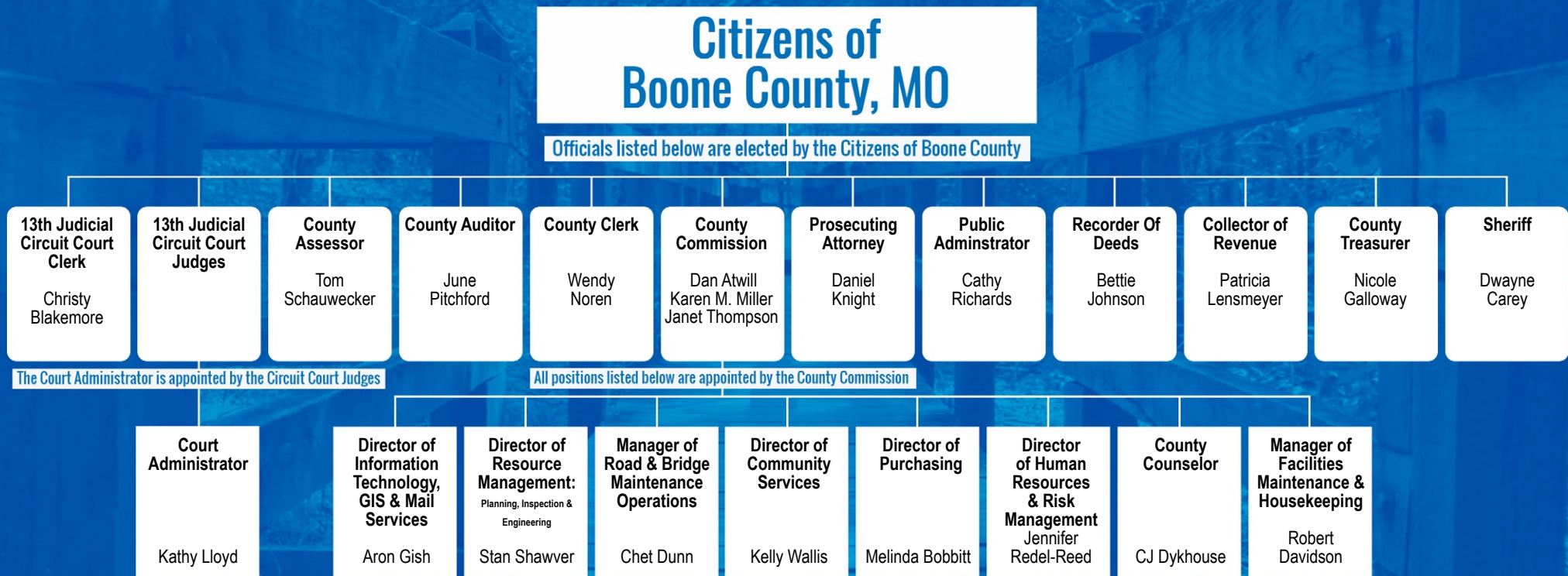
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Columbia, MO 65201
Office phone: 573.886.4275 | FAX: 573.886.4280
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www.showmeboone.com/auditor

Boone County Governance Structure

As of December 31, 2014



Established in 1821, the County's operational structure is governed by state law. Elected to four-year terms, County officials serve full-time. With the exception of the District I and District II Commissioners, all are elected county-wide. Circuit Court elected officials and most of their staff are state-paid employees with additional positions voluntarily funded by the County. For all other county offices, elected officials and employees are paid by the County. The County Commission appoints department directors and managers to oversee the day-to-day operations of various county departments as well as the County Counselor who serves as general counsel

for the County. The County Commission also appoints the Medical Examiner, services obtained on a contractual basis from the University of Missouri. The day-to-day operations of the 13th Judicial Circuit Court are administered by a full-time elected Circuit Court Clerk and a full-time Court Administrator appointed by the Presiding Judge, with the consent of the *court en banc*. For all other county offices, the full-time elected official oversees the day-to-day operations. Detailed organization charts for each department and office are presented within the County's annual budget document.

The County Commission has limited ordinance-making authority and is responsible for all County property as well as adopting the annual budget. The County Commission is the appropriating authority for the County's major operating funds and certain other funds while individual elected officials exercise appropriating authority over a variety of special revenue funds, as specified by state law. A description of all County funds is included in the County's annual budget document.

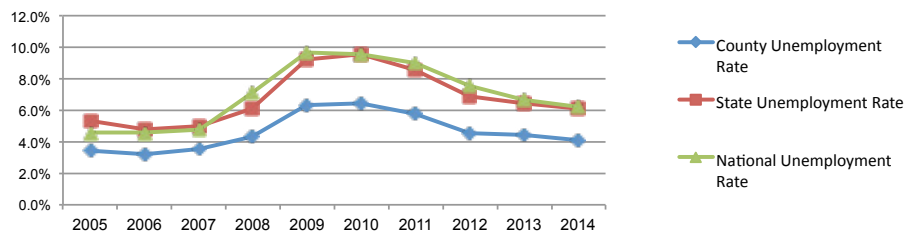
Boone County Demographics

SELECTED DEMOGRAPHICS	2012	2013	2014
County Population	168,535	170,773	172,717
Population Growth	1.62%	1.33%	1.14%
Median Household Income	40,395	41,028	*
Housing Units (Estimated)	71,009	72,086	73,174
School Enrollment (K-12)	22,044	22,271	22,443
County Unemployment Rate	4.6%	4.5%	4.1%
Number of Full-Time Equivalents (FTE) County Employees	427.47	437.06	459.14

*Information Not Available At This Time



UNEMPLOYMENT RATES



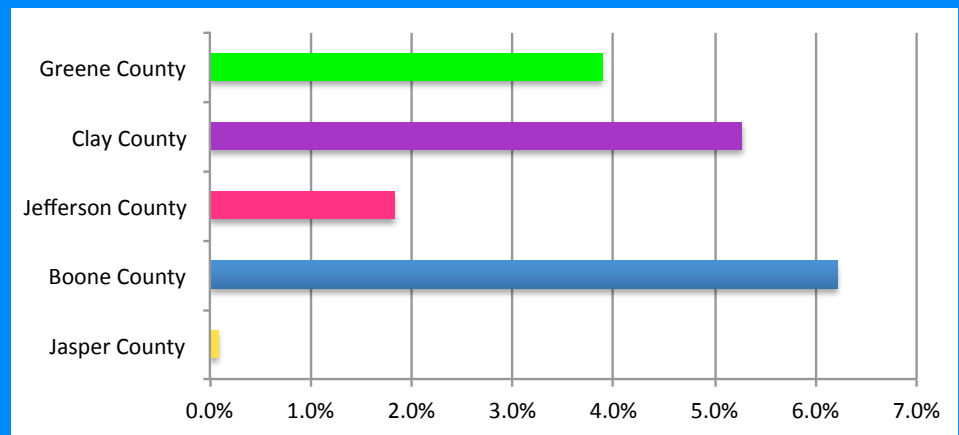
BOONE COUNTY PRINCIPAL EMPLOYERS

2014	# of Employees	% Total Employment
University of Missouri	8,709	9.25%
University Hospital & Clinics	4,296	4.56%
Columbia Public Schools	2,326	2.47%
Boone Hospital Center	2,000	2.12%
Harry S. Truman Veterans Hospital	1,374	1.46%
City of Columbia	1,329	1.41%
State Farm Insurance Companies	1,200	1.27%
MBS Textbook Exchange	1,100	1.17%
Veterans United Home Loans	1,031	1.09%
Shelter Insurance Companies	1,029	1.09%
TOTAL EMPLOYMENT FOR PRINCIPAL EMPLOYERS	24,394	25.91%
TOTAL COUNTY EMPLOYMENT	94,156	

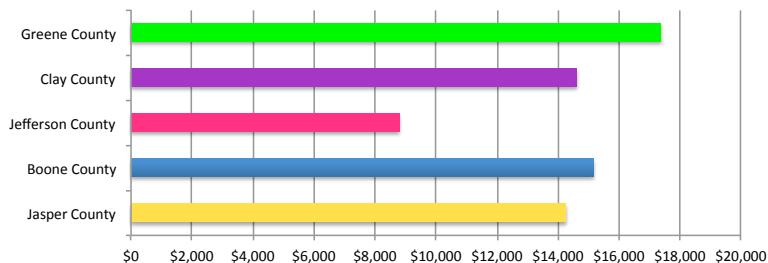
How Do We Compare?



Population Growth Since 2010

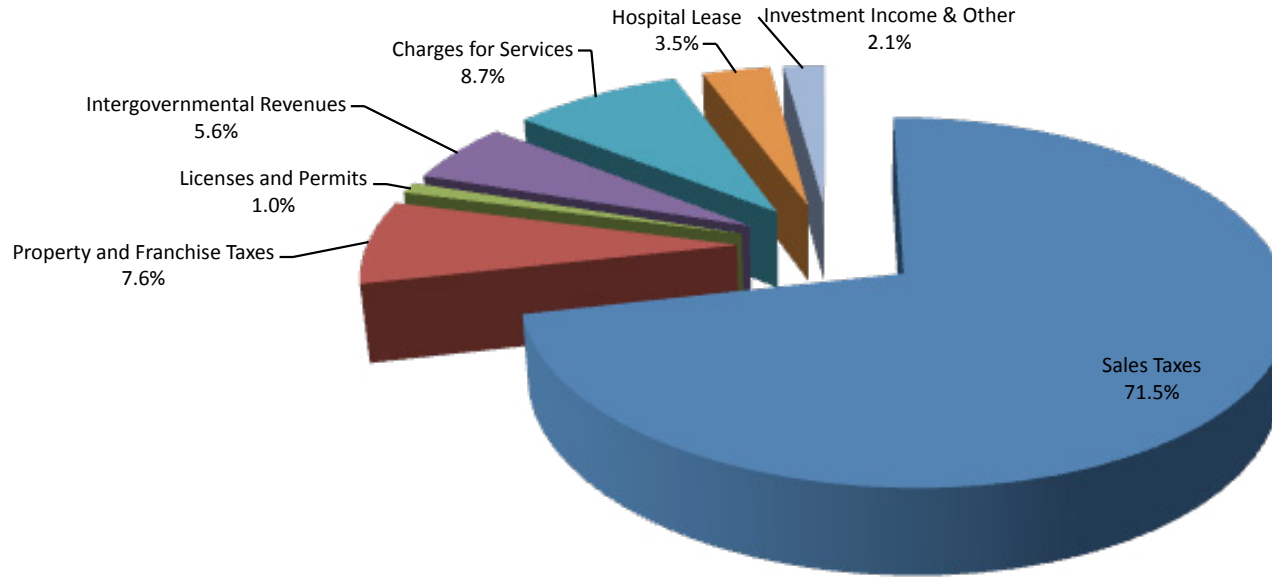


Taxable sales per Capita



	Jasper County	Boone County	Jefferson County	Clay County	Greene County
County Seat	Carthage	Columbia	Hillsboro	Liberty	Springfield
Land area in square miles	638	685	657	397	675
Persons per square mile	184	237	333	559	408
Population growth since 2010	0.1%	6.2%	1.8%	5.3%	3.9%
High school graduate or higher, 2009 - 2013	84.3%	93.0%	87.4%	91.8%	90.1%
Bachelor's degree or higher, 2009 - 2013	20.2%	47.3%	17.4%	30.6%	28.3%
Median household income, 2009 - 2013	\$40,400	\$48,600	\$54,800	\$60,936	\$40,300
Unemployment rate (as of April 2015)	4.8%	3.7%	5.5%	4.8%	4.7%
Taxable sales, 2014 (in billions)	\$1.67	\$2.62	\$1.96	\$3.41	\$4.96
Taxable sales per capita	\$14,246	\$15,153	\$8,797	\$14,599	\$17,365

Where The Money Comes From



REVENUES	%	2014
Sales Taxes	71.5%	\$48,137,972
Property and Franchise Taxes	7.6%	\$5,078,142
Licenses and Permits	1.0%	\$640,995
Intergovernmental Revenues	5.6%	\$3,762,946
Charges for Services	8.7%	\$5,822,097
Hospital Lease	3.5%	\$2,327,005
Investment Income & Other	2.1%	\$1,426,806
Total Revenues	100%	\$67,195,963

SALES TAXES: County services are primarily funded with locally-generated sales tax revenues. The total voter-approved sales tax rate for County purposes amounts to 1.75%. Included in this total is a .50% rate for general use with the remainder (1.25%) restricted to the specific purposes of road infrastructure, law enforcement services, community children's services, and 911/Emergency Management. Sales tax is inherently more volatile than other sources of revenue. Boone County mitigates the risk of this volatility through fiscal and budget policies and the consistent application of sound, conservative budgeting principles. Additional sales tax information is presented later in this report.

CHARGES FOR SERVICES: The County Commission has limited authority to enact or change County fees because most fees are established by state law. Such fees include real estate recording fees, marriage license fees, court-related fees, and property tax collection fees. Locally-controlled fees include building permit fees, animal control fees, and food inspection fees.

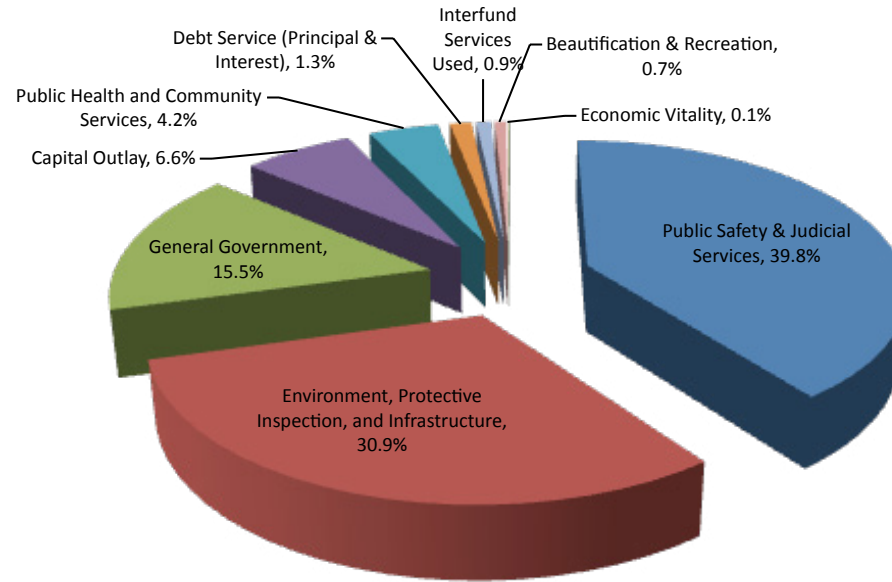
PROPERTY TAXES: The County is authorized to levy a property tax for general purposes and for road and bridge maintenance. The 2014 property tax rates (per \$100 of assessed valuation) were \$0.12 for the General Fund and \$0.05 for the Road and Bridge Fund. For comparison purposes, the 2014 property tax rates (per \$100 of assessed valuation)

for Columbia Public Schools, Southern Boone County Schools, City of Columbia, and City of Centralia were \$5.4868, \$5.0263, \$0.4100, and \$0.9662, respectively.

INTERGOVERNMENTAL REVENUE: Revenue received from other governments consists primarily of state reimbursements and grant revenues. State reimbursements are received for jail housing costs, juvenile detention, property assessment, and child support enforcement activities. These reimbursements are subject to appropriation at the state level and have been significantly reduced in recent years. The County also receives distributions from state-wide motor fuel taxes, state motor vehicle sales tax, and state motor vehicle licensing fees.

HOSPITAL LEASE: Since September 1988, the county-owned hospital, Boone Hospital Center, has been leased to CH Allied Services, Inc. Pursuant to the terms of lease (which has been amended and re-stated), the County receives two payments: an unrestricted payment (\$1.8 M) and a payment restricted for community medical and health needs (\$0.5 M). Both payments are indexed to increases in the Consumer Price Index (CPI).

Where The Money Goes



The majority of county resources are directed to statutory functions of public safety & judicial services, to maintaining and improving the County's transportation network, and to providing Public Health and Community Children's Services.

PUBLIC SAFETY AND JUDICIAL: The County provides funding for the Prosecuting Attorney, Sheriff and Corrections, 911 and Emergency Management, the Public Administrator, the 13th Judicial Circuit Court, the Juvenile Detention Center, and various alternative sentencing programs. The County provides medical examiner services through contract with the University of Missouri, and is required to provide office space for the state Public Defender. With voter approval of a new dedicated sales tax in 2013, 911 and Emergency Management operations are transferring from the City of Columbia to Boone County. Transition activities are expected to conclude with relocation to the newly constructed facility, which should be completed 2016.

ENVIRONMENT, PROTECTIVE INSPECTION, & INFRASTRUCTURE The County maintains approximately 800 miles of roadway infrastructure consisting of concrete, asphalt, and gravel surface types along with a variety of bridges and other drainage structures. Routine and preventative maintenance includes gravel application, asphalt and concrete patching/sealing, asphalt and concrete preservation and rehabilitation, ditching, vegetation control, and bridge maintenance repair. Routine traffic services include street signing, regulatory signing,

dust control, and snow and ice control. The County also provides planning and zoning, building inspection, building code enforcement, and storm water administration services.

GENERAL GOVERNMENT: The County provides various services including: record preservation (real estate transactions and marriage licenses); parcel mapping; assessment of real estate and personal property for taxing purposes; property tax collection, distribution, and reporting for all taxing entities within the County; voter registration and elections; information technology support; human resources and risk management; purchasing; accounting and financial reporting; budgeting; and treasury and investment management.

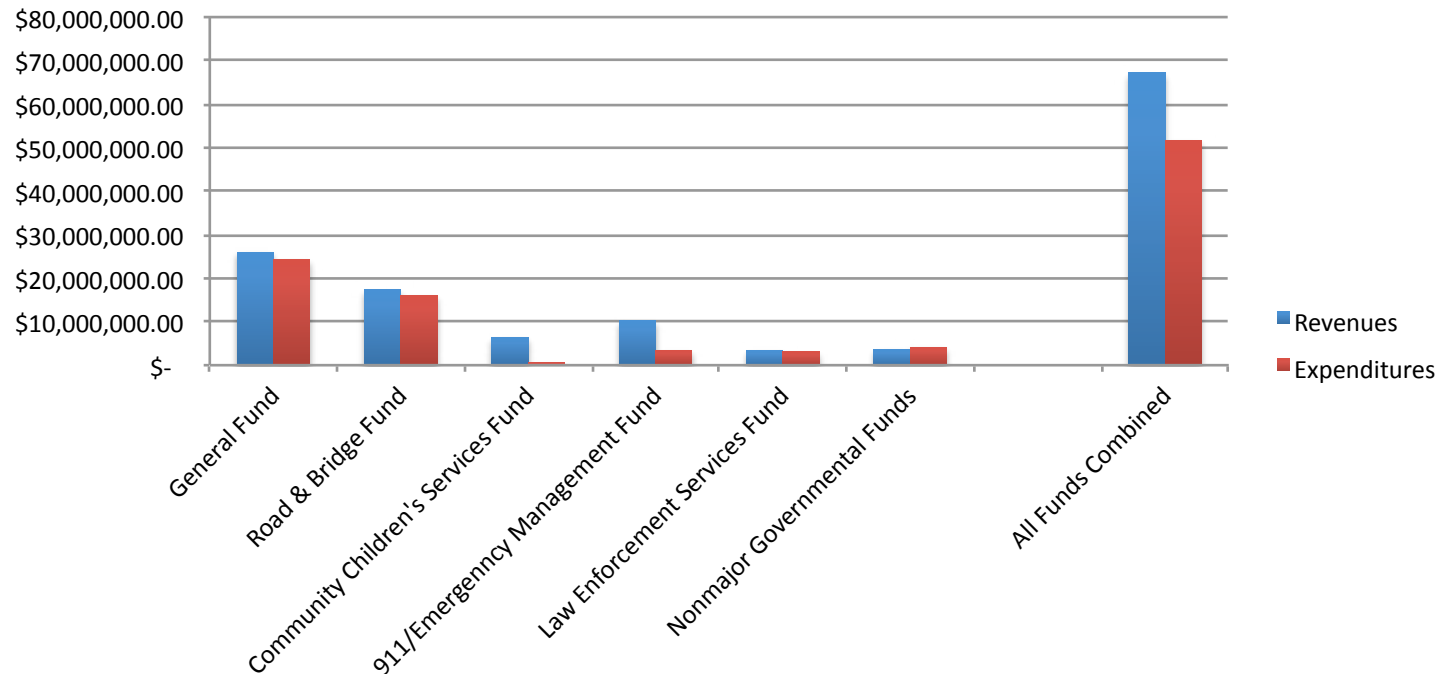
PUBLIC HEALTH AND COMMUNITY SERVICES: The County provides contractual funding for the Boone County/City of Columbia Health Department, a city-administered department. In addition, voters approved a dedicated sales tax for community children's services which became effective mid-year 2013. A nine-member Commission-appointed governing board is responsible for establishing annual funding allocations consistent with the eligible services allowed under state law which include counseling, family support, and temporary residential services to persons nineteen years of age or less. These services are administered through the County's Community Services Department.

EXPENDITURES	%	2014
Public Safety & Judicial Services	39.8%	\$20,579,810
Environment, Protective Inspection, and Infrastructure	30.9%	\$15,950,797
General Government	15.5%	\$8,005,835
Capital Outlay	6.6%	\$3,402,541
Public Health and Community Services	4.2%	\$2,147,524
Debt Service (Principal & Interest)	1.3%	\$656,897
Interfund Services Used	0.9%	\$448,202
Beautification & Recreation	0.7%	\$346,172
Economic Vitality	0.1%	\$53,000
Total Expenditures	100.0%	\$51,590,778

Revenues & Expenditures

for the year ended December 31, 2014

2014 REVENUE & EXPENDITURES BY FUND



GOVERNMENTAL FUNDS are used to account for the revenues and expenditures associated with the County's governmental functions and activities. Revenues available for any governmental purpose are accounted for within the General Fund while revenues restricted as to use are accounted for within separate funds. **Over 60% of the County's revenues are restricted as to use.**

Governmental funds are classified as "major" or "nonmajor", according to established standards. The chart above shows the relationship between aggregate revenues and expenditures for each major fund and for all nonmajor funds combined as well as total revenues and expenditures for all funds combined. Detailed financial information for each individual fund is presented in the County's Comprehensive Annual Financial Report (CAFR), which is available at www.showmeboone.com/auditor/CAFR.asp

GENERAL FUND — revenue exceeded expenditures primarily because actual spending was less than budget in the following areas: unspent emergency appropriation, staffing vacancies (especially within the jail), election costs, circuit court costs, and public health.

ROAD AND BRIDGE FUND — revenue exceeded expenditures primarily because actual spending was less than budget in the following areas: road materials and equipment replacement, unspent emergency

appropriation, infrastructure preservation and rehabilitation activities; and a bridge project was re-scheduled to the following year.

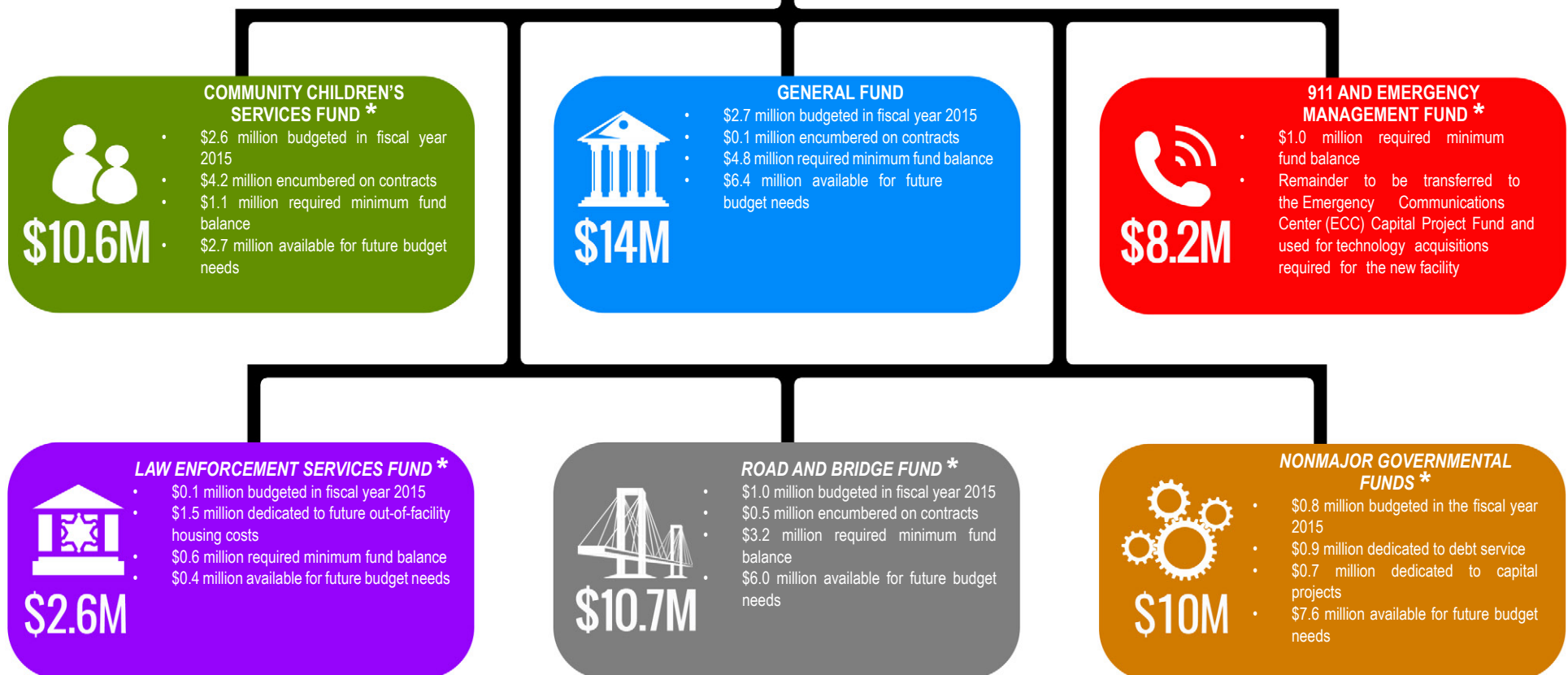
COMMUNITY CHILDREN'S SERVICES FUND — revenue exceeded expenditures primarily because contracts for services were awarded late in the fiscal year; actual spending on these contracts will occur in the following year.

911/EMERGENCY MANAGEMENT FUND — revenue exceeded expenditures primarily because annual operating costs are temporarily less than they will be in the future; this situation will continue until operations are relocated into the new facility which is currently under construction (expected completion: 2016). A portion of these unspent revenues will be transferred to the Emergency Communications Center (ECC) Capital Project Fund in fiscal year 2015 and used to acquire technology for the new facility, thereby reducing the amount of debt incurred for the new facility.

NONMAJOR FUNDS — expenditures exceeded revenue primarily because of timing differences between the receipt of revenue and the associated expenditures. Revenues earned, but not spent in prior fiscal years were spent in fiscal year 2014.

Fund Balance

FUND BALANCE is the net difference between the assets and liabilities of a governmental fund. Throughout the year, significant portions of fund balance consist of receivables associated with property taxes, sales taxes, and reimbursement revenues. Because of this and to ensure adequate cash flow, County policy requires a minimum fund balance equal to two month's expenditures (17%) within each of the major funds. Fund balance amounts that exceed minimum requirements are available for appropriation through the budgeting process.



* The resources of this fund may only be used for specific purposes, such as those allowed by state law or ballot language. Because of this, the revenues, expenditures, and fund balance are accounted for within a separate and distinct fund and not co-mingled with general revenues or the resources of any other fund. For many of the nonmajor funds, an elected official other than the County Commission is the appropriating authority.

Sales Tax

Sales Tax Rates-Cities in Boone County

State, County, and City Rates Combined

Unincorporated Areas of Boone County	5.975%
Hartsburg, Huntsdale & Village of Pierpont	6.475%
Rocheport	7.475%
Ashland, Centralia, Columbia & Sturgeon	7.975%

Sales Tax Rate Comparison

Columbia	7.975%
Boonville	8.225%
Fayette	7.975%
Jefferson City	7.725%
Fulton	7.725%
Sedalia	8.100%
Moberly	8.225%
Macon	7.850%
Warrensburg	8.350%
Kirksville	7.850%
Mexico	8.600%

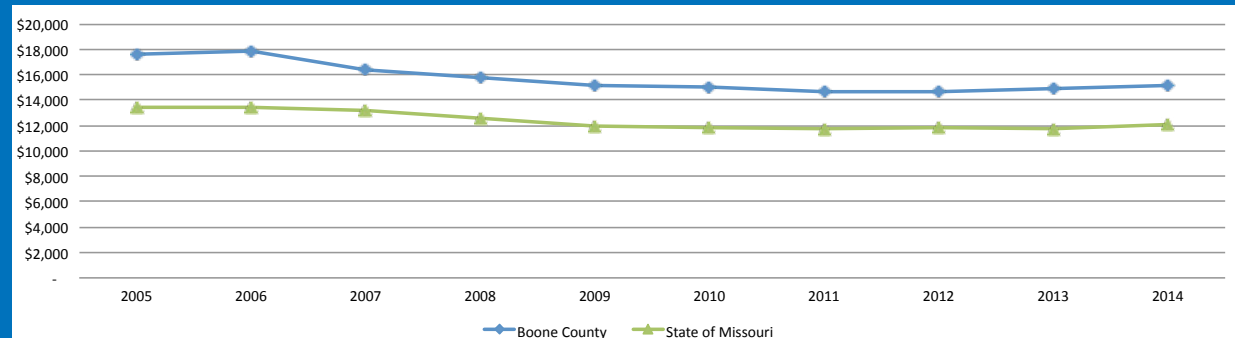
SALES TAX

County sales tax levies are authorized by state law and subject to voter approval. The sales tax levy for roads (0.500%) was initially approved by voters in 1993 for five years and has been twice renewed for ten-year periods, expiring September 30, 2018. This tax levy is accompanied by a voluntary property tax rollback and the County intends to seek voter approval for renewal. All other County sales tax levies are permanent.

Countywide Sales Tax Rate Breakdown

State	4.225%	
County General Revenue	0.500%	Permanent
County Maintenance-Roads	0.500%	Renewable
County Law Enforcement Services	0.125%	Permanent
Community Children's Services	0.250%	Permanent
911/Emergency Management	0.375%	Permanent
Combined State and County Sales Tax Rate	5.975%	

Taxable Sales Per Capita: Boone County and State of Missouri *(Adjusted for Inflation)*



The municipal sales tax rates shown above are intended to provide a rate comparison of Boone County's various municipalities with those of nearby communities.

TAXABLE SALES PER CAPITA

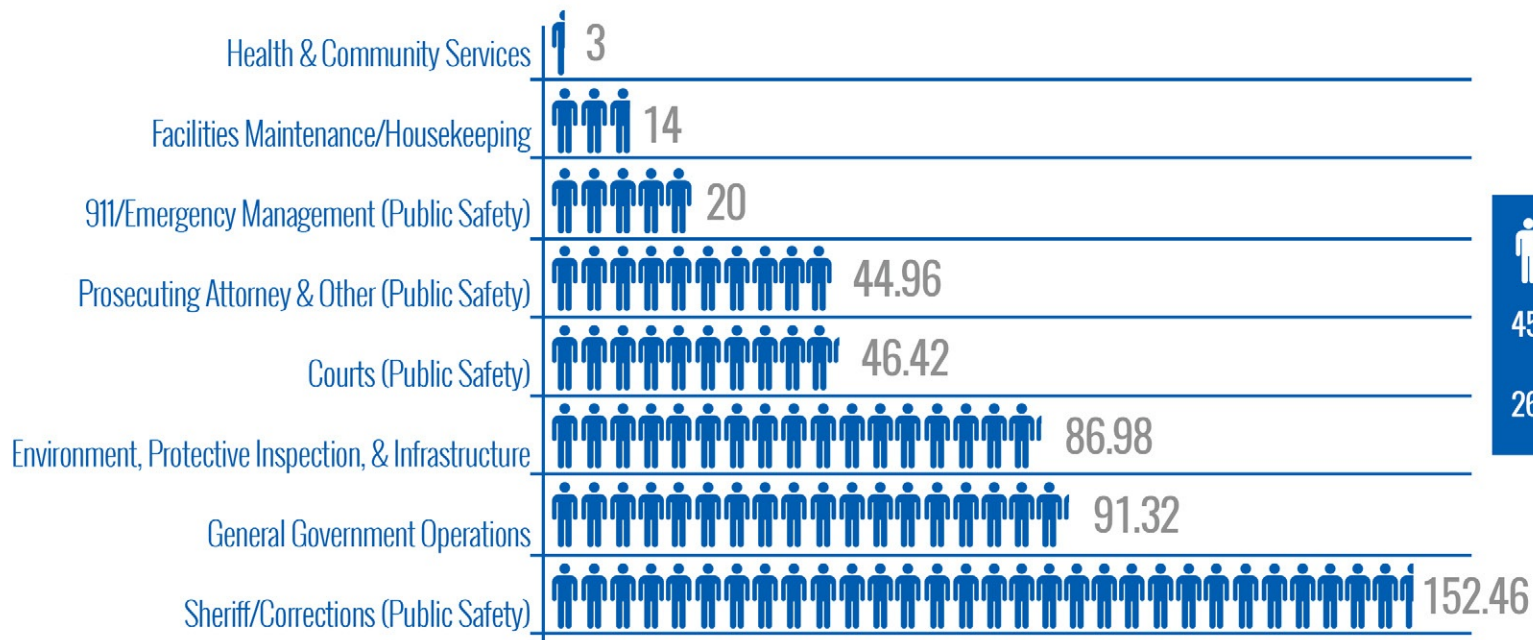
Taxable Sales is the County's primary tax base and Boone County's ability to fund services over time is significantly impacted by its stability

and growth. Since population growth is a key factor influencing local taxable sales, comparing taxable sales to population is useful. In the chart above, the decline in taxable sales per capita reflects the significant impact of the most recent recession and the extent to which current taxable sales per capita remain below the 2005-2006 levels.

Boone County's taxable sales per capita compares favorably to that for the state of Missouri as a whole.

Boone County Workforce

Full-Time Equivalent (FTE) Positions by Function



= 5 FTEs

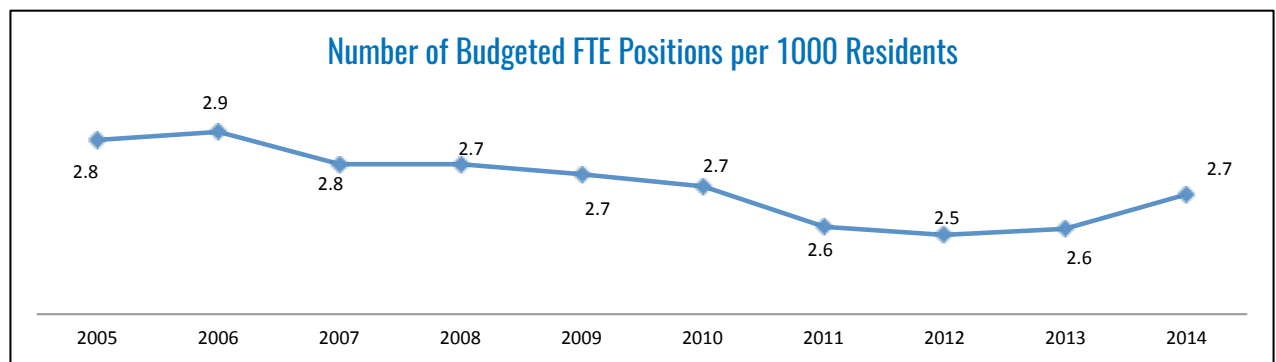
459.14 Total FTEs

263.84 Total Public Safety FTEs (60% of total)

For fiscal year 2014, Boone County's work force totaled 459 budgeted full-time equivalent (FTE) positions. The overall size of Boone County's employee work force has remained stable relative to population over the last 10 years, as shown in the chart to the right. Currently, there are approximately 2.7 County employees for each 1,000 residents.

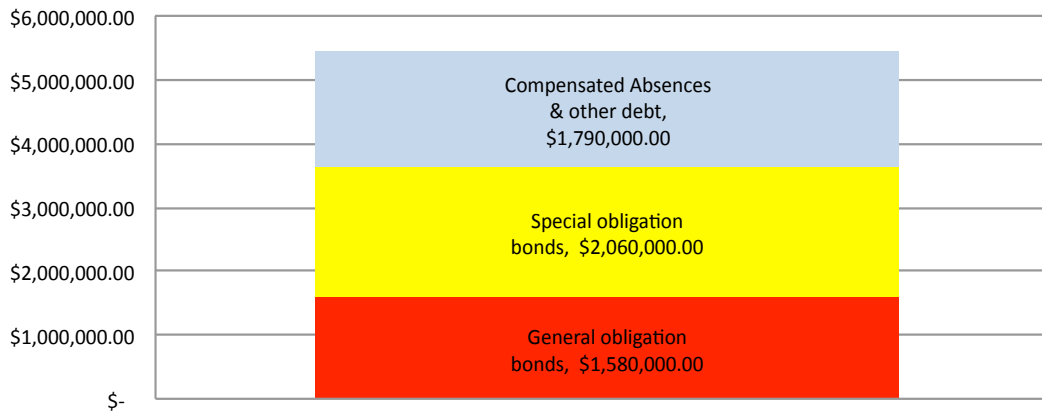
Nearly 60% of the workforce is concentrated in public safety. This number is expected to increase by approximately 40 FTEs (or 15%) with the transition of 911 employees from the City of Columbia to Boone County, effective January 1, 2015, combined with planned staffing increases.

The State of Missouri provides funding for 39 FTEs for the Circuit Court Clerk's office and 21 FTEs for the Circuit Court. The 46 County-paid court employees are in addition to these state-funded positions.



Long-Term Debt

Long-Term Obligations as of December 31, 2014



The County's long-term debt consists of employment-related obligations and bonds payable. Overall, the amount of long-term debt is very low.

Compensated Absences and Other Debt: amounts owed to county employees for vacation leave accrued according to county personnel policies as well as accrued liabilities associated with other post employment benefits (health insurance) offered to early retirees.

Special Obligation Bonds: issued to construct and/or improve various county-owned facilities and are being retired through annual appropriations from county revenues. The debt will be fully retired in 2020. The County intends to issue approximately \$13 million in additional debt in fiscal year 2015 to construct the new Emergency Communications Center. This debt will be retired with proceeds from the 911/Emergency Management sales tax.

General Obligation Bonds: issued to construct road and sewer neighborhood improvement district (NID) projects and are being retired through special assessments billed to property owners. County resources are not used to retire this debt. The debt will be fully retired in 2031. The County expects to issue additional debt associated with the NID program.

Changes in Outstanding Bonded Debt

In 2012, the County extinguished its Series 2005 Taxable Special Obligation Bonds in the amount of \$1.8 million in advance of their scheduled maturities. Funding for this early retirement was provided by the 3-year one-fifth cent capital improvement sales tax approved by voters in 2006. Remaining debt will be retired as scheduled.

