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## **Basic Financial Statements**

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# BOONE COUNTY, MISSOURI

## STATEMENT OF NET ASSETS

December 31, 2008

	Primary Government	Component Unit
	Governmental Activities	Boone Hospital Board of Trustees
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,291,746	17,746,442
Investments	16,788,575	60,415,675
Accrued interest	160,880	620,230
Accounts receivable	416,698	4,154,355
Commissions receivable	459,044	—
Contributions receivable - current	—	150,000
Property taxes receivable, net	854,108	—
Assessments receivable	265,487	—
Sales taxes receivable	5,640,772	—
Due from other governments	702,308	—
Advance to external parties	140,444	—
Due from others	54,640	—
Loans receivable	552	—
Deferred charges	163,099	—
Prepaid items	51,080	5,786
Other assets	—	126,468
Contributions receivable - noncurrent	—	408,486
Restricted assets:		
Cash and cash equivalents	3,647,191	74,922,168
Investments	210,317	21,666,862
Capital assets, net:		
Nondepreciable	25,803,305	17,071,748
Depreciable	65,385,702	60,704,869
Total assets	<u>132,035,948</u>	<u>257,993,089</u>
<b>LIABILITIES</b>		
Accounts payable	3,551,252	1,329,026
Wages payable	473,846	—
Accrued liabilities	64,837	150,000
Due to other governments	2,503	—
Due to others	156,649	—
Estimated liability for claims incurred but not paid	454,806	—
Other post employment benefits	48,355	—
Unearned revenue	436,144	—
Interest payable	118,745	2,669,785
Long-term liabilities:		
Due within one year	1,299,761	3,590,000
Due within more than one year	7,501,637	121,308,274
Total liabilities	<u>14,108,535</u>	<u>129,047,085</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	86,300,817	38,386,459
Restricted for:		
Debt service	1,574,553	11,087,588
Capital projects	3,096,514	—
Other statutory restrictions	16,317,629	—
Expendable donor restrictions	—	2,946,030
Nonexpendable donor restrictions	—	706,600
Unrestricted	10,637,900	75,819,327
Total net assets	<u>\$ 117,927,413</u>	<u>128,946,004</u>

# BOONE COUNTY, MISSOURI

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2008

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Boone Hospital Board of Trustees
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Policy and administration	\$ 8,696,371	3,827,206	457,006	—	(4,412,159)	—
Law enforcement and judicial	18,501,921	1,779,705	2,279,909	—	(14,442,307)	—
Environment, public buildings, and infrastructure	20,064,282	169,732	1,335,368	798,921	(17,760,261)	—
Community health and public services	1,219,204	37,192	2,141	—	(1,179,871)	—
Economic vitality	66,000	—	—	—	(66,000)	—
Beautification and recreation	56,485	—	—	—	(56,485)	—
Protective inspection	1,123,218	174,764	115,664	—	(832,790)	—
Interest and fiscal charges	262,562	—	—	—	(262,562)	—
Total primary government	<u>49,990,043</u>	<u>5,988,599</u>	<u>4,190,088</u>	<u>798,921</u>	<u>(39,012,435)</u>	<u>—</u>
COMPONENT UNIT:						
Boone Hospital Board of Trustees	<u>\$ 9,306,702</u>	<u>13,441,001</u>	<u>579,182</u>	<u>—</u>		<u>4,713,481</u>
GENERAL REVENUES:						
Property taxes				\$	4,182,556	78,172
Sales taxes					30,948,772	—
Franchise and other taxes					204,337	—
Investment revenue					1,024,891	3,525,568
Hospital lease revenue					1,630,692	—
Gain on sale of capital assets					191	—
Miscellaneous (including insurance proceeds)					469,744	13,789
Total general revenues					<u>38,461,183</u>	<u>3,617,529</u>
Change in net assets					(551,252)	8,331,010
NET ASSETS -- beginning of year, restated for component unit					<u>118,478,665</u>	<u>120,614,994</u>
NET ASSETS -- end of year	\$				<u>117,927,413</u>	<u>128,946,004</u>

# BOONE COUNTY, MISSOURI

## BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2008

	Major Funds				Nonmajor	Total
	General	Road &	Law	One-Fifth Cent	Governmental	Governmental
	Fund	Bridge	Enforcement	Sales Tax Capital	Funds	Funds
		Fund	Services Fund	Improvement Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,348,068	6,254,382	—	2,405,811	283,485	11,291,746
Investments	2,830,832	853,057	1,080,438	491,578	6,754,175	12,010,080
Accrued interest	116,627	17,158	2,793	6,575	10,030	153,183
Accounts receivable	262,693	29,117	44	—	123,060	414,914
Commissions receivable	239,555	1,395	—	—	218,094	459,044
Property taxes receivable	646,532	262,798	—	—	—	909,330
Assessments receivable	—	—	—	—	265,487	265,487
Sales taxes receivable	2,129,748	2,128,409	532,032	850,583	—	5,640,772
Loans receivable from other funds	110,539	—	—	—	—	110,539
Due from other funds	30,368	—	—	—	—	30,368
Due from other governments	326,546	189,638	—	—	186,124	702,308
Advance to other funds	140,444	—	—	—	—	140,444
Due from others	—	—	—	—	54,506	54,506
Loans receivable	552	—	—	—	—	552
Prepaid items	45,541	1,689	—	—	3,850	51,080
Restricted assets:						
Cash and cash equivalents	322,436	—	—	—	3,324,755	3,647,191
Total assets	<u>9,550,481</u>	<u>9,737,643</u>	<u>1,615,307</u>	<u>3,754,547</u>	<u>11,223,566</u>	<u>35,881,544</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	1,043,422	547,004	67,789	1,564,843	201,768	3,424,826
Wages payable	317,383	88,622	35,081	—	19,442	460,528
Accrued liabilities	49,782	8,531	3,221	—	1,892	63,426
Due to other funds	—	—	—	—	30,368	30,368
Due to other governments	2,503	—	—	—	—	2,503
Due to others	146,446	1,500	—	—	8,703	156,649
Deferred revenue	554,622	48,576	—	—	248,748	851,946
Loans payable to other funds	—	—	—	—	110,539	110,539
Total liabilities	<u>2,114,158</u>	<u>694,233</u>	<u>106,091</u>	<u>1,564,843</u>	<u>621,460</u>	<u>5,100,785</u>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Loan receivable	111,091	—	—	—	—	111,091
Prepaid items	45,541	—	—	—	2,651	48,192
Reserved for NID projects	—	—	—	—	1,692,500	1,692,500
Debt service	322,296	—	—	—	1,011,761	1,334,057
Capital projects	—	—	—	2,162,218	906,810	3,069,028
Security deposits	140	—	—	—	—	140
Encumbrances	89,009	1,340,571	22,817	27,486	595,776	2,075,659
<b>Unreserved</b>						
Designated for capital improvements	—	1,039,400	250,000	—	—	1,289,400
Designated for out-of-county housing	—	—	629,000	—	—	629,000
<b>Undesignated, reported in:</b>						
General fund	6,868,246	—	—	—	—	6,868,246
Special revenue funds	—	6,663,439	607,399	—	3,862,723	11,133,561
Capital project funds	—	—	—	—	2,529,885	2,529,885
Total fund balances	<u>7,436,323</u>	<u>9,043,410</u>	<u>1,509,216</u>	<u>2,189,704</u>	<u>10,602,106</u>	<u>30,780,759</u>
Total liabilities and fund balances	<u>\$ 9,550,481</u>	<u>9,737,643</u>	<u>1,615,307</u>	<u>3,754,547</u>	<u>11,223,566</u>	<u>35,881,544</u>

## BOONE COUNTY, MISSOURI

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2008

Total fund balance-- total governmental funds \$ 30,780,759

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. 91,141,055

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. 360,580

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. 4,384,733

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, 2008 are:

Accrued interest on long-term debt	(118,745)
Bonds payable	(7,896,000)
Unamortized premiums	(55,476)
Unamortized bond issuance costs	163,099
Accrued compensated absences	(832,592)

Total net assets -- governmental activities -- statement of net assets \$ 117,927,413

# BOONE COUNTY, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

**For The Year Ended December 31, 2008**

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	Law Enforcement Services Fund	One-Fifth Cent Sales Tax Capital Improvement Fund		
<b>REVENUES</b>						
Property taxes	\$ 2,951,281	1,208,922	—	—	—	4,160,203
Assessments	—	—	—	—	105,288	105,288
Sales taxes	11,460,782	11,815,984	2,860,622	4,577,324	234,060	30,948,772
Other taxes	179,159	—	—	—	—	179,159
Licenses and permits	295,491	14,027	—	—	51,428	360,946
Intergovernmental	2,560,964	1,269,787	—	—	566,378	4,397,129
Charges for services	3,429,987	23,914	—	—	1,672,433	5,126,334
Fines and forfeitures	14,791	—	—	—	26,376	41,167
Investment income	224,012	271,694	38,536	145,986	197,972	878,200
Interfund services provided	218,712	21,493	—	—	—	240,205
Miscellaneous:						
Hospital lease revenue	1,630,692	—	—	—	—	1,630,692
Contributions	—	—	—	—	15,000	15,000
Other	439,227	15,782	—	—	61,089	516,098
<b>Total revenues</b>	<b>23,405,098</b>	<b>14,641,603</b>	<b>2,899,158</b>	<b>4,723,310</b>	<b>2,930,024</b>	<b>48,599,193</b>
<b>EXPENDITURES</b>						
Current:						
Policy and administration	6,589,682	—	—	—	1,048,443	7,638,125
Law enforcement and judicial	14,182,667	—	2,573,119	—	606,825	17,362,611
Environment, public buildings, and infrastructure	46,218	13,928,261	—	—	379,259	14,353,738
Community health and public services	1,195,151	—	—	—	43,737	1,238,888
Economic vitality	66,000	—	—	—	—	66,000
Beautification and recreation	56,485	—	—	—	—	56,485
Protective inspection	1,094,470	—	—	—	—	1,094,470
Interfund services used	21,493	150,000	—	—	68,712	240,205
Capital outlay	321,429	305,487	304,399	7,337,624	363,572	8,632,511
Debt service:						
Principal retirement	280,000	—	—	—	186,000	466,000
Interest and fiscal charges	133,215	—	—	—	140,542	273,757
<b>Total expenditures</b>	<b>23,986,810</b>	<b>14,383,748</b>	<b>2,877,518</b>	<b>7,337,624</b>	<b>2,837,090</b>	<b>51,422,790</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(581,712)</b>	<b>257,855</b>	<b>21,640</b>	<b>(2,614,314)</b>	<b>92,934</b>	<b>(2,823,597)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	83,414	—	—	75,000	2,943,453	3,101,867
Transfers out	(127,614)	—	(15,000)	(2,360,002)	(599,251)	(3,101,867)
Insurance proceeds	21,193	5,630	—	—	—	26,823
Issuance of GO Bonds	—	—	—	—	1,700,000	1,700,000
Sale of capital assets	26,178	31,722	37,825	—	3,050	98,775
<b>Total other financing sources (uses)</b>	<b>3,171</b>	<b>37,352</b>	<b>22,825</b>	<b>(2,285,002)</b>	<b>4,047,252</b>	<b>1,825,598</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(578,541)</b>	<b>295,207</b>	<b>44,465</b>	<b>(4,899,316)</b>	<b>4,140,186</b>	<b>(997,999)</b>
<b>FUND BALANCES, beginning of year</b>	<b>8,014,864</b>	<b>8,748,203</b>	<b>1,464,751</b>	<b>7,089,020</b>	<b>6,461,920</b>	<b>31,778,758</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 7,436,323</b>	<b>9,043,410</b>	<b>1,509,216</b>	<b>2,189,704</b>	<b>10,602,106</b>	<b>30,780,759</b>

## BOONE COUNTY, MISSOURI

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2008

Net change in fund balances -- governmental funds-- statement of revenues, expenditures, and changes in fund balances \$ (997,999)

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 (\$8,967,418) exceeded depreciation expense (\$7,817,448) in the current period. 1,149,970

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, contributed capital assets) is to increase net assets. 540,061

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). (64,316)

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. 34,555

Bond proceeds are reported as financing sources in governmental funds financial statements and thus increase fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, 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	(1,700,000)	
Annual principal payments on bonds payable and capital leases	466,000	
	<u>          </u>	(1,234,000)

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	8,975	
Accrued interest on bonds	5,356	
Premiums on debt issuances, net of amortization	5,839	
Deferred bond issuance costs, net of amortization	307	
	<u>          </u>	20,477

Change in net assets -- governmental activities -- statement of activities \$ (551,252)

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**BOONE COUNTY, MISSOURI**

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**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**December 31, 2008**

		Governmental Activities—Internal Service Funds
ASSETS		
Current assets:		
Investments	\$	4,778,495
Accrued interest		7,697
Accounts receivable		1,784
Due from others		134
Total current assets		<u>4,788,110</u>
Restricted assets:		
Investments		210,317
Noncurrent assets:		
Capital assets, net		<u>47,952</u>
Total assets		<u>5,046,379</u>
LIABILITIES		
Current liabilities:		
Accounts payable		126,426
Wages payable		13,318
Compensated absences		17,330
Accrued liabilities		1,411
Estimated liability for claims incurred but not paid		454,806
Long-term liabilities:		
Other post-employment benefit		<u>48,355</u>
Total liabilities		<u>661,646</u>
NET ASSETS		
Invested in capital assets		47,952
Restricted for workers' compensation expenses		210,317
Unrestricted		<u>4,126,464</u>
Total net assets	\$	<u><u>4,384,733</u></u>

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**BOONE COUNTY, MISSOURI**

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**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS****For The Year Ended December 31, 2008**

		Governmental Activities—Internal Service Funds
OPERATING REVENUES		
Intergovernmental	\$	532
Charges for services		4,528,128
Miscellaneous		90,181
Total operating revenues		<u>4,618,841</u>
OPERATING EXPENSES		
Salaries and employee benefits		577,623
Supplies, services, and other charges		1,145,640
Claims expense		2,513,986
Professional services		72,788
Administrative fees		351,548
Capital outlay		3,975
Other post-employment benefit expense		48,355
Depreciation		12,769
Total operating expenses		<u>4,726,684</u>
Operating income (loss)		<u>(107,843)</u>
NONOPERATING REVENUES (EXPENSES)		
Transfer in		50,000
Transfer out		(50,000)
Miscellaneous		(4,293)
Investment income		146,691
Total nonoperating revenues (expenses)		<u>142,398</u>
Change in net assets		34,555
Net assets, beginning of year		<u>4,350,178</u>
Net assets, end of year	\$	<u><u>4,384,733</u></u>

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**BOONE COUNTY, MISSOURI**

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**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2008**

	Governmental Activities—Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,632,527
Other operating cash receipts	5
Payments to employees	(574,973)
Payments to suppliers for goods and services	(4,176,521)
Net cash used in operating activities	<u>(118,962)</u>
<b>CASH FLOWS PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Insurance proceeds	<u>1,163,400</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	5,218,658
Purchase of investments	(6,434,575)
Interest received	171,479
Net cash used in investing activities	<u>(1,044,438)</u>
Net increase in cash and cash equivalents	—
Cash and cash equivalents, beginning of year	<u>—</u>
Cash and cash equivalents, end of year	<u><u>—</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(107,843)
Depreciation	12,769
Changes in assets and liabilities:	
Decrease in receivables	13,691
Increase in prepaid expenses	(134)
Decrease in accounts payable and estimated liability for claims incurred but not paid	(88,685)
Increase in wages payable	2,175
Increase in accrued liabilities	235
Increase in compensated absences	475
Increase in other post-employment benefit	48,355
Net cash used in operating activities	<u><u>(118,962)</u></u>
Noncash investing, capital, and financing activities:	
Net appreciation (depreciation) in value of investments reported at fair value (not classified as cash equivalents)	\$ <u><u>(10,787)</u></u>

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**BOONE COUNTY, MISSOURI**

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**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**December 31, 2008**

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ —	—	16,168,693
Investments:			
U.S. Government and agency securities	—	124,541	96,303,254
Mutual funds	1,215,300	—	—
Accrued interest	—	192	51,621
Accounts receivable	—	—	84,988
Property taxes receivable	—	—	27,035,010
Due from others	—	—	294,796
Total assets	<u>1,215,300</u>	<u>124,733</u>	<u>139,938,362</u>
LIABILITIES			
Accounts payable	—	2,000	283,989
Due to other political subdivisions	—	—	139,513,929
Advance from other funds	—	—	140,444
Total liabilities	<u>—</u>	<u>2,000</u>	<u>139,938,362</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>1,215,300</u>	<u>122,733</u>	<u>—</u>
Total net assets	\$ <u>1,215,300</u>	<u>122,733</u>	<u>—</u>

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**BOONE COUNTY, MISSOURI**

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**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008**

	Pension Trust Fund	Private-Purpose Trust Funds
ADDITIONS		
Contributions - employer	\$ 170,835	—
Contributions - other	—	3,277
Investment income	(541,701)	3,758
Total additions	<u>(370,866)</u>	<u>7,035</u>
DEDUCTIONS		
Benefits	72,225	—
Scholarships	—	1,568
Supplies, services and other charges	—	5,195
Total deductions	<u>72,225</u>	<u>6,763</u>
Change in net assets	(443,091)	272
NET ASSETS, beginning of year	<u>1,658,391</u>	<u>122,461</u>
NET ASSETS, end of year	\$ <u><u>1,215,300</u></u>	<u><u>122,733</u></u>

# **BOONE COUNTY, MISSOURI**

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2008**

### **(1) Summary Of Significant Accounting Policies**

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

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

#### **(a) *Reporting Entity***

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

#### **Component Unit**

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

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

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

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

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

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Fiduciary activities are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The County has determined that the general fund, the road and bridge fund, the law enforcement services 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 nine internal service funds (governmental activities): self-insured health plan, self-insured dental plan, self-insured workers' compensation, self-insured worker's compensation loss control, facilities and grounds, building and grounds capital repair and replacement fund, utilities fund, family health center capital repair and replacement, and health department capital repair and replacement. All internal service fund activity is combined into a single column on the proprietary fund statements since major fund reporting requirements do not apply to internal service funds.

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

#### **Governmental Funds**

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

The following are the County's governmental major funds:

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

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements *(Continued)*

**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.

**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.

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

The following are the County's proprietary funds:

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

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

### **Fiduciary Funds**

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

The following are the County's fiduciary funds:

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

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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

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

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

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

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

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

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

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements *(Continued)*

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

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

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

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

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

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

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

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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

**(d) *Cash And Investments***

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

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

**(e) *Contributions***

Contributions receivable consist of amounts receivable to the Boone Hospital Foundation, a discretely presented component unit of the Board of Trustees, and are temporarily restricted for the support of an intergenerational day care program. At December 31, 2008, the present value of contributions receivable, using a discount rate of 4%, is as follows:

Due within one year	\$ 150,000
Due within five years	408,486
	<hr/> 558,486
Allowance for doubtful contributions	<hr/> —
Net contributions receivable	<hr/> <hr/> \$ 558,486

**(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***

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.

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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:

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

#### **Component Unit**

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

#### **(h) *Restricted Assets***

Restricted assets, comprised of cash and cash equivalents and investments, represent those funds that are restricted as to use either at the time of receipt, by action of a governing body, or by legal requirement. At December 31, 2008, the County's restricted assets represent the proceeds of bond issuances restricted as to their use and the pledged security for the self-insured workers' compensation plan.

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

##### **Primary Government**

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

#### **Component Unit**

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

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

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:

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements *(Continued)*

#### **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) *Income Taxes - Component Unit***

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

## **(2) Cash And Investments**

#### **Primary Government**

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

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements *(Continued)*

The County is authorized to invest in the following:

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

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

As of December 31, 2008, the County had the following investments:

<b>Investments</b>	
<b>Investment Type</b>	<b>Fair Value</b>
Repurchase Agreements	\$ 12,000,000
Certificates of Deposit	16,000,000
U.S. Treasuries	210,317
U.S. Agencies:	
Federal Home Loan Bank	14,270,178
Federal National Mortgage Association	30,750,104
Freddie Discount Notes	6,995,400
Farmer Mac Discount Notes	1,910,000
Commercial Paper	31,290,827
Money Market Mutual Funds	3,647,052
Pension Trust Fund Mutual Funds	1,215,300
	<u>\$ 118,289,178</u>

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

#### (a) *Interest Rate Risk*

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

As of December 31, 2008, the County's investments had the following maturities:

<b>Investment Maturities (In Years)</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than One</b>	<b>1-5</b>
Repurchase Agreements	\$ 12,000,000	\$ 12,000,000	\$ —
Certificates of Deposit	16,000,000	16,000,000	—
U.S. Treasuries	210,317	210,317	—
U.S. Agencies:			
Federal Home Loan Bank	14,270,178	12,913,006	1,357,172
Federal National Mortgage Association	30,750,104	21,738,541	9,011,563
Freddie Discount Notes	6,995,400	6,995,400	—
Farmer Mac Discount Notes	1,910,000	1,910,000	—
Commercial Paper	31,290,827	31,290,827	—
	<b>\$ 113,426,826</b>	<b>\$ 103,058,091</b>	<b>\$ 10,368,735</b>

#### (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, 2008. All other investments were unrated as of December 31, 2008.

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements *(Continued)*

**(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, 2008, all County investments and all collateral securities and letters of credit pledged against County deposits are held by the counterparty's trust department or agent in the County's name.

**(d) Concentration Of Credit Risk**

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

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (*Continued*)

At December 31, 2008, the concentration of the County's investments was as follows:

<b>Investment Type</b>	<b>Percentage</b>
Repurchase agreements	10.14%
Certificates of Deposit	13.53%
U.S. Treasuries	0.18%
U.S. Agencies:	
Federal Home Loan Bank	12.06%
Federal National Mortgage Association	26.01%
Freddie Discount Notes	5.91%
Farmer Mac Discount Notes	1.61%
Commercial Paper	26.45%
Money Market Mutual Funds	3.08%
Pension Trust Fund Mutual Funds	1.03%
	100.00%

Investments are included within the County's accompanying statement of net assets as of December 31, 2008 as follows:

	<b>Government-Wide Statement Of Net Assets</b>	<b>Fiduciary Statement Of Net Assets</b>	<b>Total</b>
Investments	\$ 16,788,575	\$ 97,643,095	\$ 114,431,670
Restricted assets:			
Cash and cash equivalents	3,647,191	—	3,647,191
Investments	210,317	—	210,317
Total investments	\$ 20,646,083	\$ 97,643,095	\$ 118,289,178

### **Component Unit**

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

#### **(a) Interest Rate Risk**

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

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

As of December 31, 2008, the Board of Trustees had the following investments and weighted average maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity In Years</b>
Overnight repurchase agreements	\$ 8,123,239	0.00
U.S. Treasury money market funds	9,623,203	0.00
Certificates of deposit	5,419,642	1.52
U.S. government agency obligations	53,554,747	2.02
Restricted bond accounts:		
U.S. Treasury money market funds	74,922,168	0.00
U.S. government agency obligations	20,960,262	1.15
Marketable equity securities	1,752,093	N/A
Bonds	395,793	5.00
	<u>\$ 174,751,147</u>	

**(b) Custodial Credit Risk**

For an investment, this is the risk that, in the event of the failure of a counterparty, the Board of Trustees will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty. At December 31, 2008, all U.S. Government Agency securities were held by local financial institutions in the name of the Board of Trustees. All investments in marketable equity securities were held in stock certificates in the name of the Board of Trustees.

**(c) Credit Risk**

The Board of Trustees policy related to credit risk requires diversification of the investment portfolio to mitigate the potential loss related to any one security. The U.S. Government agency securities owned by the Board of Trustees were rated Aaa by Moody's Investor Services as of December 31, 2008. Certificates of deposit with a fair value of \$1,271,831 were rated A1 as of December 31, 2008. The remaining fair value of certificates of deposit and the remaining investments were unrated.

**(d) Concentration Of Credit Risk**

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

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

At December 31, 2008, the concentration of the Board of Trustees' investments was as follows:

Investment type:	
Repurchase agreements	16.6%
U.S. Treasury money market funds	4.6
U.S. Agencies	72.1
Mutual funds	0.1
Certificates of deposit	4.0
Marketable equity securities	2.6
Total	100.0%

### (3) Property Tax

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

Property taxes levied for 2008, which are intended to finance the budgeted expenditures for the fiscal year 2008, 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 2008:

Purpose	Per \$100 Of Assessed Valuation	
	Maximum Levy Allowed By Law (a)	County's Levy 2008
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

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

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

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

#### (4) Intergovernmental Revenue And Receivables

Intergovernmental revenue for governmental funds for fiscal year 2008 consisted of the following:

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Federal	\$ 1,123,583	\$ 41,069	\$ 109,963	\$ 1,274,615
State	1,274,452	1,228,718	423,755	2,926,925
Local	162,929	—	32,660	195,589
Total inter- governmental revenue	\$ 2,560,964	\$ 1,269,787	\$ 566,378	\$ 4,397,129

Within the fund financial statements, amounts due from other governments at December 31, 2008 include the following:

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Federal	\$ 162,513	\$ 50,247	\$ 32,506	\$ 245,266
State	125,636	139,391	144,110	409,137
Local	38,397	—	9,508	47,905
Total due from other governments	\$ 326,546	\$ 189,638	\$ 186,124	\$ 702,308

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

Interfund receivable and payable balances at December 31, 2008 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 30,368</u>

These interfund balances are the result of services provided by one fund to another fund and are expected to be repaid during the fiscal year ended December 31, 2008.

Loans receivable and payable between funds at December 31, 2008 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 110,539</u>

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

**(6) Interfund Transfers**

Transfers between funds of the County for the year ended December 31, 2008 were as follows:

	<u>Transfer In:</u>				
	<u>General Fund</u>	<u>One Fifth Cent Sales Tax Capital Improvement Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Funds</u>	<u>Total</u>
<b>Transfers out:</b>					
General fund	\$ —	\$ 20,000	\$ 107,614	\$ —	\$ 127,614
Law Enforcement Services	—	15,000	—	—	15,000
One Fifth Cent Sales Tax Capital Improvement	—	—	2,360,002	—	2,360,002
Other Governmental Funds-Nonmajor	83,414	40,000	475,837	—	599,251
Internal Service Funds	—	—	—	50,000	50,000
	<u>\$ 83,414</u>	<u>\$ 75,000</u>	<u>\$ 2,943,453</u>	<u>\$ 50,000</u>	<u>\$ 3,151,867</u>

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

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

The following is a summary of changes in capital assets for the year ended December 31, 2008:

	Balance January 1, 2008	Additions	Deletions	Transfers	Balance December 31, 2008
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,656,080	\$ —	\$ —	\$ —	\$ 6,656,080
Land - infrastructure	10,275,034	108,771	—	—	10,383,805
Construction in progress	1,353,838	7,040,730	—	(285,396)	8,109,172
Construction in progress - infrastructure	121,806	412,214	—	—	534,020
Works of art	120,228	—	—	—	120,228
Total capital assets not being depreciated	18,526,986	7,561,715	—	(285,396)	25,803,305
Capital assets being depreciated:					
Buildings and improvements	35,291,015	207,669	—	285,396	35,784,080
Vehicles and equipment	10,988,341	587,693	(679,652)	—	10,896,382
Office furniture and equipment	3,918,718	226,485	(549,955)	—	3,595,248
Infrastructure	97,181,152	1,182,777	(5,074)	—	98,358,855
Total capital assets being depreciated	147,379,226	2,204,624	(1,234,681)	285,396	148,634,565
Less accumulated depreciation for:					
Buildings and improvements	7,094,053	693,229	—	—	7,787,282
Vehicles and equipment	5,191,982	1,085,983	(424,897)	—	5,853,068
Office furniture and equipment	2,868,066	536,727	(549,955)	—	2,854,838
Infrastructure	61,244,471	5,514,278	(5,074)	—	66,753,675
Total accumulated depreciation	76,398,572	7,830,217	(979,926)	—	83,248,863
Total capital assets being depreciated, net	70,980,654	(5,625,593)	(254,755)	285,396	65,385,702
Total capital assets, net	\$ 89,507,640	\$ 1,936,122	\$ (254,755)	\$ —	\$ 91,189,007

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

Policy and administration	\$ 687,244
Law enforcement and judicial	686,683
Environment, public buildings and infrastructure	6,374,818
Community health and public services	51,937
Protective inspection	16,766
Internal service funds	12,769
	<u>\$ 7,830,217</u>

**BOONE COUNTY, MISSOURI**Notes To Basic Financial Statements *(Continued)****Component Unit***

The following is a summary of changes in the component unit capital assets for the year ended December 31, 2008:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,478,774	\$ 16,881,049	\$ (1,288,075)	\$ 17,071,748
Capital assets being depreciated:				
Land and land improvements	16,218,304	555,875	—	16,774,179
Buildings	105,601,343	725,068	(87,589)	106,238,822
Fixed equipment	824,363	—	(11,128)	813,235
Major movable equipment	13,703,005	7,132	(391,259)	13,318,878
Total capital assets being depreciated	136,347,015	1,288,075	(489,976)	137,145,114
Less accumulated depreciation for:				
Land and land improvements	4,827,083	496,469	—	5,323,552
Buildings	54,306,118	3,504,340	(87,589)	57,722,869
Fixed equipment	611,217	31,871	(11,128)	631,960
Major movable equipment	13,024,255	128,640	(391,031)	12,761,864
Total accumulated depreciation	72,768,673	4,161,320	(489,748)	76,440,245
Total capital assets being depreciated, net	63,578,342	(2,873,245)	(228)	60,704,869
Total capital assets, net	\$ 65,057,116	\$ 14,007,804	\$ (1,288,303)	\$ 77,776,617

**(8) Long-Term Liabilities*****Primary Government***

Following is a summary of the changes in long-term liabilities for the year ended December 31, 2008:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008	Due Within One Year
General obligation bonds payable	\$ 542,000	\$1,700,000	\$ (141,000)	\$ 2,101,000	\$ 104,000
Special obligation bonds payable	6,120,000	—	(325,000)	5,795,000	340,000
Unamortized premiums	61,315	—	(5,839)	55,476	5,839
Accrued compensated absences	858,422	884,644	(893,144)	849,922	849,922
	\$ 7,581,737	\$2,584,644	\$(1,364,983)	\$ 8,801,398	\$ 1,299,761

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

#### General Obligation Bonds

General obligation bonds at December 31, 2008 are composed of special assessment debt as follows:

\$280,000 - 2000A general obligation neighborhood sewer improvement bonds due in annual installments of \$25,000 to \$35,000 through 2010; interest at 4.85% to 5.35%	\$ 70,000
\$184,000 - 2000B general obligation neighborhood improvement bonds due in annual installments of \$14,000 to \$23,000 through 2010; interest at 5.2%	45,000
\$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%	137,000
\$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%	149,000
\$1,700,000 - 2008 general obligation neighborhood sewer improvement bonds due in annual installments of \$80,000 to \$108,000 through 2028; interest at 1.92%	<u>1,700,000</u>
Total general obligation bonds	<u>\$ 2,101,000</u>

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

Year Ending December 3	Principal	Interest	Total
2009	\$ 104,000	\$ 38,811	\$ 142,811
2010	108,000	43,357	151,357
2011	133,800	38,941	172,741
2012	138,300	35,110	173,410
2013	102,800	31,902	134,702
2014-2018	504,100	122,714	626,814
2019-2023	483,200	74,098	557,298
2024-2028	526,800	25,592	552,392
	<u>\$ 2,101,000</u>	<u>\$ 410,525</u>	<u>\$ 2,511,525</u>

The County is subject to Missouri State statutes that limit the amount of the County's outstanding bonded debt (exclusive of revenue bonds and balances available in Debt Service funds) to 10% of the County's assessed valuation. At December 31, 2008, the statutory limit for the County was \$229,493,792, providing a debt margin of \$227,654,963.

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

Although the County is generally obligated for their payment, neighborhood improvement bonds are to be repaid from assessments on properties within the districts. Such assessments are required to be deposited in debt service funds that are legally restricted for payment of the bonds. The County attaches liens on the properties within the districts to secure payment of the assessments. As of December 31, 2008, delinquent assessments receivable amounted to \$10,142.

#### Special Obligation Bonds

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

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

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

Year Ending December 31	Principal	Interest	Total
2009	\$ 340,000	\$ 240,172	\$ 580,172
2010	345,000	229,406	574,406
2011	515,000	215,144	730,144
2012	375,000	200,300	575,300
2013	390,000	187,066	577,066
2014-2018	3,830,000	389,377	4,219,377
	\$ 5,795,000	\$ 1,461,465	\$ 7,256,465

#### Component Unit

Following is a summary of the changes in the Board of Trustees long-term debt liabilities for the year ended December 31, 2008:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008	Due Within One Year
Revenue bonds	\$ 26,510,000	\$ 100,000,000	\$ (2,325,000)	\$ 124,185,000	\$ 3,590,000
Other accrued expenses	—	713,274	—	713,274	—
	\$ 26,510,000	\$ 100,713,274	\$ (2,325,000)	\$ 124,898,274	\$ 3,590,000

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

Revenue bonds of the Board of Trustees at December 31, 2008 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%	\$ 18,390,000
Hospital Revenue Bonds, Series 2004, principal payable annually through July 2024 in amounts ranging from \$230,000 to \$505,000, including discount of \$68,410. Interest is payable semiannually and ranges from 3.75% to 5%	5,795,000
Hospital Revenue Bonds, Series 2008, principal payable annually through August 2038 in amounts ranging from \$655,000 to \$7,040,000, including premium of \$1,078,731. Interest is payable semiannually and ranges from 3% to 5.625%	<u>100,000,000</u>
	<u>\$ 124,185,000</u>

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

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

<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>
2009	\$ 3,590,000	\$ 6,407,484
2010	3,735,000	6,263,896
2011	3,865,000	6,131,306
2012	4,015,000	5,979,981
2013	4,180,000	5,817,296
2014 – 2018	15,980,000	26,290,982
2019 – 2023	14,205,000	22,920,022
2024 – 2028	18,550,000	18,572,388
2029 – 2033	24,330,000	12,800,114
2034 – 2038	31,735,000	5,394,095
	<u>\$ 124,185,000</u>	<u>\$ 116,577,564</u>

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements *(Continued)*

#### (9) Operating Lease

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

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

Minimum payments, under the terms of the lease for 2008, are as follows:

1. Effective for the year ended December 31, 2008, the base annual lease payment totals \$10,000,000, which is intended to approximate the debt service requirements of the Board of Trustees.
2. The Board of Trustees receives annually a percentage of the change in cash and cash equivalents generated by the hospital during the year. In 2008, the percentage of cash and cash equivalents per the lease was 37.5%. Accordingly, the Board of Trustees is responsible for 62.5% of any shortfall in cash and cash equivalent balances during a fiscal year, and therefore may, under those conditions, be required to make a payment to the lessee. Beginning in 2009, the Board of Trustees becomes responsible for 75% of such a shortfall.

Prior to 2008, the base annual lease amount was equal to the annual bond payments, including principal and interest for all obligations incurred for hospital related facilities and equipment. At December 31, 2007, there was a receivable in the amount of \$1,519,697 recorded for the lease equal to the accrual for debt service payments through the end of the fiscal year. Refer to the table below for a reconciliation of the income for the year ended December 31, 2008 under the lease:

Base annual lease payment	\$ 10,000,000
2007 year-end receivable balance	(1,519,697)
Cash split income	<u>4,035,051</u>
	<u><u>\$ 12,515,354</u></u>

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

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements *(Continued)*

The Amended and Restated Lease between the Board of Trustees and CHAS requires CHAS to commit to expend, on a successive three-year period average basis, no less than seven percent (7%) of Boone Hospital Center net revenues on capital expenditures. This requirement was not satisfied by the cumulative amount of \$12,203,930 for the period of January 1, 2001 to December 31, 2008. On November 26, 2007, the Board of Trustees approved a joint resolution with CHAS whereby CHAS shall commit and earmark current or future net revenue until the capital expenditure benchmark is satisfied. Under this resolution CHAS transferred \$10,248,231 into a segregated account which is to be used to pay for specific capital projects as soon as practical. At December 31, 2008, the balance of this account was \$5,059,000 and is included in the before mentioned cumulative shortfall balance of \$12,203,930.

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

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

<b>Year Ending December 31</b>	<b>CHAS Lease</b>	<b>Other Leases</b>	<b>Total</b>
2009	\$ 10,000,000	\$ 758,168	\$ 10,758,168
2010	10,000,000	537,788	10,537,788
2011	10,000,000	479,314	10,479,314
2012	10,000,000	456,392	10,456,392
2013	10,000,000	470,084	10,470,084
	\$ 50,000,000	\$ 2,701,746	\$ 52,701,746

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

The Boone County Matching Pension Plan (the Plan) is a defined contribution plan under Internal Revenue Code (IRC) Section 401 (a). The Plan was adopted by Order of the County Commission on March 16, 1999, with an effective date of May 1, 1999. The County Commission has the authority to amend the Plan. All employees who are in “benefited” positions are eligible to participate. As of December 31, 2008, 285 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 2008 were \$170,835. For financial reporting purposes, the activity of the Plan is accounted for within the pension trust fund of the County. Separate financial statements are not available for the Plan.

**(b) *Statewide County Employees’ Retirement Fund***

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

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

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

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

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

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

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

While the County is not required to make any contributions to the Plan, the County has elected to contribute 4% of the required 6% contribution for employees hired between February 25, 2002 and December 31, 2002. During 2008, the County collected and remitted to CERF employee contributions of \$584,432, employer contributions of \$15,604 and statutory charges of \$679,804.

#### **(c) *Deferred Compensation Plan***

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

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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

#### (11) Other Post-Employment Benefit Plan

##### Plan Description

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

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

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

##### Funding Policy

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

##### Annual Post-Employment Benefit Cost

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

Annual required contribution (January 1, 2008)	\$ 60,100
Contributions made	(11,745)
Increase in benefit obligation	<u>48,355</u>
Net post-employment benefit obligation - beginning of year	<u>—</u>
Net contributions obligation	<u><u>\$ 48,355</u></u>

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

#### **Trend Information**

<b>Year Ended</b>	<b>Annual Post-Employment Benefit Benefit Cost (APBC)</b>	<b>Percentage Of APBC Contributed</b>	<b>Net Post-Employment Obligation</b>
2008	\$ 60,100	20%	\$ 48,355

#### **Funded Status And Funding Progress**

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

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

#### **Actuarial Assumptions And Methods**

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

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

## **(12) Commitments And Contingent Liabilities**

#### ***Litigation***

The County is a defendant in a number of claims and lawsuits. The County's legal counsel has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the County and arrive at an estimate, if any, of the amount or range of potential loss to the County. The County's legal counsel has indicated that the resolution of any lawsuits pending is not expected to have a material adverse effect on the basic financial statements of the County. No amount has been provided in the December 31, 2008 basic financial statements for any such claims and lawsuits.

## **BOONE COUNTY, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

#### ***General Obligation Bonds***

In 1992, County voters approved a \$3.5 million general obligation bond issue for the purpose of financing the construction and repair of roads and streets within the County's neighborhood improvement districts. Property taxes will not be levied for debt service on the bonds; instead, property owners within these districts will repay the bonds through annual billings over a period not to exceed 10 years. As of December 31, 2008, \$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, 2008, \$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 \$19.2 million at December 31, 2008.

### **(13) Risk Management**

#### ***Primary Government***

The County maintains broad form insurance coverage for property/casualty, general liability, inland marine, EDP, public officials' errors and omissions, law enforcement errors and omission, and boiler and machinery. The County is a member of the Missouri Public Entity Risk Management Fund (MOPERM), a public entity risk retention pool. The Board of Directors includes six member representatives, including the Commissioner of the State's Office of Administration and the Missouri Attorney General. MOPERM has the right to assess members additional premiums to cover deficiencies in claim payments and may also issue refunds when revenues exceed expenses. MOPERM covers risks up to \$2,000,000 with deductibles varying between \$0 and \$10,000 per incident, and also maintains excess insurance agreements in the event of large losses. MOPERM is responsible for claims within its specified self-insured retention limits prior to the coverage of the excess insurance. The County had no settlements in excess of insurance coverage in any of the past three years. Effective July 1, 2008, total premiums paid to MOPERM by the County in 2008 were \$338,850.

## BOONE COUNTY, MISSOURI

### Notes To Basic Financial Statements (Continued)

#### *Self-Insured Employee Benefits*

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

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

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

	2007			
	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	\$ 110,768	\$ 1,855,249	\$ (1,799,120)	\$ 166,897
Self-insured dental plan	4,636	193,439	(167,324)	30,751
Self-insured worker's compensation	107,286	393,764	(243,464)	257,586
	\$ 222,690	\$ 2,442,452	\$ (2,209,908)	\$ 455,234

## BOONE COUNTY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

#### ***Component Unit***

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

#### **(14) Commitments**

At December 31, the County had outstanding commitments amounting to approximately \$570,000 resulting from outstanding commitments related to Courthouse expansion and improvements.

#### **(15) Restated Net Assets – Component Unit**

The beginning net asset balance of the Board of Trustees has been restated to correct an error in recording investments and contributions receivable. The value of certain investments was understated on the 2007 financial statements. Additionally, a conditional promise to give restricted for the construction of the Intergenerational Daycare Center was recorded before the qualifying conditions were met. The restated net asset balance is reconciled as follows:

Net assets at December 31, 2007, as originally reported	\$ 121,175,179
Effect of correction of investment value	328,811
Effect of correction of contribution receivable	<u>(888,996)</u>
Net assets, as restated at December 31, 2007	<u><u>\$ 120,614,994</u></u>

#### **(16) Intergenerational Daycare Center – Component Unit**

The Boone Hospital Foundation began soliciting funds in 2005 for an Intergenerational Daycare Center to be built and operated in Boone County, Missouri. The Center, if built, will be operated by a nonprofit organization. The Intergenerational Daycare Center has been placed on hold. The Foundation offered refunds to donors who made contributions to the project. Contributions totaling \$40,000 were returned to donors in 2008 and an additional \$30,500 of pledges receivable were cancelled relating to this project. Boone Hospital Foundation had \$2,467,241 of net assets restricted for the Intergenerational Daycare Center as of December 31, 2008.