

**COUNTY OF COLE, MISSOURI**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2011**

**Prepared by:**

**Auditor's Office**  
**James T. LePage, CPA**  
**County Auditor**

**COUNTY OF COLE, MISSOURI  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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## **INTRODUCTION SECTION**

**Office of the Auditor  
Cole County**

**JAMES T. LePAGE, CPA  
AUDITOR**

**KRISTEN BERHORST  
DEPUTY AUDITOR**



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June 1, 2012

To the members of the County Commission and Taxpayers of the County of Cole, Missouri:

The Comprehensive Annual Financial Report of Cole County for the fiscal year ended December 31, 2011, is submitted herewith. This report was prepared by the County Auditor's office in accordance with U.S. generally accepted accounting principles, state law, the Single Audit Act of 1984 and the requirements of Government Finance Officers' Association. Accordingly, this office is responsible for the accuracy, completeness, and fairness of the data and information presented. To the best of our knowledge, the data, as presented, are accurate in all material respects, and are presented in a fair and straight forward manner to reflect clearly the financial position and results of operations of the County as measured by the financial activity reflected in the various County funds. Moreover, all disclosures deemed necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The organization, form and content of the report including the management's discussion and analysis, accompanying financial statements, and statistical tables conform substantially to the revised standards of the National Council of Governmental Accounting as adopted by the Governmental Accounting Standards Board.

**Independent Auditor's Report**

Cole County is required by law to have its financial reports audited by an independent audit firm in accordance with U.S. generally accepted auditing standards. The Single Audit Act of 1984 imposes additional standards for reporting on internal control and financial reporting for recipients of \$500,000 or more in federal funds. The independent audit firm of Williams Keepers LLC, Certified Public Accountants and Consultants audited our financial statements for the year 2011. I am happy to report that Williams Keepers et al issued an unqualified opinion on the County's financial reports for the fiscal year 2011. The independent auditor's report is included in this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The MD&A is prepared by the County Auditor but is believed to represent the views of management of the County.

**Profile of the Government**

The County of Cole surrounds and includes the City of Jefferson and is the home of the capital of Missouri. Located on the banks of the Missouri River in the center of the state, Cole County is the hub of state government, its basic employer. The County also is located just 30 miles south of the State's major research university – Missouri University.

The County of Cole is a first class County and is organized and operating under the Constitution and Laws of the State of Missouri. The County is governed by three County Commissioners, (a Presiding, an Eastern and Western District Commissioner). There are 14 other elected officials: the Assessor, Auditor, Collector, Clerk, Recorder, Prosecuting Attorney, Sheriff, Treasurer, Circuit Clerk, three Circuit Court and one Associate Court Judge, and Public Administrator. All of the County's elected officials are elected to a four-year term.

The County of Cole provides a full range of service, including judicial services, public safety, roads and bridges, health and welfare, the administration of elections, and the administration of federal and state programs.

The annual budget serves as the foundation for the County of Cole's financial planning and control. All departments are required to submit their budget requests for appropriation to the Auditor's office by the 10<sup>th</sup> of September each year. The County Auditor uses these requests as the starting point for developing a proposed budget. The County Auditor then presents the proposed budget to the County Commission for review no later than the 15<sup>th</sup> of November each year. The County Commission is required to hold public hearings on the proposed budget and to adopt a final budget at least ten days after the beginning of the fiscal year. In any year in which the terms of any commissioner expire, the budget shall be approved within thirty days after the beginning of the fiscal year. The basis of the budgetary control is at the fund level. Departments may not legally exceed their appropriation without County Commission approval.

### **Factors Affecting the County's Financial Condition**

The County's financial position, like any economic enterprise, is impacted by general economic conditions including recessions. The County has a General Fund, a Proprietary Fund and 14 different Special Revenue Funds. Activity in these funds is discussed in detail in the MD&A section. As a cushion against potential emergencies including economic recessions, the County has maintained reserves equal to about 10 percent of its basic revenue. However, the economic base of the County and the financing decision of the County will impact both revenue and expenditures and finally financial reserves.

#### **Economic Base**

The County of Cole's has a small but stable economic base. Population currently totals approximately 75,990. About half the County's population lives inside the city limits of Jefferson City. Population in both the City and County is expected to continue to grow over the next several years at its historical rate of about 300 per year depending upon how much state government and non-public industries expand. Both population and income have grown at healthy rates over the past 10 years and both are expected to continue to grow over the next five to 10 years depending upon the magnitude of the state government budget and potential economic problems. In area, the County is made up of more than 400 square miles of space situated in Central Missouri.

Cole County's economic base is considered diversified although dominated by government. As the center for state government, Cole County has a large number of government agencies and departments and a large number of private associations and organizations directly related to the legislative process. These groups as a whole employ several thousand workers. The light manufacturing industries represented in the County's economic base includes Scholastic and Unilever. The service industry includes two major Wal-Mart retail centers, the Capital Mall retail center with Sears, Dillards, and JCPennys as major anchors. The down town and strip retail facilities along Missouri Boulevard also offer regional attraction. Slightly over 25 percent of County workers hold state government jobs.

Although the light manufacturing components of the economic base of the County are small, they nevertheless have a history of stable growth. The State government budget basically has been contractive over the past year and will continue to contract in the next year or so. Because of economic stimulus money, the effect of the current recession that began in December 2007 on future years will not be clear until the State government budget is approved in May 2012.

#### **Financing Requirements**

In 2007, the County incurred obligation to service \$10 million of long term financing to construct the new jail. In 2009, it incurred obligation to service an additional \$25 million in long term financing also to be used for construction of the new jail. The annual charge for the \$35 million in long term financing will be about \$3.1 million per year to be paid from the ½ cent Law Enforcement Sales tax. In 2008, County voters approved a ½ cent sales tax to finance a County-wide ambulance service, which began in 2009. The tax is associated with a property tax roll back in the General Fund but should have little or no impact on the total revenue of the General Fund.

In 2007, most of the County's revenue was generated by property taxes but with the addition of the law enforcement sales tax and emergency services sales tax, now the largest portion comes from sales tax revenue. The Law Enforcement Fund and the Ambulance Fund initiated in 2009 are both sales tax dependent.

#### **Major Initiatives**

The County of Cole considers its primary mission to be that of protecting the lives and property of its citizens, providing a safe and effective infrastructure and public health services for the needy in order for its citizens to live and work to the fullest of their potential. The County has adopted initiatives for each of the mission components. During the year 2004

the County began the process of developing a new jail and justice center. The new jail was completed and fully operational in September 2011. Construction of the jail was financed through a lease-purchase agreement with a bank as the trustee. Under the agreement, the bank issues Certificates of Participation (COP) which are similar to long term bonds. The COPs are guaranteed by the revenue stream produced by the ½ cent Law Enforcement Sales Tax. The COPs will mature in the year 2022. At that time, the Law Enforcement Sales tax rate will drop from ½ cent to three-eighth cent, causing projected tax revenue to drop about \$1.5 million per year. The remainder of Law Enforcement Tax revenue after debt service is available for operating the Sheriff's Department.

The ½ cent sales tax to finance the County-wide ambulance service was approved by voters in November 2008. Under the measure, sixty percent of the tax revenue collected will be transferred to the General Fund to offset a property tax adjustment to achieve a property tax rollback of sixty percent of the total amount of sales tax revenue collected. The remaining sales tax revenue generated is restricted for use in funding of a countywide ambulance service and associated emergency treatment. By law, the tax became effective April 1, 2009. The County took over a county wide ambulance service on July 18, 2009, and the program is accounted for as an enterprise fund. The County completed its second full year of operations of the new ambulance service in 2011.

### **Cash Management**

The cash handled by the various agencies of the County of Cole is spread among 35 different checking accounts including the general revenue, ten special revenue accounts, and two capital projects account which involve "County" moneys. The remaining 22 checking accounts process money related to special activities of the collector, circuit court, sheriff, assessor, prosecuting attorney, recorder and county clerk.

The County of Cole is operating under the terms of a depository agreement executed in July of 2009 with Central Trust Bank of Jefferson City to manage "county" money - general and special revenue funds. Under this agreement the County is paid 3.25% fixed rate on the first \$10.0 million and the remaining balance will receive .25 basis points above the overnight Treasury Bill Coupon Equivalent Yield. The County is required to maintain an average balance in all its accounts of \$10 million. When the balance exceeds \$10 million, the County can bid the funds considered to be temporarily under separate agreements. All account balances are collateralized by repurchase agreements and treasury bills.

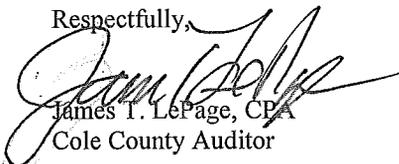
All County employees are covered by worker's compensation. There were no major claims under the policy during 2011. The County promotes accident avoidance, including training, to minimize losses. The County reestablished a Safety Committee to identify and make recommendations to avoid accidents and injury. This program is ongoing and appears to be effective and, it is believed, should go a long way in reducing the liability insurance the County pays over the long term.

### **Awards and Acknowledgements**

County government is considered efficient and effective by most standards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cole County, Missouri for its comprehensive annual financial report for 16 consecutive years between 1989 through December 31, 2005. The County Commission elected not to participate in the program since then. We believe our current report continues to conform to the Certificate of Achievement Program requirements, although the County is not submitting it to GFOA to determine its eligibility for the year 2011 award.

Preparing a comprehensive annual financial report to meet the standard of the Government Finance Officers Association is a challenging goal. As is usually the case, many people contribute to the accomplishment of a challenging goal. In this instance, the following played very critical roles: the County Commission for its support and encouragement, Williams Keepers, LLC the current independent auditors for advice, direction and other valuable help in making policy and procedure decisions. Kristen Berhorst, the County's Deputy County Auditor, provides most of the day to day activities required for a smooth running system and for managing the large amount of data collection and review that is required for financial reporting and audit efforts. I am deeply appreciative to all of them.

Respectfully,



James I. LePage, CPA  
Cole County Auditor



**County of Cole Missouri  
Principal Officials  
For Year Ended December 31, 2011**

County Commission:

Presiding Commissioner.....	Marc Ellinger
Western District.....	Chris Wrigley
Eastern District.....	Jeff Hoelscher
Assessor.....	Christopher Estes
Auditor.....	Dr. James LePage, CPA
Collector.....	Larry Vincent
Circuit Clerk.....	Brenda Umstatted
Circuit Judge – Division I.....	Patricia Joyce
Circuit Judge – Division II.....	John Beetem
Associate Circuit Judge – Division III.....	Thomas Sodergren
Circuit Judge – Division IV (Probate).....	Daniel Green
Clerk of the County Commission.....	Marvin Register
Prosecuting Attorney.....	Mark Richardson
Public Administrator.....	Marilyn Schmutzler
Recorder of Deeds.....	Larry Rademan
Sheriff .....	Greg White
Treasurer.....	Eric Peters

## **FINANCIAL SECTION**



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

County Commission  
County of Cole, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for County of Cole, Missouri (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require the management's discussion and analysis and the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Williams Keepers LLC*

June 19, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

### INTRODUCTION

The discussion and analysis in this MD&A of Cole County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2011, based on currently known facts, decisions, and conditions. It should be studied in conjunction with the County's basic financial statements, including the footnotes, which follow the MD&A.

### HIGHLIGHTS OF THE FINANCIAL STATEMENTS OF THE COUNTY AS A WHOLE

Financial reports reflect the County's performance in carrying out its mission of public service. Financial highlights point to the County's performance during 2011 in managing its financial resources while performing its functions and its ability to perform these activities in the future. Key financial highlights include:

- The County's net assets totaled approximately \$75 million at year-end 2011, an increase of about \$2.4 million from prior year
- The County's primary source of revenue is taxes. During 2011, total taxes collected from all sources amounted to \$25.3 million. In addition, the County collected over \$9.7 million in charges and grants referred to as "Program Revenues" including fees (\$7.6 million) and grants (\$2.1 million).
- Expenses were approximately \$33.4 million, with the largest portion being spent on highways, streets and bridges, followed by public safety.
- The County completed construction of a new law enforcement center during 2011. As of September 1, 2011, the Cole County Sheriff and County Jail began operating out of the new facility.
- The County refunded approximately \$8.4 million in debt to take advantage of lower interest rates and to save the County slightly over \$450,000 in debt service payments over the remaining life of the debt.
- The County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the County's 2011 fiscal year. The objective of this Statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In addition, it also established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund balance section of the governmental fund financial statements now reflects non-spendable, restricted, committed, assigned, or unassigned fund balance for each fund, depending on its spending constraints.

### MANAGEMENT OF THE COUNTY'S PROGRAMS AND RESOURCES

Management of the County is defined substantially by law. Cole County is a first class non-charter county with 13 elected officials (not including four elected judges), each with statutorily defined responsibilities and each accountable to the citizens of the County. A County-wide budget is adopted through a statutorily defined process that becomes essentially the County's management plan for the year once it is adopted. More specifically, the budget is a summarized version of the management plans of different elected officials and six key department heads. The various elected officials make budget requests to the Budget Officer (County Auditor) who makes recommendations to the County Commission (three elected officials) that has final oversight responsibility for the budget. However, the elected officials define their own goals, objectives and priorities and reflect them in the spending requests made in the annual budgeting process. Some elected officials have responsibility for more than one budget.

The Commission has no direct authority to alter or change this process. While they must evaluate spending requests, the Commission cannot impose its will on elected officials. However, the Commission's influence is

made effective in the budgeting process. The resulting Budget Document reflects substantially a package of individual management goals and objectives rather than a unified countywide integrated operating plan for the County. The final set of management plans are summarized into 17 different funds organized into 45 departments. Seven of the funds are major funds, nine are non-major funds and one is a proprietary fund. Six of the seven major funds and all the non-major funds are special revenue funds. The General Fund (largest of the major funds) contains 24 different budgets for the various elected officials and departments. Some funds have multiple departments, each with a budget, giving a total of 45 individual spending budgets and related management plans.

## **ACCOUNTING AND INTERNAL CONTROL PROCEDURES**

By statute, the County Auditor is the budgeting and accounting officer of the County. The Auditor is responsible for setting up and managing the accounting system, for maintaining the general ledger and for preparing the County's financial statements and reports. The County Clerk is the bookkeeper of the County and has responsibility for all county financial records, including copies of financial reports. The County has a computerized, integrated accounting and budgeting system. As is required by State statutes, internal control is achieved by separating accounting functions among different elected officials. Statutes require that receipt and payment of funds and authorizing and recording transactions are separated among elected officials. The County Clerk is responsible for processing all payments that have been authorized by elected officials and department heads, approved by the County Commission, and certified by the Accounting Officer. All checks are co-signed by the Auditor and County Treasurer. The County Collector collects all real and personal property taxes and turns them over to the County Treasurer who is responsible for recording these and all other revenue received by the County into the accounting system.

The County prepares its financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Although not required by law, the County publishes a Comprehensive Annual Financial Report (CAFR) that is prepared to meet the standards of the Government Financial Officer's Association (GFOA) recognized as the highest standards of accounting and reporting in County government. The County was recognized by the GFOA for 16 years for meeting these standards.

In compliance with GAAP and GFOA standards, the CAFR consists of the following:

- MD&A (this section)
- Basic Financial Statements (includes the government-wide and fund financial statements, and footnotes audited by outside independent auditors)
- Required Supplementary Information (budget comparison for major funds)
- Supplementary Information (combining statements for non-major funds)

## **OVERVIEW OF THE FINANCIAL STATEMENT PACKAGE**

### **Management Discussion and Analysis (MD&A)**

The MD&A contains an interpretation of the financial data by management whose decisions drove the results represented by the data. In it is summarized in a narrative format how the financial statements reflect the policies and priorities of elected officials and department heads during the current year. The objectives of elected officials are substantially defined by state law. What and how revenue is collected and for what it is spent are all defined by statute. However, effectiveness, efficiency, prudent financial reserves, and control of costs and priorities assigned to its various programs are key management objectives. The financial statements show how well these management objectives were achieved. Financial statements of public institutions differ from those of private businesses. In the public sector, quality service is the primary objective. In the private sector, it is profit. In the public sector, an increase in net assets is comparable to an increase in profits in the private sector. Net assets in the public statement are comparable to net worth in the private sector statement. In most cases, the revenue from the programs public institutions are required by law to provide does not cover the cost of these programs.

Consequently, county officials must rely on a variety of fees and taxes over which their control is limited to make up program revenue and cost differences. Likewise, their control over costs in some cases is limited. Thus, the primary challenge for county officials is managing costs.

### **County Wide Statements**

As indicated above County government is organized into activities of 13 different elected officials and seven major departments. As required by GAAP and GFOA standards, the County issues financial statements that combine all 17 funds into “government wide” statements designed to report on the financial condition of the County as a whole, distinguishing between the functions of governmental and business-type activities. These two statements are called the Statement of Net Assets and Statement of Activities. Net assets are similar to net worth in the private sector and change in net assets is similar to net income in the private sector. Also, like the private sector, the government wide statements are prepared using the full accrual basis of accounting.

Governmental activities encompass basic County services such as general government, public safety, road and bridges, etc. while emergency medical services are the County’s only business-type activities, where the charges for services are intended to cover all costs of operation, including depreciation. The government-wide statements are intended to show the County’s financial position from a “long-term” view as well as including short-term information. They show “capital assets” of the County, including infrastructure assets not shown in the individual governmental fund statements, and “long-term liabilities”, including debt also not shown in the individual governmental fund statements. From a long term perspective, working capital, debt and reserves are key considerations.

### **Individual Fund Statements**

The individual fund statements show a more detailed picture of activities than that reflected in the government wide statements and include three parts: 1) governmental funds statements, 2) proprietary fund statements; and 3) fiduciary fund statements. The funds on each statement are classified into “major” or “non-major”, and the County’s 17 individual funds are classified into seven “major” governmental funds and 9 small or “non-major” governmental funds, and one proprietary fund. Each major and non major fund is required by law and is designed to facilitate accounting for a special activity usually financed by a special revenue source. The major governmental funds are General Fund, Road and Bridge Fund, Sales Tax Fund, Law Enforcement Sales Tax Fund, Capital Improvement Fund, Neighborhood Sinking Fund and Emergency Services Sales Tax Fund. Over 90 percent of the County’s activities are accounted for in the seven major funds.

The individual governmental fund statements are intended to show financial capability in the short term – usually the next year – and are prepared on the modified accrual basis of accounting. These statements show more detail on revenue and expenses and are considered more focused on program activity in the “short-term”. The differences between the accrual basis used in the government-wide financial statements and the modified accrual basis of accounting used in the governmental fund statements are reconciled and shown as a reconciliation report following the governmental fund statements.

The proprietary fund and fiduciary fund statements are prepared on the accrual basis of accounting, similar to that used in the government-wide statements. In July 2009, the County acquired an ambulance service previously operated by Capital Region Medical Center. The Cole County Emergency Medical Services Fund, which is an enterprise fund, was created to account for this activity. The proprietary fund statements include a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows.

The County has other funds, some required by law, to help it manage money for particular purposes like the Assessment Fund, Collector’s Fund, Recorder’s Trust Fund, and others. Generally the activity in these funds is small and one set of statements is prepared and reported for these small funds grouped together.

## **BASIS OF ACCOUNTING**

The government-wide statements are prepared on a full accrual basis. Under the full accrual basis, revenues are recorded when earned and expenses when incurred, regardless of the timing of the related cash flows.

The accounting approach to the individual governmental funds is called the modified accrual approach. The difference basically is in how revenue is recognized and recorded. Under the modified accrual accounting approach, the County recognizes only that revenue that is measurable and that it collects within 60 days after year end. It treats as “current expenditures” all payments for current activities, including payments for capital assets, even though these assets will benefit the County for many years. It also treats principal payments on long-term debt as current expenditures. See Note 1 for a more detailed discussion of the basis of accounting.

Relationships and/or differences between the government-wide activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds statements are described in a reconciliation following the fund financial statements. The differences are due to the GAAP requirement that revenues and expenditures are treated differently in the two sets of statements (see Notes to the Financial Statements).

The County maintains one proprietary fund, an enterprise fund. The enterprise fund is used to report the emergency medical services operations presented as the business-type activity in the government-wide statements. An individual fund statement is included for the emergency services operations, which provides the same type of information as the government-wide statement, only in more detail. The enterprise fund is accounted for using the full accrual basis of accounting.

## **THE COUNTY AS TRUSTEE**

The County acts as a trustee, or fiduciary, for a number of different political subdivisions in the County to facilitate tax collections and disbursements. All of the County’s fiduciary activities are reported in a separate statement called the Statement of Fiduciary Net Assets. These activities are excluded from the County’s other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Collections for and disbursements to these governmental units are not shown in the County-wide statements. Activities accounted for in these funds are not discussed in this part of the financial report.

## **ANALYSIS OF THE FINANCIAL STATEMENTS OF THE COUNTY AS A WHOLE**

The financial position of the County as a whole (including all funds) is shown in the Statement of Net Assets. At year end 2011, the County’s had reserves of almost \$25 million, net of funds invested in capital assets. It had working capital of about \$33 million (current assets over current liabilities) with current and accrued liabilities of about \$1.4 million. By most standards, the financial position of the County is considered strong and sufficient to carry on operations effectively and efficiently in the future.

### **Total Net Assets and Total Assets**

The County’s combined net assets for 2011 totaled almost \$75 million (Table 1). Assets exceeded liabilities by this amount. Invested in capital assets, net of related debt, constitute about 57% of the County’s combined net assets and are not considered spendable resources. From a financial position point of view, the County’s assets would have to fall in value substantially before it would be in danger of a failure to meet its current financial obligations.

The total of all assets for 2011 was approximately \$106.3 million as compared to \$107.6 million in 2010. Total assets include all of the County’s capital assets including infrastructure assets. Capital assets account for over half (67%) of the County’s total assets and most of this is infrastructure assets and buildings, which includes the new law enforcement center.

## Working Capital

As indicated above, the County's financial statements are reported on a full accrual basis. Short term assets (about \$34.6 million) exceeded short term liabilities (about \$1.5 million) by approximately \$33.1 million. Monthly expenses average about \$2.7 million. On an accrual basis, therefore, the County has sufficient working capital to cover expenses for more than one year assuming no loss in converting non-cash liquid assets to cash.

## Liabilities

The majority of the County's 2011 liabilities (approximately \$29.8 million) were long term liabilities. Most were associated with jail financing, including a lease-purchase arrangement financed by Certificates of Participation (COPs). The COPs are similar to a bond, and, in conjunction with the lease-purchase contract, are the method the County has chosen to finance the construction of the new law enforcement facility. The COPs will be retired over a period of about 15 years (which started in 2007) with special tax proceeds. The remaining 2011 liabilities were related to normal operating obligations, which include compensated absences, a tax sharing agreement with the City of Jefferson, and the County's liability related to Neighborhood Improvement Districts.

The Statement of Net Assets indicates the financing position of the County, which changed between 2010 and 2011. Current assets decreased by about \$5.7 million while capital assets increased by about \$4.4 million, causing a net decrease of \$1.3 million in total assets from the prior year. Most of the change in total assets was due to the completion of the new law enforcement center and the spending down of the restricted investments in the capital improvement fund. Liabilities also decreased about \$3.7 million from 2010 to 2011. Most of the change in liabilities was due changes in the capital improvement fund, both in current liabilities and long term liabilities. The decrease in current liabilities was due to the completion of the law enforcement center. The decrease in noncurrent liabilities was due to a refunding of the 2007 COPs resulting in a lower interest rate and a savings to the County. The total net assets changed about \$2.4 million between 2010 and 2011.

**Table 1**  
**County of Cole, Missouri**  
**Statement of Net Assets**  
**For the Years Ended December 31, 2011 and 2010**

	2011				2010			
	Governmental Activities	Business-type Activities	Total	Percent of Total Assets	Governmental Activities	Business-type Activities	Total	Percent of Total Assets
Current and other assets	\$ 33,249,731	\$ 1,337,223	\$ 34,586,954	32.6%	\$ 39,149,101	\$ 1,134,998	\$ 40,284,099	37.5%
Capital assets	71,098,051	565,007	71,663,058	67.4%	66,661,013	604,863	67,265,876	62.5%
Total assets	104,347,782	1,902,230	106,250,012	100.0%	105,810,114	1,739,861	107,549,975	100.0%
Current liabilities	1,283,392	114,029	1,397,421	1.3%	2,926,884	66,306	2,993,190	2.8%
Accrued liabilities	92,722	-	92,722	0.1%	107,101	-	107,101	0.1%
Noncurrent liabilities:								
Due to other governments	38,588	-	38,588	0.0%	53,915	-	53,915	0.1%
Due within one year	2,241,731	1,832	2,243,563	2.1%	2,071,420	2,684	2,074,104	1.9%
Due in more than one year	27,449,960	115,519	27,565,479	25.9%	29,690,367	97,520	29,787,887	27.7%
Total liabilities	31,106,393	231,380	31,337,773	29.5%	34,849,687	166,510	35,016,197	32.6%
Net assets:								
Invested in capital assets, net of related debt	42,355,969	565,007	42,920,976	40.4%	46,931,749	604,863	47,536,612	44.2%
Restricted	20,925,202	-	20,925,202	19.7%	19,178,485	968,488	20,146,973	18.7%
Unrestricted	9,960,218	1,105,843	11,066,061	10.4%	4,850,193	-	4,850,193	4.5%
Total net assets	\$ 73,241,389	\$ 1,670,850	\$ 74,912,239	70.5%	\$ 70,960,427	\$ 1,573,351	\$ 72,533,778	67.4%

The relationship between revenue and expenditures is shown more clearly in Table 2 (Statement of Change in Net Assets) and discussed in more detail in following sections.

### **Statement of Changes in Net Assets**

Activities of the County that incur expenses are classified (by law) and accounted for under different “programs” such as public safety, health, etc. The costs of these programs are financed both with fees and with tax revenue. Fees directly allocated to the program are called “program revenue.” However, in most cases, program revenue (fees) is not sufficient to cover the cost of the program. The remainder cost is covered by tax revenue called “non-program revenue.” The Statement of Change in Net Assets shows program and non-program revenue and the costs of the various programs. It also reflects what caused the almost \$2.4 million increase in Net Assets. Normally, the County’s net asset position increases as assets usually grow faster than liabilities.

### **Changes in Revenues**

Total revenue collected by the County (\$35.8 million) increased by approximately \$297,000 in 2011. Program revenue increased about \$200,000, mostly attributable to the ambulance service, and non-program revenue increased about \$97,000, reflecting only a small change in overall revenue compared to 2010.

### **Changes in Expenses**

On an accrual basis, the County spent or incurred obligations to spend a little over \$33.4 million in 2011 compared to \$34.2 million in 2010 to provide the activities it is required by law to provide. Depreciation is included in the expenses of the various programs. For the County as a whole, expenses average about \$2.7 million per month.

**Table 2**  
**County of Cole, Missouri**  
**Statement of Changes in Net Assets**  
**For the Years Ended December 31, 2011 and 2010**

	2011				2010			
	Governmental	Business-type	Total	Percent of Total Revenue	Governmental	Business-type	Total	Percent of Total Revenue
	Activities	Activities			Activities	Activities		
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Charges for services	\$ 4,668,605	\$ 2,937,738	\$ 7,606,343	21.3%	\$ 4,595,606	\$ 2,769,359	\$ 7,364,965	20.8%
Operating grants and contributor	2,069,133	-	2,069,133	5.8%	2,111,055	-	2,111,055	6.0%
Capital grants and contributions	-	-	-	0.0%	-	-	-	0.0%
<b>Non Program Revenues:</b>								
Property taxes	6,138,124	-	6,138,124	17.2%	6,174,484	-	6,174,484	17.4%
Sales tax	15,718,088	-	15,718,088	44.0%	15,534,859	-	15,534,859	43.8%
Local use tax	1,079,931	-	1,079,931	3.0%	1,184,170	-	1,184,170	3.3%
Motor vehicle sales tax	256,176	-	256,176	0.7%	248,597	-	248,597	0.7%
Stock insurance	1,242,305	-	1,242,305	3.5%	1,082,353	-	1,082,353	3.1%
County aid road trust	788,667	-	788,667	2.2%	814,559	-	814,559	2.3%
Financial institution tax	63,522	-	63,522	0.2%	34,082	-	34,082	0.1%
Transfers	(924,450)	924,450	-	0.0%	(1,223,280)	1,223,280	-	0.0%
Other	765,040	24,728	789,768	2.2%	896,065	10,088	906,153	2.6%
<b>Total revenues</b>	<b>31,865,141</b>	<b>3,886,916</b>	<b>35,752,057</b>	<b>100.0%</b>	<b>31,452,550</b>	<b>4,002,727</b>	<b>35,455,277</b>	<b>100.0%</b>
<b>Expenses:</b>								
General government	4,737,321	-	4,737,321	13.3%	4,546,191	-	4,546,191	12.8%
Public safety	8,155,050	-	8,155,050	22.8%	10,051,521	-	10,051,521	28.3%
Highways, streets & bridges	11,691,480	-	11,691,480	32.7%	11,249,797	-	11,249,797	31.7%
Assessment costs	646,327	-	646,327	1.8%	619,083	-	619,083	1.7%
Judicial	825,797	-	825,797	2.3%	751,879	-	751,879	2.1%
Health & welfare	2,141,565	-	2,141,565	6.0%	1,941,656	-	1,941,656	5.5%
Parks & recreation	11,547	-	11,547	0.0%	10,877	-	10,877	0.0%
Emergency management	293,589	-	293,589	0.8%	262,650	-	262,650	0.7%
Interest and fiscal fees	1,081,503	-	1,081,503	3.0%	1,293,367	-	1,293,367	3.6%
Emergency medical services	-	3,789,417	3,789,417	10.6%	-	3,469,175	3,469,175	9.8%
<b>Total expenses</b>	<b>29,584,179</b>	<b>3,789,417</b>	<b>33,373,596</b>	<b>93.3%</b>	<b>30,727,021</b>	<b>3,469,175</b>	<b>34,196,196</b>	<b>96.4%</b>
Increase in net assets	2,280,962	97,499	2,378,461		725,529	533,552	1,259,081	
Net assets - beginning	70,960,427	1,573,351	72,533,778		70,234,898	1,039,799	71,274,697	
Net assets - ending	<b>\$ 73,241,389</b>	<b>\$ 1,670,850</b>	<b>\$ 74,912,239</b>		<b>\$ 70,960,427</b>	<b>\$ 1,573,351</b>	<b>\$ 72,533,778</b>	

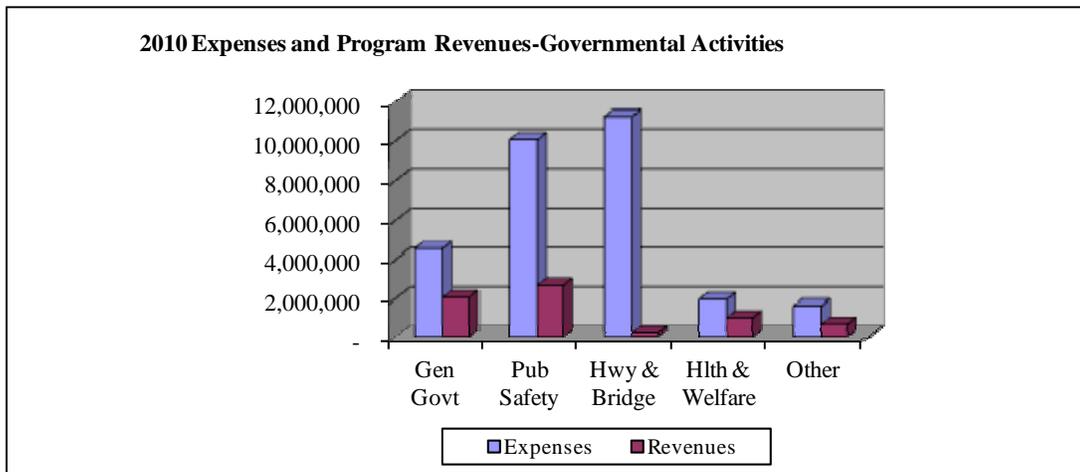
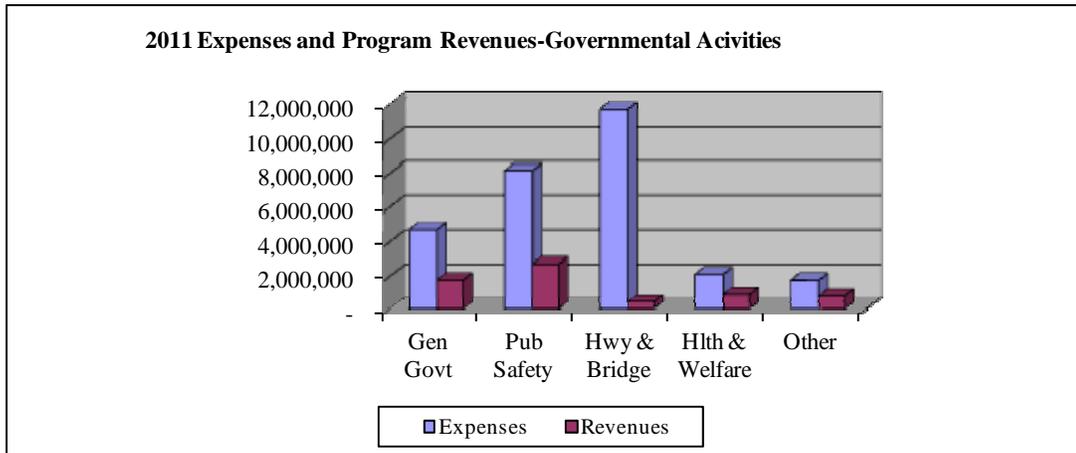
General government expenses had only a slight increase of approximately \$191,000 in 2011 over 2010. Public safety expenses decreased in the current year by approximately \$1.9 million due to a variety of factors. During 2011, all prisoners were moved back to Cole County; as a result, board of prisoner costs considerably decreased. In addition, the County decided to pay for a portion of the 911 services from the General Fund instead of the Law Enforcement Fund. Finally, several non-capitalizable expenditures were made in 2010 in preparation for completion of the law enforcement center in 2011. Highways, streets and bridges expenses increased by almost \$442,000 due to work on two large joint City/County road projects with the City of Jefferson: the East McCarty Street project and the Lafayette Street project. The County and City are sharing the cost of these two projects, although the infrastructure will become an asset of the City once completed. The County is also sharing the costs of the St. Mary's/Hwy 179 project with the City of Jefferson and the State of Missouri. Since the County will not own these infrastructure assets, costs are expensed rather than capitalized. Health and welfare expenses increased by about \$200,000 in 2011, mostly due to the purchase of additional radios and emergency medical expense in the Emergency Services Sales Tax Fund. Interest and fiscal fees decreased by about \$212,000 due to the refinancing of the COPS debt.

The Emergency Medical Services Fund, which is a proprietary fund and accounts for the activity of the ambulance service, incurred approximately \$3.8 million in expenses. Operations remained relatively stable compared to 2010, with only a slight increase of \$320,000 in expenses.

## Program Revenue and Expenses

The County has eight different program categories. Program revenue is revenue received when there is basically an exchange transaction – payment (fee) is charged for a service (program) rendered. The beneficiary pays for some or all of the cost of the service (program) that he/she receives. Typically fees and grant revenue generated by these programs cover only a small part of the total cost of providing the service. In almost all cases, the fees that the County is required to charge and the program revenue available for programs is not sufficient to cover the full cost. The remainder is financed with tax revenue. Chart I shows this pattern for the major program activities.

Chart I



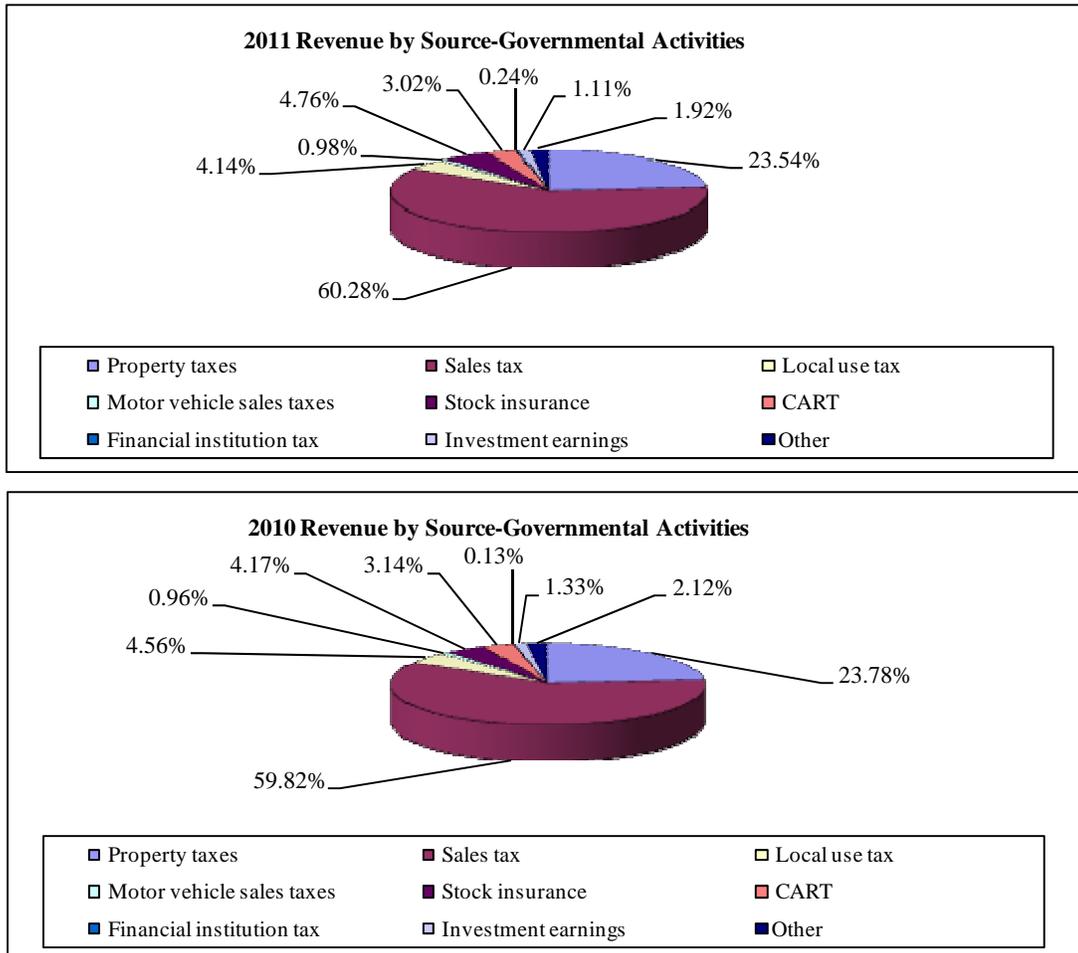
In the two major program areas – public safety and highways, streets and bridges – program revenue is substantially less than program expenses (see Chart I). Revenue from property tax and sales tax make up the difference. The excess of program costs over program revenue is highest in the Highways and Bridge category and relatively low in some other categories. For example, expenses for Highways and Bridges were over \$11.7 million in 2011 while program revenue was less than \$460,000.

General government expenses include activities directly affecting citizens, including collecting taxes, holding elections, recording documents, and other basic governmental activities including accounting. Expenditures for these activities totaled about \$4.7 million in 2011 – almost 14 percent of the total expenses for all activities. In 2010, these expenses were about \$4.5 million and almost 13 percent of total expenses. In most cases the deficiency of program revenue for program expenses was larger in 2011 than in 2010. This has been a trend and most likely will continue, making revenue management critically important because in County government expenses generally are growing at a faster rate than revenues.

**Sources of Revenue - Tax Revenue**

As indicated above, program revenues in total make up about one-fourth the cost of program activities. The remainder comes from tax revenue. In 2011, over 70 percent of the County’s revenue came from some type of tax. In 2008, sales tax revenue became the largest source of non program revenue for the County; prior to 2008, it was property taxes. In 2011, sales tax accounted for almost 60 percent of total revenue compared to 24 percent from property tax revenue.

Chart II



The County collects seven different taxes. Chart II shows the revenue the County collects from the different taxes. In total, about 24% of the tax revenue is property tax and the remainder some type of tax related to sales of commodities. The County also receives revenue from financial institutions in lieu of property taxes, including a stock insurance tax on the assets of banks that totaled slightly over \$1.2 million in 2011 compared to about \$1 million in 2010.

**ANALYSIS OF THE COUNTY’S INDIVIDUAL FUNDS STATEMENTS**

In the short term (within one year), the County must manage its financial resources to meet the public’s need for its services in an effective and efficient manner. Short term activities of the County are accounted for in individual funds. Seven of the County’s governmental funds are considered major funds because their individual assets and/or liabilities are equal to or greater than 10 percent of the County’s total assets or liabilities. The focus of the financial statements for the individual governmental funds, including the General Fund, is on short-term financial accountability as reflected primarily by revenue compared to expenses and reserves. The focus is to provide information that reflects the County’s financing requirements. The fund balance at the end of the year measures in part the government’s net resources available for spending beyond the end of the fiscal year and funds available for emergency and/or unusual or unexpected events.

## THE GENERAL FUND

About 27% of the County's activities are accounted for in the General Fund. At the end of fiscal 2011, the General Fund had a reserve (fund balance) of \$9.8 million (Table 3) – about 27 percent of the County's total fund balance of \$31.3 million.

Table 3  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- General Fund**  
**For the Years Ended December 31, 2011 and 2010**

	2011		2010	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>REVENUES</b>				
Taxes	\$ 4,179,430	48.2%	\$ 4,166,318	46.9%
Licenses, fees and permits	2,520,626	29.1%	2,669,702	30.1%
Intergovernmental	1,695,543	19.6%	1,830,295	20.6%
Interest	85,078	1.0%	85,026	1.0%
Other	183,423	2.1%	132,052	1.5%
Total revenues	8,664,100	100.0%	8,883,393	100.0%
<b>EXPENDITURES</b>				
Current:				
General government	3,868,632	44.7%	3,840,556	43.2%
Public safety	2,769,809	32.0%	2,737,211	30.8%
Judicial	715,852	8.3%	660,772	7.4%
Health & welfare	1,657,764	19.1%	1,702,303	19.2%
Parks & recreation	2,957	0.0%	1,766	0.0%
Emergency management	142,764	1.6%	81,589	0.9%
Capital outlay:				
General government	-	0.0%	11,948	0.1%
Public safety	-	0.0%	5,619	0.1%
Judicial	-	0.0%	-	0.0%
Health & welfare	15,493	0.2%	46,036	0.5%
Emergency management	86,859	1.0%	41,000	0.5%
Total expenditures	9,260,130	106.9%	9,128,800	102.8%
Excess (deficiency) of revenues over (under) expenditures	(596,030)	-6.9%	(245,407)	-2.8%
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,972,413	45.8%	3,901,460	43.9%
Transfers out	(2,295,812)	-26.5%	(2,292,185)	-25.8%
Sale of capital assets	2,300	0.0%	4,330	0.0%
Total other financing sources (uses)	1,678,901	19.4%	1,613,605	18.2%
Net changes in fund balances	1,082,871	12.5%	1,368,198	15.4%
Fund balances-beginning	8,684,098	100.2%	7,315,900	82.4%
Fund balances - ending	\$ 9,766,969	112.7%	\$ 8,684,098	97.8%

None of the General Fund's fund balance has any legal restrictions. Accordingly, as a measure of the General Fund's liquidity, it represents over 100 percent of the General Fund total expenditures of about \$9.3 million. However, on the modified accrual basis, revenue at year end would reflect much of the revenue collected throughout the year. The General Fund balance increased during the year by about \$1.1 million after inter-fund transfers.

General fund total revenue remained relatively consistent with 2010, with a slight decrease of \$219,000. Taxes account for almost half of General Fund revenue and did not change significantly in 2011. The decline in revenue was due basically to a decline in the intergovernmental category (about \$135,000) and the licenses, fees and permits (about \$149,000). General government expenditures that include personnel costs, insurance, supplies, and miscellaneous expenses also remained relatively stable, with an increase of approximately \$131,000. There were no significant changes in any one category of expenditures. In addition, there were no large capital expenditures budgeted or completed in 2011 in the General Fund.

## ROAD AND BRIDGE FUND

The County's Road and Bridge Fund is a special revenue fund used to account for activity associated with constructing and maintaining the County's transportation infrastructure. The main source of revenue is a special levy property tax. It also receives revenue from two other sources – County Aid Road Trust (CART), basically a tax on motor fuel, and an automobile sales tax. The Fund received revenue of over \$5.2 million (see Table 4) in 2011, of which over 92 percent was from special taxes that can only be used for construction and maintenance of road and bridge systems.

**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- Road and Bridge Fund**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent of Total Revenue</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>
<b>REVENUES</b>				
Taxes	\$ 4,796,762	92.1%	\$ 4,768,930	96.8%
Licenses, fees and permits	309,164	5.9%	103,778	2.1%
Intergovernmental	63,071	1.2%	-	0.0%
Interest	26,736	0.5%	35,856	0.7%
Other	14,026	0.3%	19,542	0.4%
Total revenues	<u>5,209,759</u>	<u>100.0%</u>	<u>4,928,106</u>	<u>100.0%</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets & bridges	5,114,139	98.2%	4,566,847	92.7%
Capital outlay:				
Highways, streets & bridges	283,553	5.4%	7,109	0.1%
Debt service:				
Highways, streets & bridges	100,000	1.9%	100,000	2.0%
Total expenditures	<u>5,497,692</u>	<u>105.5%</u>	<u>4,673,956</u>	<u>94.8%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,933)</u>	<u>-5.5%</u>	<u>254,150</u>	<u>5.2%</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	255,812	4.9%	252,185	5.1%
Transfers out	(189,291)	-3.6%	(182,376)	-3.7%
Sale of capital assets	1,744	0.0%	-	0.0%
Total other financing sources (uses)	<u>68,265</u>	<u>1.3%</u>	<u>69,809</u>	<u>1.4%</u>
Net changes in fund balances	<u>(219,668)</u>	<u>-4.2%</u>	<u>323,959</u>	<u>6.6%</u>
Fund balances-beginning	<u>5,167,203</u>	<u>99.2%</u>	<u>4,843,244</u>	<u>98.3%</u>
Fund balances - ending	<u>\$ 4,947,535</u>	<u>95.0%</u>	<u>\$ 5,167,203</u>	<u>104.9%</u>

Revenue between 2010 and 2011 increased slightly (about \$282,000 or 6%), due to an increase in fees and intergovernmental revenue for the snow storm in which the County was declared a disaster area. Expenses

increased approximately \$824,000, mostly due to the timing of large road projects and cooperative projects with other governments. Fund balance decreased about \$220,000. Typically the fund balance is large in this fund as most of the revenue is collected near the end of the year and projects are frequently long term, multi-year projects.

### SALES TAX FUND (Capital Improvement Sales Tax Fund)

The Sales Tax Fund is also a special revenue fund. The County has had a half-cent capital improvement sales tax for over 25 years. By law, the revenue must be spent on capital improvements. By County policy, 85 percent of the revenue is allocated to road and bridge capital improvement projects. The remaining 15 percent is allocated to capital improvements related to courthouse needs.

**Table 5**  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- Sales Tax Fund**  
**For the Years Ended December 31, 2011 and 2010**

	2011		2010	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>REVENUES</b>				
Taxes	\$ 5,240,141	97.5%	\$ 5,186,141	95.3%
Licenses, fees and permits	49,937	0.9%	123,796	2.3%
Intergovernmental	-	0.0%	47,546	0.9%
Interest	81,940	1.5%	84,352	1.5%
Other	-	0.0%	1,098	0.0%
Total revenues	<u>5,372,018</u>	<u>100.0%</u>	<u>5,442,933</u>	<u>100.0%</u>
<b>EXPENDITURES</b>				
Current:				
General government	267,925	5.0%	284,751	5.2%
Highways, streets & bridges	1,867,865	34.8%	2,176,966	40.0%
Capital outlay:				
General government	1,232,056	22.9%	71,116	1.3%
Highways, streets & bridges	3,109,439	57.9%	2,403,555	44.2%
Public Safety	111,190	2.1%	-	0.0%
Total expenditures	<u>6,588,475</u>	<u>122.6%</u>	<u>4,936,388</u>	<u>90.7%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,216,457)</u>	<u>-22.6%</u>	<u>506,545</u>	<u>9.3%</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	0.0%	-	0.0%
Transfers out	(158,012)	-2.9%	(147,986)	-2.7%
Total other financing sources (uses)	<u>(158,012)</u>	<u>-2.9%</u>	<u>(147,986)</u>	<u>-2.7%</u>
Net changes in fund balances	(1,374,469)	-25.6%	358,559	6.6%
Fund balances-beginning	5,945,068	110.7%	5,586,509	102.6%
Fund balances - ending	<u>\$ 4,570,599</u>	<u>85.1%</u>	<u>\$ 5,945,068</u>	<u>109.2%</u>

Total revenue in this fund was almost \$5.4 million in 2011. Revenue decreased from 2010 by about \$71,000, mostly due to the completion of a block grant project in 2010. Tax revenue increased by almost 2 percent (about \$54,000). Expenditures also increased in 2011 by about \$1.7 million compared to 2010 and accounted for over 100 percent of the total revenue. Almost all of this increase was due to the purchase of a building and property that currently houses the ambulance service and emergency management for the County. The increase in expenditures is also due to the multi-year projects that are paid for in this fund and timing of the completion of these projects.

## LAW ENFORCEMENT SALES TAX FUND

The Law Enforcement Fund is a special revenue fund established in 2008. Revenue from the special sales tax can be used only for law enforcement purposes, including constructing a jail, other capital improvements, acquisition of vehicles and equipment, and for operating the Sheriff's Department. In 2011, the tax accounted for over 76 percent of the Fund's revenue. Most of the remainder came from fees and charges (slightly over 16%).

**Table 6**  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- Law Enforcement Sales Tax Fund**  
**For the Years Ended December 31, 2011 and 2010**

	2011		2010	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>REVENUES</b>				
Taxes	\$ 5,235,500	76.4%	\$ 5,176,264	76.7%
Licenses, fees and permits	1,131,549	16.5%	1,087,588	16.1%
Intergovernmental	386,899	5.6%	337,304	5.0%
Interest	35,693	0.5%	59,457	0.9%
Other	61,226	0.9%	88,789	1.3%
Total revenues	<u>6,850,867</u>	<u>100.0%</u>	<u>6,749,075</u>	<u>100.0%</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	6,142,277	89.7%	5,862,146	85.9%
Capital outlay:				
Public safety	-	0.0%	158,287	2.3%
Total expenditures	<u>6,142,277</u>	<u>89.7%</u>	<u>5,952,539</u>	<u>88.2%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>708,590</u>	<u>10.3%</u>	<u>796,536</u>	<u>11.8%</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,040,000	29.8%	2,040,000	30.2%
Transfers out	(3,066,739)	-44.8%	(3,068,822)	-45.5%
Sale of capital assets	11,785	0.2%	3,830	0.1%
Total other financing sources (uses)	<u>(1,014,954)</u>	<u>-14.8%</u>	<u>(1,024,992)</u>	<u>-15.2%</u>
Net changes in fund balances	(306,364)	-4.5%	(228,129)	-3.4%
Fund balances-beginning	2,183,587	31.9%	2,411,716	35.5%
Fund balances - ending	<u>\$ 1,877,223</u>	<u>27.4%</u>	<u>\$ 2,183,587</u>	<u>32.1%</u>

Revenue between 2010 and 2011 increased slightly (about \$102,000 or 2%), due to slight increases in the line items of taxes, fees, and intergovernmental revenue. In 2011, the fund administered several new grants, which caused a \$50,000 increase in intergovernmental revenue.

Construction on the new jail began in 2008 with site development work and continued up until completion in 2011. The jail construction totaled about \$28 million and is financed through a lease-purchase agreement with a bank as the trustee. The lease payments are recorded as transfers out in the Law Enforcement Fund. The expenditures in the Law Enforcement Fund increased in 2011 by about \$190,000, mostly due to the additional staff time required to move to the new facility and training. There were no capital outlay expenditures in 2011 from the law enforcement fund. The ending fund balance decreased by about \$306,000 in 2011.

## EMERGENCY SERVICES SALES TAX FUND

The Emergency Services Sales Tax Fund is a special revenue fund established in 2009 to account for a ½ cent sales tax. Revenue from the special sales tax can be used only for emergency medical services and a rollback of General Fund property taxes. The County acquired the county wide ambulance services in 2009 from Capital Region Medical Center.

The ballot language authorizing the sales tax requires that sixty percent of the tax collected by the emergency services sales tax is transferred to the General Fund to offset a property tax rollback. The rest of the tax collected in this fund is used to finance ambulance and emergency medical services. The balance of the tax after the rollback portion is required to supplement the ambulance service accounted for in the emergency medical services (EMS) enterprise fund.

**Table 7**  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- Emergency Services Sales Tax Fund**  
**For the Years Ended December 31, 2011 and 2010**

	2011		2010	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>REVENUES</b>				
Taxes	\$ 5,242,447	99.8%	\$ 5,172,454	99.8%
Interest	12,780	0.2%	11,726	0.2%
Total revenues	<u>5,255,227</u>	<u>100.0%</u>	<u>5,184,180</u>	<u>100.0%</u>
<b>EXPENDITURES</b>				
Current:				
Health & welfare	464,150	8.8%	219,964	4.2%
Capital outlay:				
Health & welfare	126,545	2.4%	357,860	6.9%
Total expenditures	<u>590,695</u>	<u>11.2%</u>	<u>577,824</u>	<u>11.1%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,664,532</u>	<u>88.8%</u>	<u>4,606,356</u>	<u>88.9%</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	0.0%	-	0.0%
Transfers out	(4,374,568)	-83.2%	(4,371,009)	-84.3%
Total other financing sources (uses)	<u>(4,374,568)</u>	<u>-83.2%</u>	<u>(4,371,009)</u>	<u>-84.3%</u>
Net changes in fund balances	289,964	5.5%	235,347	4.5%
Fund balances-beginning	983,400	18.7%	748,053	14.4%
Fund balances - ending	<u>\$ 1,273,364</u>	<u>24.2%</u>	<u>\$ 983,400</u>	<u>19.0%</u>

In 2011, the County collected slightly more sales tax, an approximate \$70,000 increase from the prior year. Total expenditures in the current year only changed about \$12,000. There was some movement between current expenditures and capital outlay as the County only purchased one new ambulance in 2011 compared to two in 2010. Overall, the revenue and expenditures in this fund stayed very stable with a change in fund balance of \$290,000 in 2011 as compared to \$235,000 in 2010.

## CAPITAL IMPROVEMENT FUND

The County created a capital improvement fund in 2007 to account for construction of a new law enforcement center. Proceeds from COPs issued by the trustee and subsequent disbursements are included in this fund. The fund balance in the Capital Improvement Fund decreased in 2011 to \$6.6 million due to the completion of the new law enforcement facility and the spend down of the COPs issued in prior years. The remaining fund balance

in the capital improvement fund will be used to meet debt service requirements on the COPs since these funds are restricted for use on the jail property. The County did refund the initial \$10 million COPs issuance in 2011 to take advantage of lower interest rates and to lower future debt service payments.

During 2011, Cole County completed construction of the new law enforcement center with an additional \$6.2 million expended to complete the building and purchase necessary equipment. The County spent almost \$2 million for the initial site work and preparation for the construction of the new facility in 2008. Over \$14 million was expended in 2009. The jail construction continued in 2010 with an additional \$10 million expended. Construction costs of the new law enforcement center itself was about \$28 million, including site preparation costs, parking, furniture and equipment. With financing costs, the new jail will cost approximately \$46 million. The law enforcement sales tax approved by the voters in August of 2007 to finance the construction and operation of the jail will be reduced by 1/8<sup>th</sup> after the COPs are retired in 2022.

**Table 8**  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- Capital Improvement Fund**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent of Total Revenue</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>
<b>REVENUES</b>				
Interest	\$ 1,141	100.0%	\$ 20,009	100.0%
Total revenues	1,141	100.0%	20,009	100.0%
<b>EXPENDITURES</b>				
Current:				
General government	-	0.0%	-	0.0%
Public safety	84,873	7438.5%	953,385	4764.8%
Capital outlay:				
Public safety	3,713,883	325493.7%	9,107,860	45518.8%
Debt service:				
Public safety	2,400,387	210375.7%	3,068,935	15337.8%
Total expenditures	6,199,143	543307.9%	13,130,180	65621.4%
Excess (deficiency) of revenues over (under) expenditures	(6,198,002)	-543207.9%	(13,110,171)	-65521.4%
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of certificates of participation:				
Proceeds	8,185,000	717353.2%	-	0.0%
Discount	(53,203)	-4662.8%	-	0.0%
Payment to escrow agent	(8,878,400)	-778124.5%	-	0.0%
Transfers in	3,066,739	268776.4%	3,068,822	15337.2%
Transfers out	-	0.0%	-	0.0%
Total other financing sources (uses)	2,320,136	203342.3%	3,068,822	15337.2%
Net changes in fund balances	(3,877,866)	-339865.6%	(10,041,349)	-50184.2%
Fund balances-beginning	10,448,192	915704.8%	20,489,541	102401.6%
Fund balances - ending	\$ 6,570,326	575839.3%	\$ 10,448,192	52217.5%

**NEIGHBORHOOD IMPROVEMENT DISTRICT SINKING FUND**

The County has several neighborhood improvements districted (NIDs). Improvements to a NID are paid for by property owners through a special assessment to retire bonds used to finance the improvements. However, the County is required by law to fully back the bonds, making them a contingent liability for the County.

The fund’s revenue is assessments collected to service the debt, and expenditures are for debt service. During 2011 revenue was approximately \$60,000 and expenditures approximately \$61,000 (Table 9). The activity in this fund is very consistent from year to year, which is reflected by the change in fund balance of less than \$1,000 from 2010 to 2011.

**Table 9**  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds- Neighborhood Sinking**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent of Total Revenue</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>
<b>REVENUES</b>				
Licenses, fees and permits	\$ 36,954	61.1%	\$ 34,552	58.0%
Interest	23,545	38.9%	24,989	42.0%
Total revenues	<u>60,499</u>	<u>100.0%</u>	<u>59,541</u>	<u>100.0%</u>
<b>EXPENDITURES</b>				
Debt service:				
General government	61,440	101.6%	63,364	106.4%
Total expenditures	<u>61,440</u>	<u>101.6%</u>	<u>63,364</u>	<u>111.1%</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(941)</u>	<u>-1.6%</u>	<u>(3,823)</u>	<u>-6.4%</u>
Net changes in fund balances	(941)	-1.6%	(3,823)	-6.4%
Fund balances-beginning	71,495	118.2%	75,318	126.5%
Fund balances - ending	<u>\$ 70,554</u>	<u>116.6%</u>	<u>\$ 71,495</u>	<u>120.1%</u>

**EMERGENCY MEDICAL SERVICES –ENTERPRISE FUND**

The Emergency Medical Services Fund was created in 2009 and is considered a business-type activity. Business-type activities include services funded primarily through user charges. The activity for this fund is reflected both on the entity-wide statements as a business-type activity, and on individual fund statements which include a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows.

In 2009, the County acquired the ambulance service previously operated by Capital Region Medical Center (CRMC). On July 18, 2009, the County hired staff and acquired assets, including eight ambulances and other special equipment, from CRMC.

**Table 10**  
**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund- Emergency Medical Services Fund**  
**For the Years Ended December 31, 2011 and 2010**

	2011		2010	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,937,738	100.0%	\$ 2,769,359	100.0%
Total operating revenues	2,937,738	100.0%	2,769,359	100.0%
<b>OPERATING EXPENSES</b>				
Personnel services	2,698,916	91.9%	2,528,631	91.3%
Administrative	462,579	15.7%	348,419	12.6%
Other supplies and expenses	164,835	5.6%	196,791	7.1%
Repairs and maintenance	272,467	9.3%	231,828	8.4%
Insurance	21,761	0.7%	22,835	0.8%
Depreciation	166,402	5.7%	140,008	5.1%
Miscellaneous	2,456	0.1%	663	0.0%
Total operating expenses	3,789,416	129.0%	3,469,175	125.3%
Operating income	(851,678)	-29.0%	(699,816)	-25.3%
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Miscellaneous	13,331	0.5%	2,111	0.1%
Interest and investment revenue	11,397	0.4%	7,977	0.3%
Total nonoperating revenue	24,728	0.8%	10,088	0.4%
Income before contributions	(826,950)	-28.1%	(689,728)	-24.9%
Transfers in	885,635	30.1%	986,037	35.6%
Transfers out	(87,730)	-3.0%	(120,617)	-4.4%
Capital contributions	126,545	4.3%	357,860	12.9%
Change in net assets	97,500	3.3%	533,552	19.3%
Total net assets-beginning	1,573,351	53.6%	1,039,799	37.5%
Total net assets - ending	\$ 1,670,851	56.9%	\$ 1,573,351	56.8%

The County completed its second full year of operation of the county-wide ambulance service in 2011. The service is financed partly through a charge for services, which totaled \$2.9 million in 2011 as compared to \$2.7 million in 2010, and partly through a special revenue sales tax discussed previously. Total operating expenses totaled almost \$3.8 million in 2011, with the largest increase reflected in personnel services of \$170,000. Most of the increase in the personnel services is due to the fluctuating schedules of those employees that work for the ambulance service. Net assets of the Emergency Medical Services Fund at the end of 2011 totaled approximately \$1.7 million compared to almost \$1.6 million in 2010.

**INDIVIDUAL FUND BUDGET-TO-ACTUAL COMPARISON HIGHLIGHTS**

The scope of the budget-to-actual analysis covers five of the seven major funds and is part of the Required Supplemental Information (RSI) section included in the statements as required by GAAP and GFOA. The other two major funds are debt service and capital projects fund types, which are excluded from the RSI. The purpose of the budget-to-actual analysis is to provide a measure of the efficiency of the County's budgeting system. When budget revisions are small and infrequent, the budgeting system is considered efficient and management's ability to plan for the future effective. Also, when actual revenues and expenses are very close to budgeted revenues and expenses, planning and control are considered effective. The County prepares its budgets on the cash basis of accounting so that revenue is recorded when received rather than when earned and expenditures are

recorded when paid rather than when incurred. The funds' modified accrual basis statements are converted to cash basis for the budget comparisons. The cash basis of accounting can cause variances if revenues are not received when anticipated and expenditures are incurred but not paid during the budget year.

The analysis shows that actual plans conformed substantially to budget and reserves were maintained at prudent levels. In 2011, with the continued down turn in the economy as a whole at the beginning of the year, the County took a more conservative approach to budgeting and spending. As such, both revenues and expenditures were under budget in the General Fund. In the Road and Bridge Fund and Capital Improvement Fund (Sales Tax Fund), projects are large and frequently multi-year. Generally, budgeting in these two funds must be done from a three to five year perspective rather than the next year. These two funds cause most of the difference in budget to actual numbers. A more detailed analysis of budget-to-actual amounts is shown in the Required Supplemental Information section.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS

The County has capital assets of over \$71 million at the end of 2011. A large amount of this total (slightly over \$28.6 million) consists of infrastructure. The County has over \$31.7 million in buildings and over \$3.4 million in machinery and equipment. Additional information regarding Cole County's capital assets can be found in Note 11 and in Note 6 of this report.

**Table 11**  
**County of Cole, Missouri**  
**Schedule of Capital Assets**  
**For the Years Ended December 31, 2011 and 2010**  
 (net of depreciation)

	2011		2010	
	<u>Total</u>	Percent <u>of Total</u>	<u>Total</u>	Percent <u>of Total</u>
Land	\$ 4,848,959	6.8%	\$ 4,600,931	6.8%
Buildings	31,826,491	44.4%	5,746,610	8.5%
Machinery and equipment	3,948,345	5.5%	3,043,697	4.5%
Infrastructure	28,610,954	39.9%	30,038,778	44.7%
Construction in progress	2,428,309	3.4%	23,835,859	35.4%
<b>Total</b>	<b>\$ 71,663,058</b>	<b>100.0%</b>	<b>\$ 67,265,875</b>	<b>100.0%</b>

The most significant capital asset changes in 2011 were to buildings and construction in progress. The law enforcement facility construction that began in 2008 was completed in 2011, with cost of a little over \$25 million at completion. These costs were transferred out of construction in progress into buildings in the current year. There was also an almost \$400,000 increase in machinery and equipment mostly due to the purchase of new equipment for the law enforcement facility. The County capitalizes only those assets in excess of \$5,000.

### DEBT

#### Special Assessment Bonds - Neighborhood Improvement District Projects

The County has a contingent liability for outstanding debt of \$336,000 in 2011 associated with neighborhood improvement district projects. The County is required by law to give its backing to these obligations although they are retired by a special assessment on property owners. The amount due from property owners has been recorded as a receivable while the amount owed on the bonds is recorded as debt in the County's financial

statements. The total is \$38,000 less in 2011 due to retirement of bond principal, which was reimbursed by property owner assessment payments.

**Capital Leases**

In 2007, the County completed all necessary steps to enter into and finalize a capital lease arrangement to finance the construction of a new law enforcement facility, and \$10 million of COPs were issued by the trustee in December 2007. An additional \$25 million of COPs were issued in March 2009. In 2011, the first issuance of COPs was refunded to take advantage of the lower interest rates and to save the County slightly over \$450,000 over the remaining life of the capital lease arrangement. The agreements meet the definition of a capital lease and are recorded in the County’s financial statements as debt.

**Table 12**  
**County of Cole, Missouri**  
**Schedule of Outstanding Debt**  
**Year Ended December 31, 2011 and 2010**

	2011	2010
Outstanding Debt:		
Special Assessment Bonds	\$ 336,000	\$ 374,000
Certificates of Participation (Capital Lease)	29,095,000	30,625,000
Total	\$ 29,431,000	\$ 30,999,000

At December 31, 2011, the County had slightly over \$29.4 million in outstanding debt, almost all of which represents COPs. The County will retire the COPs through lease payments from the proceeds of a law enforcement sales tax approved by voters in 2007. A principal payment of \$1,310,000 was made in 2011. Additional information regarding Cole County’s long term debt can be found in Note 7 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

County officials consider and study the economic environment of the County in preparing budgets and administering financial activities. Population and income growth are key determinants of the demand for county services and its revenue. The County’s population is estimated to be about 76,792 in 2011 and grew slightly from 2010. In 2009, both personal income and commercial activity started to grow at much slower rates or decline somewhat as the economy experiences the contracting effects of the recession that began in December 2007. In 2011, the personal income and other economic activity started to turn around from the effect of the recession. As such, County officials plan activities on the assumption that key economic events that drive revenue and expenses will grow at somewhat historical trend rates after adjustment for known or expected current conditions.

**CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT**

The County’s budget officer is the County Auditor. The County Auditor also is the accounting officer of the county and is responsible for preparing financial statements. The Auditor can be contacted by phone at (573) 634-9122. The County Auditor’s office is located at 311 East High Street, Jefferson City, Missouri.

**COUNTY OF COLE, MISSOURI**

**Statement of Net Assets**

**December 31, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash investments	\$ 21,553,201	\$ 821,271	\$ 22,374,472
Investments	7,146,341	-	7,146,341
Receivables (net of allowance)	3,714,601	491,160	4,205,761
Due from agency fund	43,950	-	43,950
Bond issuance costs (net of accumulated amortization)	77,693	-	77,693
Inventory	561,326	-	561,326
Prepaid insurance	152,619	24,792	177,411
Capital assets:			
Non-depreciable	7,277,268	-	7,277,268
Depreciable, net	63,820,783	565,007	64,385,790
Total assets	<u>104,347,782</u>	<u>1,902,230</u>	<u>106,250,012</u>
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	1,283,392	114,029	1,397,421
Accrued liabilities	92,722	-	92,722
Noncurrent liabilities:			
Due to other governments	38,588	-	38,588
Due within one year	2,241,731	1,832	2,243,563
Due in more than one year	27,449,960	115,519	27,565,479
Total liabilities	<u>31,106,393</u>	<u>231,380</u>	<u>31,337,773</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	42,355,969	565,007	42,920,976
Restricted for:			
Capital improvement	11,140,925	-	11,140,925
Highways, streets, and bridges	4,363,283	-	4,363,283
Public safety	2,377,643	-	2,377,643
Emergency medical services	1,273,364	-	1,273,364
Assessment costs	1,425,442	-	1,425,442
Judicial	153,706	-	153,706
Recorder of deeds	7,544	-	7,544
Tax maintenance	93,484	-	93,484
Election services	19,257	-	19,257
Debt service	70,554	-	70,554
Unrestricted	9,960,218	1,105,843	11,066,061
Total net assets	<u>\$ 73,241,389</u>	<u>\$ 1,670,850</u>	<u>\$ 74,912,239</u>

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 4,737,321	\$ 1,721,407	\$ 76,514	\$ -	\$ (2,939,400)	\$ -	\$ (2,939,400)	
Public safety	8,155,050	2,018,347	710,291	-	(5,426,412)	-	(5,426,412)	
Highways, streets and bridges	11,691,480	359,101	94,289	-	(11,238,090)	-	(11,238,090)	
Assessment	646,327	209,990	-	-	(436,337)	-	(436,337)	
Judicial	825,797	115,406	346,124	-	(364,267)	-	(364,267)	
Health and welfare	2,141,565	244,354	678,738	-	(1,218,473)	-	(1,218,473)	
Parks and recreation	11,547	-	-	-	(11,547)	-	(11,547)	
Emergency management	293,589	-	163,177	-	(130,412)	-	(130,412)	
Interest and fiscal fees	1,081,503	-	-	-	(1,081,503)	-	(1,081,503)	
<b>Total governmental activities</b>	<b>29,584,179</b>	<b>4,668,605</b>	<b>2,069,133</b>	<b>-</b>	<b>(22,846,441)</b>	<b>-</b>	<b>(22,846,441)</b>	
<b>Business-type activities</b>								
Emergency medical services	3,789,417	2,937,738	-	-	-	(851,679)	(851,679)	
<b>Total business-type activities</b>	<b>3,789,417</b>	<b>2,937,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(851,679)</b>	<b>(851,679)</b>	
<b>Total primary government</b>	<b>\$ 33,373,596</b>	<b>\$ 7,606,343</b>	<b>\$ 2,069,133</b>	<b>\$ -</b>	<b>(22,846,441)</b>	<b>\$ (851,679)</b>	<b>\$ (23,698,120)</b>	
					Property taxes	\$ 6,138,124	\$ -	\$ 6,138,124
					Sales tax	15,718,088	-	15,718,088
					Local use tax	1,079,931	-	1,079,931
					Motor vehicle sales taxes	256,176	-	256,176
					Stock insurance	1,242,305	-	1,242,305
					County Aid Road Trust	788,667	-	788,667
					Financial institution tax	63,522	-	63,522
					Unrestricted investment earnings	289,595	11,397	300,992
					Transfers	(924,450)	924,450	-
					Other	475,445	13,331	488,776
					<b>Total general revenues and separate line items</b>	<b>25,127,403</b>	<b>949,178</b>	<b>26,076,581</b>
					Changes in net assets	2,280,962	97,499	2,378,461
					Net assets - beginning	70,960,427	1,573,351	72,533,778
					Net assets - ending	<b>\$ 73,241,389</b>	<b>\$ 1,670,850</b>	<b>\$ 74,912,239</b>

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Balance Sheet and the Reconciliation of the Governmental**  
**Funds Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**December 31, 2011**

	Major Funds							Non-Major Funds	Total Governmental Funds
	Special Revenue			Debt Service		Capital Project			
	General	Road & Bridge	Sales Tax	Law Enforcement Sales Tax	Emergency Services Sales Tax	Neighborhood Sinking	Capital Improvement		
<b>ASSETS</b>									
Cash and cash investments	\$ 8,862,274	\$ 4,250,459	\$ 3,970,108	\$ 1,198,831	\$ 949,058	\$ 70,554	\$ -	\$ 2,251,917	\$ 21,553,201
Restricted investments	-	-	-	-	-	-	7,146,341	-	7,146,341
Receivables (net of allowance)									
Intergovernmental	401,516	202,863	807,970	838,012	810,764	-	-	11,323	3,072,448
Special assessments	-	-	-	-	-	301,769	-	-	301,769
Property taxes	111,998	228,386	-	-	-	-	-	-	340,384
Due from other funds	486,458	-	-	43,950	-	-	-	-	530,408
Inventory	-	561,326	-	-	-	-	-	-	561,326
Prepaid insurance	85,606	22,926	-	38,812	-	-	-	5,275	152,619
<b>Total assets</b>	<b>\$ 9,947,852</b>	<b>\$ 5,265,960</b>	<b>\$ 4,778,078</b>	<b>\$ 2,119,605</b>	<b>\$ 1,759,822</b>	<b>\$ 372,323</b>	<b>\$ 7,146,341</b>	<b>\$ 2,268,515</b>	<b>\$ 33,658,496</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	\$ 143,770	\$ 129,932	\$ 207,479	\$ 201,618	\$ -	\$ -	\$ 576,015	\$ 24,575	\$ 1,283,389
Due to other funds	-	-	-	-	486,458	-	-	-	486,458
Due to other governments	-	-	-	38,588	-	-	-	-	38,588
Deferred revenue	37,113	188,493	-	2,176	-	301,769	-	-	529,551
<b>Total liabilities</b>	<b>180,883</b>	<b>318,425</b>	<b>207,479</b>	<b>242,382</b>	<b>486,458</b>	<b>301,769</b>	<b>576,015</b>	<b>24,575</b>	<b>2,337,986</b>
<b>Fund balances:</b>									
<b>Nonspendable:</b>									
Prepaid items	85,606	22,926	-	38,812	-	-	-	5,275	152,619
Inventory	-	561,326	-	-	-	-	-	-	561,326
<b>Restricted for:</b>									
Capital improvements	-	-	4,570,599	-	-	-	6,570,326	-	11,140,925
Law enforcement	-	-	-	1,838,411	-	-	-	-	1,838,411
Emergency medical services	-	-	-	-	1,273,364	-	-	-	1,273,364
Highways, streets & bridges	-	4,363,283	-	-	-	-	-	-	4,363,283
Training costs	-	-	-	-	-	-	-	6,349	6,349
Prosecuting attorney	-	-	-	-	-	-	-	532,883	532,883
Assessment costs	-	-	-	-	-	-	-	1,425,442	1,425,442
Judicial	-	-	-	-	-	-	-	153,706	153,706
Recorder of deeds	-	-	-	-	-	-	-	7,544	7,544
Tax maintenance	-	-	-	-	-	-	-	93,484	93,484
Election services	-	-	-	-	-	-	-	19,257	19,257
Debt service	-	-	-	-	-	70,554	-	-	70,554
<b>Unassigned:</b>									
General Fund	9,681,363	-	-	-	-	-	-	-	9,681,363
<b>Total fund balances</b>	<b>9,766,969</b>	<b>4,947,535</b>	<b>4,570,599</b>	<b>1,877,223</b>	<b>1,273,364</b>	<b>70,554</b>	<b>6,570,326</b>	<b>2,243,940</b>	<b>31,320,510</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,947,852</b>	<b>\$ 5,265,960</b>	<b>\$ 4,778,078</b>	<b>\$ 2,119,605</b>	<b>\$ 1,759,822</b>	<b>\$ 372,323</b>	<b>\$ 7,146,341</b>	<b>\$ 2,268,515</b>	<b>\$ 33,658,496</b>
<b>Total fund balances - governmental funds</b>									<b>\$ 31,320,510</b>
Amounts reported for governmental activities in the statement of net assets are different because:									
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.									71,098,051
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.									529,551
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and therefore are not reported in the fund financial statements. Interest on long-term debt is not accrued in the 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.									
Interest payable									(7,765)
Bonds payable						(336,000)			
Less: Bond issue costs to be amortized as interest expense						13,131			
						<u>(322,869)</u>			(322,869)
Interest payable									(84,960)
Certificates of Participation payable						(29,095,000)			
Less: Discount on certificates of participation to be amortized as interest expense						359,626			
Less: Deferred charge on refunding of certificates of participation to be amortized as interest expense						569,307			
Less: Cost of issuance on certificates of participation to be amortized as interest expense						64,562			
						<u>(28,101,505)</u>			(28,101,505)
Payable to City of Jefferson									(100,000)
Compensated absences									(1,089,624)
<b>Net assets of governmental activities</b>									<b>\$ 73,241,389</b>

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

	Major Funds							Total Governmental Funds	
	Special Revenue				Capital Project		Non-Major Funds		
	General	Road & Bridge	Sales Tax	Enforcement Law Sales Tax	Neighborhood Smoking	Emergency Services Sales Tax			Capital Improvement
<b>REVENUES</b>									
Taxes	\$ 4,179,430	\$ 4,796,762	\$ 5,240,141	\$ 5,235,500	\$ -	\$ 5,242,447	\$ -	\$ 654,916	\$ 25,329,196
Licenses, fees and permits	2,520,626	309,164	49,937	1,131,549	36,954	-	-	657,329	4,705,559
Intergovernmental	1,695,543	63,071	-	386,899	-	-	-	-	2,145,513
Interest	85,078	26,736	81,940	35,693	23,545	12,780	1,141	22,682	289,595
Other	183,423	14,026	-	61,226	-	-	-	90,306	348,981
<b>Total revenues</b>	<b>8,664,100</b>	<b>5,209,759</b>	<b>5,372,018</b>	<b>6,850,867</b>	<b>60,499</b>	<b>5,255,227</b>	<b>1,141</b>	<b>1,405,233</b>	<b>32,818,844</b>
<b>EXPENDITURES</b>									
Current:									
General government	3,868,632	-	267,925	-	-	-	-	180,457	4,317,014
Public safety	2,769,809	-	-	6,142,277	-	-	84,873	221,555	9,218,514
Highways, streets & bridges	-	5,114,139	1,867,865	-	-	-	-	-	6,982,004
Assessment costs	-	-	-	-	-	-	-	640,494	640,494
Judicial	715,852	-	-	-	-	464,150	-	50,216	766,068
Health & welfare	1,657,764	-	-	-	-	-	-	-	2,121,914
Parks & recreation	2,957	-	-	-	-	-	-	-	2,957
Emergency management	142,764	-	-	-	-	-	-	-	142,764
Capital outlay:									
General government	-	-	1,232,056	-	-	-	-	-	1,232,056
Public safety	-	-	111,190	-	-	-	3,713,883	-	3,825,073
Judicial	-	-	-	-	-	-	-	-	-
Health & welfare	15,493	-	3,109,439	-	-	126,545	-	-	142,038
Highways, streets & bridges	-	283,553	-	-	-	-	-	-	3,392,992
Health & welfare	-	-	-	-	-	-	-	-	-
Parks & recreation	-	-	-	-	-	-	-	-	-
Emergency management	86,859	-	-	-	-	-	-	-	86,859
Debt service:									
Principal	-	100,000	-	-	38,000	-	1,310,000	-	1,448,000
Interest	-	-	-	-	23,440	-	1,024,839	-	1,048,279
Issuance costs	-	-	-	-	-	-	65,548	-	65,548
<b>Total expenditures</b>	<b>9,260,130</b>	<b>5,497,692</b>	<b>6,588,475</b>	<b>6,142,277</b>	<b>61,440</b>	<b>590,695</b>	<b>6,199,143</b>	<b>1,092,722</b>	<b>35,432,574</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(596,030)</b>	<b>(287,933)</b>	<b>(1,216,457)</b>	<b>708,590</b>	<b>(941)</b>	<b>4,664,532</b>	<b>(6,198,002)</b>	<b>312,511</b>	<b>(2,613,730)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Refunding bond proceeds	-	-	-	-	-	-	8,185,000	-	8,185,000
Discount on bonds issued	-	-	-	-	-	-	(53,203)	-	(53,203)
Payment to refunded bond escrow agent	-	-	-	-	-	-	(8,878,400)	-	(8,878,400)
Transfers in	3,972,413	255,812	-	2,040,000	-	-	3,066,739	-	9,334,964
Transfers out	(2,295,812)	(189,291)	(158,012)	(3,066,739)	-	(4,374,568)	-	(48,447)	(10,132,869)
Sale of capital assets	2,300	1,744	-	11,785	-	-	-	-	15,829
<b>Total other financing sources (uses)</b>	<b>1,678,901</b>	<b>68,265</b>	<b>(158,012)</b>	<b>(1,014,954)</b>	<b>-</b>	<b>(4,374,568)</b>	<b>2,320,136</b>	<b>(48,447)</b>	<b>(1,528,679)</b>
<b>Net changes in fund balances</b>	<b>1,082,871</b>	<b>(219,668)</b>	<b>(1,374,469)</b>	<b>(306,364)</b>	<b>(941)</b>	<b>289,964</b>	<b>(3,877,866)</b>	<b>264,064</b>	<b>(4,142,409)</b>
<b>Fund balances-beginning</b>	<b>8,684,098</b>	<b>5,167,203</b>	<b>5,945,068</b>	<b>2,183,587</b>	<b>71,495</b>	<b>983,400</b>	<b>10,448,192</b>	<b>1,979,876</b>	<b>35,462,919</b>
<b>Fund balances - ending</b>	<b>\$ 9,766,969</b>	<b>\$ 4,947,535</b>	<b>\$ 4,570,599</b>	<b>\$ 1,877,223</b>	<b>\$ 70,554</b>	<b>\$ 1,273,364</b>	<b>\$ 6,570,326</b>	<b>\$ 2,243,940</b>	<b>\$ 31,320,510</b>

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2011**

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

Net change in fund balances - total governmental funds \$ (4,142,409)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	9,656,077	
Depreciation expense	(5,203,127)	
Capital contribution to business-type activity	(126,545)	
Loss on sale of governmental fund capital assets	<u>(9,292)</u>	4,317,113

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants	(76,380)	
Taxes	(42,383)	
Contributions	119,927	
Fees	<u>(36,954)</u>	(35,790)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of certificates of participation	(8,185,000)	
Discount on certificates of participation	53,203	
Issuance costs on certificates of participation	65,548	
Payment to refunded bond escrow agent	8,878,400	
Principal payments on Certificates of Participation	1,310,000	
Amortization expense on Certificates of Participation	(46,200)	
Change in interest payable	14,383	
Other principal payments	138,000	
Amortization expense for Neighborhood Improvement bonds	<u>(1,407)</u>	2,226,927

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences expense	(79,295)	
City of Jefferson expense	<u>(5,584)</u>	(84,879)

Change in net assets of governmental activities \$ 2,280,962

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**

**Statement of Net Assets**

**Proprietary Funds**

**December 31, 2011**

	<b>Business-type Activities-</b>	
	<b>Enterprise Funds</b>	
	<b><u>Emergency Medical Services</u></b>	
<b>ASSETS:</b>		
Cash and cash investments	\$	821,271
Receivables (net of allowance)		491,160
Prepaid insurance		24,792
Capital assets (net of accumulated depreciation)		
Buildings		39,206
Equipment		525,801
		<hr/>
Total assets		1,902,230
		<hr/>
<b>LIABILITIES:</b>		
Accounts payable and other current liabilities		114,029
Noncurrent liabilities:		
Due within one year		1,832
Due in more than one year		115,519
		<hr/>
Total liabilities		231,380
		<hr/>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt		565,007
Unrestricted		1,105,843
		<hr/>
Total net assets	\$	1,670,850
		<hr/> <hr/>

See accompanying notes to the basic financial statements

**COUNTY OF COLE, MISSOURI**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Business-type Activities- Enterprise Funds
	Emergency Medical Services
<b>OPERATING REVENUES</b>	
Charges for services	\$ 2,937,738
Total operating revenues	2,937,738
<b>OPERATING EXPENSES</b>	
Personnel services	2,698,916
Administrative	462,580
Other supplies and expenses	164,835
Repairs and maintenance	272,467
Insurance	21,761
Depreciation	166,402
Miscellaneous	2,456
Total operating expenses	3,789,417
Operating loss	(851,679)
<b>NONOPERATING REVENUE</b>	
Miscellaneous	13,331
Interest and investment revenue	11,397
Total nonoperating revenue	24,728
Loss before contributions and transfers	(826,951)
Transfers in	885,635
Transfers out	(87,730)
Capital contributions	126,545
Change in net assets	97,499
Total net assets-beginning	1,573,351
Total net assets - ending	\$ 1,670,850

See accompanying notes to the basic financial statements

**COUNTY OF COLE, MISSOURI**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	<b>Business-type Activities-</b>
	<b>Enterprise Funds</b>
	<b>Emergency Medical Services</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 3,012,339
Payments to suppliers	(922,369)
Payments to employees	(2,635,890)
Other operating revenues	13,331
	(532,589)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating subsidies and transfers from other funds	885,635
Operating subsidies and transfers to other funds	(87,730)
	797,905
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	11,397
	11,397
Net increase in cash and cash equivalents	276,713
Balances-beginning	544,558
Balances-ending	\$ 821,271
<b>NON CASH ACTIVITY</b>	
Capital contribution	\$ 126,545
<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	\$ (851,679)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Miscellaneous revenue	13,331
Depreciation	166,402
Change in assets and liabilities:	
Receivables, net of allowance	74,601
Prepaid insurance	(114)
Accounts and other payables	64,870
	(532,589)
Net cash used by operating activities	\$ (532,589)

See accompanying notes to the basic financial statements

**COUNTY OF COLE, MISSOURI**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash investments	\$ 64,573,370
Property taxes receivable, net of allowance of \$251,722	4,231,702
Due from others	<u>2,045,167</u>
Total assets	<u>\$ 70,850,239</u>
<b>LIABILITIES</b>	
Due to other funds	\$ 43,950
Due to other governments	48,181,489
Due to others	<u>22,624,800</u>
Total liabilities	<u>\$ 70,850,239</u>

See accompanying notes to the basic financial statements.

# COUNTY OF COLE, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County of Cole (the County) is located in central Missouri and home to the state capital and the City of Jefferson. It is a first class county governed by three elected commissioners (western, eastern, and presiding). Other elected County officials are the Assessor, Auditor, Circuit Clerk, Collector, County Clerk, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Sheriff, and Treasurer. These various officials handle different aspects of the County's operations.

The accounting policies and financial reporting practices of the County conform to U.S. generally accepted accounting principles applicable to governmental entities. The more significant of the County's accounting policies are described below.

#### *A. Reporting Entity*

The County, for financial purposes, includes all of the funds relevant to the operations of the County. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the County that have been determined not to be component units as defined by Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" (GASB 14). These standards identify the County's financial accountability for potential component units as the primary, but not the only, criteria for inclusion. The County is financially accountable if it appoints a voting majority of a potential component unit's governing board and is able to impose its will on that unit, or there is a potential for the unit to provide specific financial benefits to, or impose specific financial burdens on the County. Based on the criteria of GASB 14, there are no other agencies or entities for which the County has been determined to be financially accountable and, therefore, should be included in the financial statements of the County.

The County Commission has established Cole County Special Services (CCSS) and appointed a board of directors under Section 205.968 RSMo. Once established, CCSS and its board are considered a political subdivision under section 70.600 RSMo and act independently of the County Commission. It does not meet the definition of a component unit. However, the County does include a levy under Senate Bill 40 for CCSS in the County levy, which is then remitted to CCSS.

#### *B. Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the County. The effect of interfund activities, except for interfund services provided and used, has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

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 or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

segment. Taxes, unrestricted interest earnings, gains, and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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, Road and Bridge Fund, Sales Tax Fund, Law Enforcement Sales Tax Fund, Emergency Services Sales Tax Fund, Neighborhood Sinking Fund and Capital Improvement Fund are major governmental funds. All other governmental funds are reported in one column labeled "Other 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 balances 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.

The County uses funds to report its financial position and results of its operations in the fund financial statements. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. 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. Funds are classified into three categories: governmental, proprietary and fiduciary.

The County reports the following major governmental funds:

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

**Road and Bridge Fund** – The Road and Bridge Fund is a special revenue fund used to account for the operations of the public works department. Financing is provided by various taxes, intergovernmental grants, revenue from the State of Missouri, and transfers from the General Fund.

**Law Enforcement Sales Tax Fund**-The Law Enforcement Sales Tax Fund is a special revenue fund used to account for sales tax collections from a .5% sales tax and for the operations of the Cole County Sheriff's department. The sales tax is to be used for the purpose of providing law enforcement services for the County, including construction of a new law enforcement facility. When all obligations related to the construction of the County jail have been paid, the sales tax will be reduced to .38%.

**Capital Improvement Fund**-The Capital Improvement Fund is a capital projects fund used to account for construction of the County jail, as voter approved. Proceeds from Certificates of Participation and subsequent disbursements are included in this fund.

**Emergency Services Sales Tax Fund**-The Emergency Services Sales Tax Fund is a special revenue fund established in 2009 to account for the collections of a .5% cent sales tax. Revenue from the special sales tax can be used only for emergency services and to fund a rollback of General Fund property taxes.

**Sales Tax Fund** – The Sales Tax Fund is a special revenue fund used to account for sales tax collections from a .5% sales tax due to expire December 31, 2016, and expenditures from such collections for improvements to roads and bridges and the repair, renovation and acquisition of County facilities.

**Neighborhood Sinking Fund** – The Neighborhood Sinking Fund is a debt service fund established to account for improvements to a neighborhood improvement district (NID) that are paid for by property owners through a special assessment to retire bonds used to finance improvements.

The County reports the following major proprietary fund:

Emergency Medical Services Fund- This enterprise fund accounts for the operations of the County's emergency medical response service.

Additionally, the County includes a fiduciary fund statement for trust and agency funds. Trust and agency 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 County has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include various taxes and fees collected by County officials which have not yet been remitted to the appropriate governmental entity or person. Only the portion of the funds collected by those officials subsequently remitted to the County are included in the County's financial statements. The remainder are included in the agency funds. The most significant portion of these agency funds are property and other taxes not yet remitted by the County Collector.

### *C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in the year for which they are levied as specified by the County Commission. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt is recognized when due.

Certain taxes (including property, sales, motor vehicle, local use, and others), special assessments, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

The County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The County applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The County does not apply FASB Statements and Interpretations issued after November 30, 1989.

#### *D. Budgets*

Budgets are adopted on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Road and Bridge, Sales Tax, Law Enforcement Sales Tax, Emergency Services Sales Tax Fund, Capital Improvement Fund, Training, Domestic Shelter, Recorder of Deeds, Election Services, Tax Maintenance, Bad Check Fees and Assessment Funds. The following funds do not adopt budgets because they are not required by Missouri Statutes: Circuit Clerk, Delinquent Tax Fee, Sheriff Revolving, and Neighborhood Improvement Sinking.

All annual appropriations lapse at fiscal year end. Funds on hand at year-end are considered as available revenue for expenditures and are included in beginning budgetary fund balance for the following year.

The County Commission approves the annual budget at the fund level. However, the appropriations at the departmental object level are closely monitored throughout the year for fluctuations and needed revisions. Budget amendments must be recommended by the County Auditor, who also serves as the Budget Officer, and authorized by the County Commission or other authority, as determined by state statute. Supplemental appropriations are made by the applicable authority throughout the year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances totaled \$2,281,788 at December 31, 2011.

#### *E. Cash and Cash Equivalents*

The County's cash and cash equivalents are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The County Treasurer maintains a cash and investment pool that is available for use by all funds. Within the financial statements, income from investments is allocated to the underlying fund unless required to be assigned to another fund by contractual or legal reason. In addition, cash and investments are separately maintained by other County officials.

#### *F. Short-Term Interfund Receivables/Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

#### *G. Receivables*

Receivables consist primarily of taxes, grants, and emergency medical services charges. They are shown net of an allowance for estimated uncollectible amounts.

## *H. Inventories*

All inventories are recorded in the Road and Bridge Fund and valued at cost using the first-in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

## *I. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

As permitted by GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks) acquired prior to 2003 were capitalized retroactively to 1980 at estimated historical cost during 2007. Infrastructure acquired prior to 1980 is not recorded.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Office furniture, fixtures, equipment	5 – 10 years
Transportation equipment	5 years
Emergency services equipment	5 – 10 years
Infrastructure	10 - 40 years

Fully depreciated fixed assets are included in the capital assets accounts until their disposal.

## *J. Amortization of Debt Issue Costs*

In the government-wide financial statements, debt issue costs totaling \$98,492 related to the special assessment debt and certificates of participation are deferred and being amortized by the straight-line method over the repayment period of the related debt. As of December 31, 2011, accumulated amortization amounted to \$21,785. In the governmental fund statements, these issuance costs were recognized as expenses when paid.

## *K. Compensated Absences*

Under terms of the County's personnel policy, County employees are granted vacation and sick leave in varying amounts. However, no liability is recorded for non-vesting rights to receive sick pay benefits. All vested or accumulated vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are expected to be liquidated with expendable financial resources.

## *L. Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. No long-term obligations are reported. Principal and interest payments on long-term debt are reported as debt service expenditures.

#### *M. Equity*

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended December 31, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In the governmental fund financial statements, equity is displayed in five components as follows:

Nonspendable - This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

Committed - This consists of amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority (the County Commission) by the end of the fiscal year.

Assigned - This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

#### *N. Emergency Medical Services*

Charges for services in the Emergency Medical Services fund are reported net of contractual adjustments. Generally, services provided to Medicare and Medicaid eligible individuals results in contractual adjustments, which are known by the County at the time of billing. Such adjustments were \$1,849,314 for the year ended December 31, 2011.

## *O. Estimates*

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used by management are the useful lives of fixed assets, allowance for uncollectible receivables, and infrastructure.

## **2. LEGAL COMPLIANCE - BUDGET**

The County budget process is governed by the Revised Statutes of Missouri (RSMo) 50.525-50.641. The County is a first class non-charter county where the County Auditor serves as Budget Officer. The following provides an overview of the budget process and a timetable of dates:

- (1) On or before September 1<sup>st</sup>, County agencies and department heads submit budget requests to the County Auditor.
- (2) During September and October, the County Auditor reviews budget requests and schedules work sessions with elected officials and department directors as necessary.
- (3) Prior to November 15th, the County Auditor submits to the County Commission a proposed operating budget for the fiscal period commencing the following January 1st based on budgets submitted by agencies and department heads. The operating budget includes proposed expenditures and the means of financing them.
- (4) The County Commission may add to, subtract from or change appropriations. During November and December, public hearings are conducted to obtain taxpayer comments on the original proposed budget and subsequent revisions.
- (5) No later than January 10th, the budget is legally adopted by the County Commission through majority approval. However, in the year the presiding commissioner's new term of office begins, the statutory deadline is January 31.

RSMo 50.540 and 50.550 require all department, offices, institutions, commissions, or courts receiving its revenues in whole or in part from the County, except for collection fees on delinquent taxes per RSMo 56.312, to prepare budgets of their anticipated receipts and disbursements.

The reported budgetary data represents the final approved budget after amendments as adopted by the County Commissioners. The budget was amended during the year.

## **3. CASH AND INVESTMENTS**

The County's investment policies are governed by County Commission Order, state statutes, and management policies. Missouri State Statutes authorize the County to deposit funds in open accounts, U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Collateral is required for demand deposits and certificates of deposit. Custodial credit risk is the risk that in event of a bank failure, the government's deposits may not be returned to it. Statues required the collateral

pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the County may invest.

The County's deposits are categorized to give an indication of the level of custodial risk assumed by the County at December 31, 2011.

Deposits, categorized by level of custodial risk, were as follows as of December 31, 2011:

Bank balance		
Insured by FDIC	\$	19,586,344
Collateralized with securities pledged by the financial institution		<u>61,682,170</u>
	\$	<u><u>81,268,514</u></u>

A reconciliation of cash and cash equivalents as shown in the financial statements is as follows:

Carrying value		
Government-wide Statement of Net Assets	\$	22,374,472
Fiduciary Funds Statement of Net Assets		<u>64,573,370</u>
	\$	<u><u>86,947,842</u></u>

#### Investments

The County had the following investments as of December 31:

	<u>Investment Maturities (in years)</u>			<u>Fair Value</u>	<u>Carrying Value</u>
	<u>Less than 1</u>	<u>1-5</u>	<u>Over 5</u>		
Restricted - Money Market Funds:					
Federated Treasury Obligations Funds	<u>\$ 7,146,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,146,341</u>	<u>\$ 7,146,341</u>

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. The County does not have a formal interest rate risk policy.

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 Standard & Poor's and Moody's. State statutes authorize the County to invest in U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper. The County has no investment policy that would further limit its investment choice. The money market funds are invested primarily in a portfolio of U.S. Treasury securities maturing in 397 days or less.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer. All of the County's investments are held in money market funds.

Custodial credit risk – investments – For an investment, this is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The County does not have any custodial risk in investments.

#### 4. PROPERTY TAXES

The County's property tax is levied by the County on September 1 based on the assessed value of all real and personal property located in the County and appropriate taxing districts as of the prior January 1, the lien date. Taxes are billed by November 1 and are considered delinquent after December 31. Assessed values are established by the County Assessor, and any appeals are reviewed by the Board of Equalization.

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the County has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied on the government-wide statements. Taxes expected to be received later than 60 days after the close of the fiscal year are classified as deferred revenue within the governmental fund financial statements because they do not meet the criteria of being available as described in Note 1.

Property taxes levied in the current fiscal year are recognized as receivable as of that fiscal year end because they meet the recognition criteria. In addition, property taxes levied in the current fiscal year are also recognized as revenue on the government-wide statements in that year because the levies, as approved by the County Commission, are also for the current fiscal year.

The County is permitted by the Missouri State Constitution to levy taxes up to \$0.50 per \$100 of assessed valuation for general governmental services. The County's assessed valuations and tax levies per \$100 assessed valuation of those properties for the 2011 calendar year are as follows:

Assessed valuation:

Real estate	\$ 1,009,102,910
Personal property	224,554,442
Railroad and utilities	79,407,349
	<hr/>
	\$ 1,313,064,701
	<hr/> <hr/>

In addition to the tax levies described below, various independent taxing districts within the County, including school, County, library, fire, special road and levee districts, levy a tax which is collected by the County Collector. The property tax collections resulting from these levies are disbursed by the County Collector to the appropriate taxing districts. These amounts collected but not yet disbursed are included in the agency funds.

Tax rates per \$100 assessed valuation:

General fund	\$ 0.1151
Road and bridge fund	0.2700
Library fund	0.1977
Cole County Special Services (Senate Bill 40)	0.0890
State of Missouri (certain pension funds)	0.0300
	<hr/>
	\$ 0.7018
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## 5. RECEIVABLES

Receivables are composed of the following as of December 31, 2011:

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Receivables:			
Property taxes	\$ 384,603	\$ -	\$ 384,603
Accounts receivable	-	939,805	939,805
Intergovernmental	3,072,448	-	3,072,448
Special assessments	301,769	-	301,769
	<u>3,758,820</u>	<u>939,805</u>	<u>4,698,625</u>
Less allowance for estimated uncollectible amounts	(44,219)	(448,645)	(492,864)
Net receivables	<u>\$ 3,714,601</u>	<u>\$ 491,160</u>	<u>\$ 4,205,761</u>

Interfund receivable and payable balances at December 31, 2011, in the fund financial statements resulting from interfund transfers and interfund loans were as follows:

	Receivable	Payable
Governmental Funds:		
Major:		
General Fund	\$ 486,458	\$ -
Law Enforcement Sales Tax Fund	43,950	-
Emergency Services Sales Tax Fund	-	486,458
Subtotal Governmental	<u>530,408</u>	<u>486,458</u>
Agency Funds:		
Sheriff Fund	-	43,950
Subtotal Agency	<u>-</u>	<u>43,950</u>
Total	<u>\$ 530,408</u>	<u>\$ 530,408</u>

The due to/from amount between the General Fund and Emergency Services Sales Tax Fund represents the General Fund's forty percent portion of the emergency medical services sales tax collections not yet remitted by the Emergency Services Sales Tax Fund as of December 31, 2011. The due to/from amount between the Law Enforcement Sales Tax Fund and Sheriff Fund represents the portion of civil supplement fees collected by the Sheriff Fund in December, but not yet remitted to the Law Enforcement Sales Tax Fund as of December 31, 2011.

## 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,600,931	\$ 256,392	\$ (8,364)	\$ -	\$ 4,848,959
Construction in progress	23,835,859	2,628,762	-	(24,036,312)	2,428,309
Total capital assets not being depreciated	28,436,790	2,885,154	(8,364)	(24,036,312)	7,277,268
Capital assets being depreciated:					
Buildings and improvements	9,025,635	4,895,926	-	21,643,197	35,564,758
Machinery and equipment	8,919,403	1,876,742	(366,758)	-	10,429,387
Infrastructure	98,287,207	-	-	2,393,115	100,680,322
Total capital assets being depreciated	116,232,245	6,772,668	(366,758)	24,036,312	146,674,467
Accumulated depreciation:					
Buildings and improvements	(3,323,401)	(454,072)	-	-	(3,777,473)
Machinery and equipment	(6,436,193)	(928,116)	357,466	-	(7,006,843)
Infrastructure	(68,248,429)	(3,820,939)	-	-	(72,069,368)
Total accumulated depreciation	(78,008,023)	(5,203,127)	357,466	-	(82,853,684)
Net capital assets being depreciated	38,224,222	1,569,541	(9,292)	24,036,312	63,820,783
Capital assets, net	\$ 66,661,012	\$ 4,454,695	\$ (17,656)	\$ -	\$ 71,098,051

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 51,700	\$ -	\$ -	\$ 51,700
Machinery and equipment	735,985	126,545	-	862,530
Total capital assets being depreciated	787,685	126,545	-	914,230
Accumulated depreciation:				
Buildings and improvements	(7,324)	(5,170)	-	(12,494)
Machinery and equipment	(175,497)	(161,232)	-	(336,729)
Total accumulated depreciation	(182,821)	(166,402)	-	(349,223)
Net capital assets being depreciated	604,864	(39,857)	-	565,007
Capital assets, net	\$ 604,864	\$ (39,857)	\$ -	\$ 565,007

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 418,283
Public safety	327,225
Highway, streets and bridges	4,209,870
Health and welfare	28,643
Assessment	2,803
Judicial	57,763
Parks and recreation	8,590
Emergency management	149,950
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 5,203,127</u>

Business-type activities:

Emergency medical services	<u>\$ 166,402</u>
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**7. LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions of the County for the year:

	For the year ended December 31, 2011				Due within one year
	Beginning	Additions	Retirements	Ending	
Governmental Funds					
Special assessment debt	\$ 374,000	\$ -	\$ 38,000	\$ 336,000	\$ 40,000
Certificates of Participation	30,625,000	8,185,000	9,715,000	29,095,000	2,025,000
Less: Unamortized discount	(447,544)	(53,203)	141,121	(359,626)	
Less: Deferral on refunding	-	(585,792)	16,485	(569,307)	
Settlement to City of Jefferson	200,000	-	100,000	100,000	100,000
Compensated absences	1,010,329	153,791	74,496	1,089,624	76,731
Enterprise Fund					
Compensated absences	100,204	18,926	1,779	117,351	1,832
	<u>\$ 31,861,989</u>	<u>\$ 7,718,722</u>	<u>\$ 10,086,881</u>	<u>\$ 29,809,042</u>	<u>\$ 2,243,563</u>

*Special Assessment Debt:* Bonds issued to fund Neighborhood Improvement District projects are as follows:

	Issued	Rate	Balance	
			Original	Current
Maturing 3/1/1996 to 3/1/2015	3/1/1995	5.5% to 6.15%	\$ 265,000	\$ 75,000
Maturing 3/1/2001 to 3/1/2020	9/15/2000	5% to 6%	93,000	55,000
Maturing 3/1/2002 to 3/1/2020	02/15/2000	5.25% to 6.625%	267,000	165,000
Maturing 3/1/2003 to 3/1/2022	11/01/2002	4.25% to 5.25%	60,000	41,000
			<u>\$ 685,000</u>	<u>\$ 336,000</u>

*Settlement to City of Jefferson:* In 2003, the County entered into a settlement agreement with the City of Jefferson for past claims in the amount of \$1,000,000 arising from and as a result of Section 137.556 RSMo, for the years 1997 to 2002. This section requires the County to spend not less than 25% of the moneys accruing to it from the County's special road and bridge tax levied upon property situated within the limits of any city within the County for the repair and improvement of existing roads, etc. from which the money accrued. Thus, the County was required to use 25% of the road/bridge property tax collections from City of Jefferson residents to repair City of Jefferson roads. However, it had not done so in prior years. An initial down payment of \$100,000 was made in 2003 with the execution of the agreement, with \$100,000 being payable over the next nine years. This note does not accrue interest and is unsecured. If the County goes into default, the remaining balance will accrue interest at 9% until the County is out of default.

In addition, the County signed an intergovernmental agreement, which automatically renews July 1 of each year, with the City of Jefferson where the County will remit monies obligated under Section 137.556 RSMo to the City. In return, the City will perform repairs and improvements of roads, streets and bridges within the City's boundaries sufficient to cover the County's obligation under Section 137.556 RSMo. Amounts paid under this agreement for 2011 total \$710,615.

*Certificates of Participation:* In December 2007 and March 2009, the County entered into lease/purchase agreements with UMB Bank, N.A. (UMB) as trustee, lessor, and grantor. The lease/purchase agreements cover the construction and operation of a new jail facility. On those dates, UMB issued \$10,000,000 and \$25,000,000, respectively, in Certificates of Participation to third-party investors for undivided, proportionate interests in the rental payments made by the County. The County makes the required payments to UMB, who in turn repays the holders of the certificates. In October 2011, an advanced refunding occurred related to the December 2007 Certificates of Participation.

The County is not obligated to levy any form of taxation or otherwise appropriate for the payments. The lease/purchase agreements are secured by certain property and equipment financed with the agreement. The County intends to satisfy its obligation to make rental payments under the lease/purchase agreements from the law enforcement sales tax.

Incremental sales taxes are projected to produce more than 100% of the debt service requirements over the life of the bond as the sales tax will also be used to fund jail operations. The Certificates bear interest at rates of .7% to 4.5%. Principal and interest payments are due annually and semi-annually, respectively, through December 1, 2022. For the current year, principal and interest paid and total law enforcement sales tax revenues for the Certificates are \$2,334,839 and \$5,242,447, respectively.

These lease/purchase agreements qualify as a capital lease for accounting purposes because ownership transfers at the end of the lease term. Therefore, it has been recorded as debt at the present value of the future minimum lease payments as of the date of its inception. As of December 31, 2011, improvements of \$25,435,167 have been made and are included in building and improvements on the Statement of Net Assets. Accumulated depreciation for these assets was \$211,960 as of December 31, 2011.

As a result of the lease/purchase agreements, the County is required to have certain funds held in trust at UMB in various accounts for reserve and other requirements. At December 31, 2011, restricted investments totaled \$7,146,341.

*Advanced Refunding:* The County issued \$8,878,400 of 2011 Certificates of Participation to advance refund \$8,185,000 of outstanding 2007 Certificates of Participation. The net proceeds of \$8,131,798 (after payment of \$53,203 in issuance costs) plus an additional \$1,636,018 in sinking fund moneys, were used to purchase U.S. Government State and Local Government Series securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Certificates of Participation. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$585,792. This amount is being netted against the new

debt and amortized over the life of the new debt. The advance refunding was undertaken to reduce the total debt service payments over the next 10 years by \$477,574 and resulted in an economic gain of \$400,451.

The annual requirements to amortize all debt outstanding as of December 31, 2011, including interest payments, are as follows:

	Special Assessment		City of Jefferson		Certificates of Participation		Total Payments
	Principal	Interest	Principal	Interest	Principal	Interest	
Year Ending December 31:							
2012	\$ 40,000	\$ 19,555	\$ 100,000	\$ -	\$ 2,025,000	\$ 1,001,404	\$ 3,185,959
2013	41,000	17,093	-	-	2,080,000	943,663	3,081,756
2014	42,000	14,552	-	-	2,130,000	897,425	3,083,977
2015	45,000	11,894	-	-	2,180,000	846,045	3,082,939
2016	29,000	9,598	-	-	2,240,000	787,513	3,066,111
2017 through 2021	132,000	19,473	-	-	12,360,000	2,764,877	15,276,350
2022 through 2025	7,000	131	-	-	6,080,000	263,100	6,350,231
Total debt payments	\$ 336,000	\$ 92,296	\$ 100,000	\$ -	\$ 29,095,000	\$ 7,504,027	\$ 37,127,323

The following summarizes the expected repayment sources for long-term obligations:

Fund	Obligation	Amount
General Fund	Compensated absences	\$ 725,559
Road and Bridge Fund	Compensated absences	329,088
Road and Bridge Fund	City of Jefferson	100,000
Assessment Fund	Compensated absences	34,977
Neighborhood Improvement District Fund	Special assessment debt	336,000
Capital Improvement Fund	Certificates of participation	28,166,067
Emergency Services Fund	Compensated absences	117,351
		<u>\$ 29,809,042</u>

## 8. INTERFUND TRANSFERS

A summary of interfund transfers for the year ended December 31, 2011, follows:

Transferred to:	Transferred from:							Enterprise Fund Emergency Medical Services Fund	Total
	Governmental Funds								
	General Fund	Road & Bridge Fund	Sales Tax Fund	Law Enforcement Sales Tax Fund	Emergency Services Sales Tax Fund	Nonmajor Funds			
Governmental Funds:									
General Fund	\$ -	\$ 189,291	\$ 158,012	\$ -	\$ 3,488,933	\$ 48,447	\$ 87,730	\$ 3,972,413	
Road & Bridge Fund	255,812	-	-	-	-	-	-	255,812	
Law Enforcement Sales Tax Fund	2,040,000	-	-	-	-	-	-	2,040,000	
Capital Improvement Fund	-	-	-	3,066,739	-	-	-	3,066,739	
	<u>2,295,812</u>	<u>189,291</u>	<u>158,012</u>	<u>3,066,739</u>	<u>3,488,933</u>	<u>48,447</u>	<u>87,730</u>	<u>9,334,964</u>	
Enterprise Fund:									
Emergency Services Fund	-	-	-	-	885,635	-	-	885,635	
	<u>\$ 2,295,812</u>	<u>\$ 189,291</u>	<u>\$ 158,012</u>	<u>\$ 3,066,739</u>	<u>\$ 4,374,568</u>	<u>\$ 48,447</u>	<u>\$ 87,730</u>	<u>\$ 10,220,599</u>	

Proceeds from the emergency medical services sales tax are first received by the Emergency Services Sales Tax Fund. Sixty percent of sales tax collections are then transferred to the General Fund as required to support the rollback of property taxes that was part of the sales tax issuance. The remaining forty percent is to fund

emergency medical services and is transferred to the Emergency Medical Services Fund for operations as needed. The remaining portion of collections not transferred to the Emergency Medical Services Fund as of December 31, 2011, is shown as a restricted fund balance on the governmental fund Balance Sheet. The transfer of \$2,040,000 from the General Fund to the Law Enforcement Sales Tax Fund is to subsidize law enforcement operations and was promised to the taxpayers during the original law enforcement sales tax issuance.

Amounts transferred between the Law Enforcement Sales Tax Fund and Capital Improvement Fund relate to jail construction and debt activity, such as the transfer of sales tax revenue to properly fund debt principal payments.

All other transfers are routine in nature and represent a reallocation of resources as approved by the County Commissioners.

## **9. COMMITMENTS AND CONTINGENCIES**

### *A. Risk Management*

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has obtained coverage from commercial insurance companies for these risks of losses. There were no significant reductions in insurance coverage from the prior year. In addition, no settlements have exceeded insurance coverage in the previous three fiscal years.

### *B. Contracts for Construction*

The County has entered into contracts totaling \$6,159,263 for the construction of buildings, roads and other infrastructure. As of December 31, 2011, billings on these contracts totaled \$4,495,091, leaving a remaining contract liability of \$1,664,172.

The County has entered into contracts totaling \$23,425,208 for the construction of the new jail facility. As of December 31, 2011, billings on these contracts totaled \$22,985,527, leaving a remaining contract liability of \$439,681. The jail was placed in service during 2011.

### *C. Intergovernmental Revenue*

The County receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the County as of December 31, 2011.

### *D. Joint City County Agreement*

In November 2009, the County entered into an agreement setting forth procedures for the Joint City and County Capital Improvement Sales Tax Projects. This agreement with the City of Jefferson identifies two projects, to be constructed in the 2010 and 2011 fiscal years, that the City and County will complete as cooperative City/County projects utilizing the Capital Improvement Sales Tax. This agreement includes a schedule that will be followed in order to fund these projects. In 2010, the City and County each contributed a

total of \$3 million towards the completion of Phase I of both projects. During 2011, the City and County each contributed an additional \$1 million toward completion of Phase II of these projects.

#### *E. Litigation*

The County is a defendant in a number of claims and lawsuits. The County Attorney 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 Attorney has indicated that the resolution of any lawsuits pending are covered by the County's insurance carrier and are not expected to have a material adverse effect on the basic financial statements of the County. No amount has been provided in these financial statements for any such claims and lawsuits.

#### *F. Surtax*

During 2009, the County discovered the surtax calculation was done incorrectly in prior years, resulting in the improper distribution of surtax. The calculation was corrected for the 2009 tax year, but the error occurring in prior years resulted in both underpaid and overpaid districts. During 2010, several districts that were underpaid requested from the County the additional funds that were not originally distributed properly. In order to meet this request, the County has requested a refund of the overpayments made to other districts. The County proposed a settlement to all affected entities, which was accepted by all but one affected entity. As a result, the City of Jefferson City, Missouri, filed suit against the County as well as certain County officials and certain entities. The suit was settled in April 2012, under the stipulations that all overpaid districts will reimburse the County, who will in turn reimburse the City of Jefferson for the amount originally underpaid. The repayments and subsequent reimbursements will occur over a period of 15 years.

### **10. EMPLOYEE BENEFIT PLANS**

#### *A. Employees' Retirement System*

The following information is presented in accordance with Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employers."

#### ***Plan Description***

The County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMO. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, PO Box 1665, Jefferson County, MO 65102 or by calling 1-800-447-4334.

The County's payroll for employees covered by LAGERS for the year ended December 31, 2011, was \$10,921,297 and total County payroll was \$11,814,206. The County's contribution to LAGERS for the year ended December 31, 2011, was \$749,101 which represents 6.9% of covered payroll.

***Funding Status***

The County's full-time employees do not contribute to the pension plan. The County is required to contribute at an actuarially determined rate; the current rate is 6.4% (general) and 9.8% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of each participating political subdivision. The contribution provisions of political subdivisions participating in the plan are established by state statute.

***Annual Pension Cost (APC) and Net Pension Obligation (NPO)***

For LAGERS fiscal year ended June 30, 2011, the County's annual pension cost and net pension obligation for the current year were as follows:

Annual Required Contribution	\$ 694,097
Interest on net pension obligation	1,089
Adjustment to annual required contribution	<u>(778)</u>
Annual pension cost	694,408
Actual contributions	<u>674,662</u>
Increase in NPO	19,746
NPO beginning of year	<u>14,518</u>
NPO end of year	<u><u>\$ 34,264</u></u>

The County has elected not to record the net pension obligation as of December 31, 2011, due to its immateriality to the County as a whole.

The required contribution was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2009 was 1 year for general and 30 years for police. The amortization period as of February 28, 2010 was 1 year for general and 30 years for police.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 443,891	100%	\$ -
6/30/2010	537,698	97%	14,518
6/30/2011	694,408	97%	34,264

The following table summarizes the funding status of the latest actuarial valuation date:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Over funded) Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Over funded) Accrued Liability as a Percentage of Covered Payroll
2/28/2011	\$ 13,549,238	\$ 14,260,866	\$ 711,628	95%	\$ 9,973,922	7.1%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson County.

The required schedule of funding progress is included in required supplemental information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**B. County Employee Retirement Fund**

**Plan Description**

The County participates in the defined benefit plan of the County Employees' Retirement Fund (CERF). The cost-sharing multiple-employer plan provides retirement and death benefits. CERF was created and is governed by Missouri law, RSMO. 50.1000-50.1300. The plan is funded through various fees and employee contributions. The CERF is administered by an eleven member governing board of directors. CERF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to County Employees' Retirement Fund, 2121 Schotthill Woods Drive, Jefferson County, MO 65101.

The plan covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. All benefits vest after 8 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 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature.

### *Funding Status and Contributions*

The following fees and penalties are required under Missouri law to be collected by counties covered by the plan and remitted to the plan:

- \* Late fees on filing of personal property tax declarations
- \* Twenty dollars for each merchants and manufacturers license issued
- \* Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded
- \* Three sevenths of the fee on delinquent property taxes
- \* Interest earned on investment of the above collections prior to remittance to the Fund

The total of these fees collected by Cole County and remitted to CERF for 2011 was \$322,485. 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, participating county employees in a LAGERS' county hired on or after February 25, 2002 are required to make contributions of 4%. A county may elect to contribute all or a portion of the employees' 4% required contributions. For 2011 and 2010, Cole County collected and remitted to CERF employee contributions of \$32,235 and \$22,766; employer contributions of \$246,360 and \$216,449 and statutory charges of \$332,485 and \$377,136, respectively. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature.

### *C. Deferred Compensation Plan*

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF COLE, MISSOURI**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP Basis)**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts Budget Basis	Budget to GAAP Differences	Actual Amount GAAP Basis
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 3,890,934	\$ 3,890,934	\$ 4,164,941	\$ 14,489	\$ 4,179,430
Licenses, fees and permits	2,067,895	2,073,973	2,415,778	104,848	2,520,626
Intergovernmental	2,076,992	2,161,658	1,854,193	(158,650)	1,695,543
Interest	60,000	60,000	85,078	-	85,078
Other	1,812,618	1,814,740	465,764	(282,341)	183,423
	9,908,439	10,001,305	8,985,754	(321,654)	8,664,100
<b>EXPENDITURES</b>					
Current:					
General government	10,348,071	10,359,212	4,111,118	(242,486)	3,868,632
Public safety	2,930,710	2,932,710	2,764,369	5,440	2,769,809
Judicial	810,055	810,055	719,796	(3,944)	715,852
Health and welfare	1,820,542	1,879,426	1,673,715	(458)	1,673,257
Parks and recreation	2,300	3,141	2,933	24	2,957
Emergency management	270,181	290,181	227,943	1,680	229,623
	16,181,859	16,274,725	9,499,874	(239,744)	9,260,130
Excess (deficiency) of revenues over (under) expenditures	(6,273,420)	(6,273,420)	(514,120)	(81,910)	(596,030)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,941,690	3,941,690	3,941,690	30,723	3,972,413
Transfers out	(2,295,812)	(2,295,812)	(2,295,812)	-	(2,295,812)
Sale of capital assets	2,000	2,000	2,300	-	2,300
	1,647,878	1,647,878	1,648,178	30,723	1,678,901
Net changes in fund balance	(4,625,542)	(4,625,542)	1,134,058	(51,187)	1,082,871
Fund balance - beginning	4,625,542	4,625,542	8,326,672	357,426	8,684,098
Fund balance - ending	\$ -	\$ -	\$ 9,460,730	\$ 306,239	\$ 9,766,969

**COUNTY OF COLE, MISSOURI**  
**Road and Bridge Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP Basis)**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amount GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes	\$ 4,796,791	\$ 4,796,791	\$ 4,761,521	\$ 35,241	\$ 4,796,762
Licenses, fees and permits	236,225	236,225	310,787	(1,623)	309,164
Intergovernmental	-	-	63,071	-	63,071
Interest	45,000	45,000	26,736	-	26,736
Other	9,000	9,000	13,133	893	14,026
Total revenues	<u>5,087,016</u>	<u>5,087,016</u>	<u>5,175,248</u>	<u>34,511</u>	<u>5,209,759</u>
<b>EXPENDITURES</b>					
Current:					
Highways, streets and bridges	6,148,709	6,148,709	5,014,134	100,005	5,114,139
Capital outlay:					
Highways, streets and bridges	299,250	299,250	283,553	-	283,553
Debt service:					
Highways, streets and bridges	100,000	100,000	100,000	-	100,000
Total expenditures	<u>6,547,959</u>	<u>6,547,959</u>	<u>5,397,687</u>	<u>100,005</u>	<u>5,497,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,460,943)</u>	<u>(1,460,943)</u>	<u>(222,439)</u>	<u>(65,494)</u>	<u>(287,933)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	255,812	255,812	255,812	-	255,812
Transfers out	(182,376)	(182,376)	(182,376)	(6,915)	(189,291)
Sale of capital assets	-	-	1,744	-	1,744
Total other financing sources (uses)	<u>73,436</u>	<u>73,436</u>	<u>75,180</u>	<u>(6,915)</u>	<u>68,265</u>
Net changes in fund balance	(1,387,507)	(1,387,507)	(147,259)	(72,409)	(219,668)
Fund balance - beginning	<u>1,387,507</u>	<u>1,387,507</u>	<u>4,626,104</u>	<u>541,099</u>	<u>5,167,203</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,478,845</u>	<u>\$ 468,690</u>	<u>\$ 4,947,535</u>

**COUNTY OF COLE, MISSOURI**  
**Sales Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP Basis)**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amount GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes	\$ 5,198,441	\$ 5,198,441	\$ 5,334,906	\$ (94,765)	\$ 5,240,141
Licenses, fees and permits	2,000,000	2,000,000	2,074,591		49,937
Intergovernmental	-	-	1,700	(1,700)	-
Interest	68,000	68,000	56,762	25,178	81,940
Total revenues	<u>7,266,441</u>	<u>7,266,441</u>	<u>7,467,959</u>	<u>(71,287)</u>	<u>5,372,018</u>
<b>EXPENDITURES</b>					
Current:					
General government and other	494,894	438,644	28,832	239,093	267,925
Highways, streets and bridges	3,200,902	3,000,905	2,867,498	(999,633)	1,867,865
Capital outlay:					
General government and other	1,662,275	1,718,525	1,572,567	(229,321)	1,343,246
Highways, streets and bridges	6,798,431	6,998,428	3,919,015	(809,576)	3,109,439
Total expenditures	<u>12,156,502</u>	<u>12,156,502</u>	<u>8,387,912</u>	<u>(1,799,437)</u>	<u>6,588,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,890,061)</u>	<u>(4,890,061)</u>	<u>(919,953)</u>	<u>1,728,150</u>	<u>(1,216,457)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(158,012)</u>	<u>(158,012)</u>	<u>(158,012)</u>	<u>-</u>	<u>(158,012)</u>
Total other financing sources (uses)	<u>(158,012)</u>	<u>(158,012)</u>	<u>(158,012)</u>	<u>-</u>	<u>(158,012)</u>
Net changes in fund balance	(5,048,073)	(5,048,073)	(1,077,965)	1,728,150	(1,374,469)
Fund balance - beginning	5,048,073	5,048,073	5,048,073	896,995	5,945,068
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,970,108</u>	<u>\$ 2,625,145</u>	<u>\$ 4,570,599</u>

**COUNTY OF COLE, MISSOURI**  
**Law Enforcement Sales Tax**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP Basis)**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budget Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amount GAAP Basis</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes	\$ 5,129,296	\$ 5,129,296	\$ 5,327,176	\$ (91,676)	\$ 5,235,500
Licenses, fees and permits	1,837,886	1,885,886	1,455,159	(323,610)	1,131,549
Intergovernmental	369,804	402,583	354,610	32,289	386,899
Interest	25,000	25,000	35,470	223	35,693
Other	23,936	28,693	53,800	7,426	61,226
Total revenues	<u>7,385,922</u>	<u>7,471,458</u>	<u>7,226,215</u>	<u>(375,348)</u>	<u>6,850,867</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	7,691,560	7,777,096	6,372,530	(230,253)	6,142,277
Capital outlay:					
Public safety	-	-	-	-	-
Total expenditures	<u>7,691,560</u>	<u>7,777,096</u>	<u>6,372,530</u>	<u>(230,253)</u>	<u>6,142,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(305,638)</u>	<u>(305,638)</u>	<u>853,685</u>	<u>(145,095)</u>	<u>708,590</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,040,000	2,040,000	2,040,000	-	2,040,000
Transfers out	(3,071,000)	(3,071,000)	(3,066,739)	-	(3,066,739)
Sale of capital assets	6,000	6,000	11,785	-	11,785
Total other financing sources (uses)	<u>(1,025,000)</u>	<u>(1,025,000)</u>	<u>(1,014,954)</u>	<u>-</u>	<u>(1,014,954)</u>
Net changes in fund balance	(1,330,638)	(1,330,638)	(161,269)	(145,095)	(306,364)
Fund balance - beginning	<u>1,330,638</u>	<u>1,330,638</u>	<u>1,360,100</u>	<u>823,487</u>	<u>2,183,587</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,198,831</u>	<u>\$ 678,392</u>	<u>\$ 1,877,223</u>

**COUNTY OF COLE, MISSOURI**  
**Emergency Services Sales Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP Basis)**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Budget to GAAP Differences	Actual Amount GAAP Basis
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Taxes	\$ 5,122,530	\$ 5,122,530	\$ 5,332,183	\$ (89,736)	\$ 5,242,447
Interest	8,000	8,000	12,780	-	12,780
Total revenues	<u>5,130,530</u>	<u>5,130,530</u>	<u>5,344,963</u>	<u>(89,736)</u>	<u>5,255,227</u>
<b>EXPENDITURES</b>					
Current:					
Health and welfare	950,438	832,722	347,714	116,436	464,150
Capital outlay:					
Health and welfare	492,528	492,598	242,981	(116,436)	126,545
Total expenditures	<u>1,442,966</u>	<u>1,325,320</u>	<u>590,695</u>	<u>-</u>	<u>590,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,687,564</u>	<u>3,805,210</u>	<u>4,754,268</u>	<u>(89,736)</u>	<u>4,664,532</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(4,310,764)</u>	<u>(4,428,410)</u>	<u>(4,428,410)</u>	<u>(29,954)</u>	<u>(4,374,568)</u>
Total other financing sources (uses)	<u>(4,310,764)</u>	<u>(4,428,410)</u>	<u>(4,428,410)</u>	<u>(29,954)</u>	<u>(4,374,568)</u>
Net changes in fund balance	(623,200)	(623,200)	325,858	(119,690)	289,964
Fund balance - beginning	623,200	623,200	623,200	-	983,400
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 949,058</u>	<u>\$ (119,690)</u>	<u>\$ 1,273,364</u>

**COLE COUNTY**

**Required Supplementary Information  
Pension Plan – Trend Information  
December 31, 2011**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Over funded) Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Over funded) Accrued Liability as a Percentage of Covered Payroll
2/28/2009	\$ 11,533,586	\$ 11,779,976	\$ 246,390	98%	\$ 7,944,996	3.1%
2/28/2010	12,543,999	13,077,113	533,114	96%	9,477,735	5.6%
2/28/2011	13,549,238	14,260,866	711,628	95%	9,973,922	7.1%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations.

## **SUPPLEMENTARY INFORMATION**

## **OTHER SUPPLEMENTARY INFORMATION**

The other supplementary information contains data beyond that included in the basic financial statements. This data is presented to provide additional financial information in order to better inform the users of the basic financial statements.

**NON-MAJOR GOVERNMENTAL FUNDS**

**COLE COUNTY, MISSOURI  
NON MAJOR GOVERNMENTAL FUNDS**

**Domestic Violence Fund** - This fund is established and governed by RSMo 451.151; 455.200-455.305; 488.445; 488.607. It accounts for statutory fees that are collected and expended to provide shelter for victims of domestic violence. The County Commission approves the budget and administers the fund.

**Record Preservation Fund** - This fund is established and governed by RSMo 59.319. It accounts for fees authorized and collected for record storage, microfilming, and preservation. The Recorder of Deeds approves the budget and administers the fund.

**Assessment Fund** - This fund is established and governed by RSMo 137.750. It accounts for the operations of the Cole County Assessor's Office. The County Commission approves the budget for this fund, subject to certain statutory provisions. The Assessor administers the fund.

**Sheriff's and Prosecuting Attorney Training Fund** - The Sheriff's fund is established and governed by RSMo 590.178. It accounts for the revenues and expenditures for peace officer training authorized by state statute. The revenues may be expended solely for peace officer training. The Prosecuting Attorney's fund is established and governed by RSMo 56.765. It accounts for fees authorized and collected for the purpose of providing additional training for prosecuting attorneys and their staff.

**Circuit Clerk Fund** - The Circuit Clerk's fund accounts for revenues and expenditures associated with family court. The law provides for the collection of a fee for each family court case which is deposited into this fund. This fund accounts for the fee charged to those cases that pay on a time payment basis as governed by RSMo 488.5025. This fund also accounts for the interest earned on the Circuit Clerk's general fund and governed by RSMo 483.310.

**Prosecuting Attorney Tax Collection Fund** - This fund is established and governed by RSMo 136.150. It accounts for revenues and expenditures associated with the collection of certain delinquent taxes, licenses, and fees on behalf of the State of Missouri. The Prosecuting Attorney approves the budget and administers the fund.

**Election Services Fund** - This fund is established and governed by RSMo 115.065. It accounts for revenues derived from a charge, not to exceed 5%, that is levied to all political subdivisions participating in any election. Fund resources may be used for training programs, election supplies and equipment, and any other costs incurred for the general improvement of elections. The County Clerk approves the budget and administers the fund.

**Collector Tax Maintenance Fund** - This fund is established and governed by RSMo 52.312-317. It accounts for the additional delinquent fees and commissions authorized by state statute. The Cole County Collector of Revenue approves the budget and administers the fund.

**Prosecuting Attorney Bad Check Fund** - This fund is established and governed by RSMo 570.120. It accounts for revenues derived from Prosecuting Attorney Fees for the collection of non-sufficient funds (NSF) checks. The Prosecuting Attorney approves the budget and administers the fund.

**COUNTY OF COLE, MISSOURI**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2011**

	Domestic Shelter	Recorder of Deeds	Assessment	Training	Circuit Clerk	Delinquent Tax	Election Services	Tax Maintenance	Bad Check Fees	Total Nonmajor Governmental Funds
<b>ASSETS</b>										
Cash and cash investments	\$ 7,330	\$ 9,704	\$ 1,419,548	\$ 6,349	\$ 153,706	\$ 479,376	\$ 19,313	\$ 93,484	\$ 63,107	\$ 2,251,917
Due from other governments	-	-	11,323	-	-	-	-	-	-	11,323
Prepaid insurance	-	-	5,275	-	-	-	-	-	-	5,275
Total assets	\$ 7,330	\$ 9,704	\$ 1,436,146	\$ 6,349	\$ 153,706	\$ 479,376	\$ 19,313	\$ 93,484	\$ 63,107	\$ 2,268,515
<b>LIABILITIES</b>										
Accounts and contracts payable	\$ 7,330	\$ 2,160	\$ 5,429	\$ -	\$ -	\$ 1,166	\$ 56	\$ -	\$ 8,434	\$ 24,575
Total liabilities	7,330	2,160	5,429	-	-	1,166	56	-	8,434	24,575
<b>FUND BALANCES</b>										
Nonspendable:										
Prepaid items	-	-	5,275	-	-	-	-	-	-	5,275
Restricted for:										
Training costs	-	-	-	6,349	-	-	-	-	-	6,349
Prosecuting attorney	-	-	-	-	-	478,210	-	-	54,673	532,883
Assessment costs	-	-	1,425,442	-	-	-	-	-	-	1,425,442
Judicial	-	-	-	-	153,706	-	-	-	-	153,706
Recorder of deeds	-	7,544	-	-	-	-	-	-	-	7,544
Tax maintenance	-	-	-	-	-	-	-	93,484	-	93,484
Election services	-	-	-	-	-	-	19,257	-	-	19,257
Total fund balances	-	7,544	1,430,717	6,349	153,706	478,210	19,257	93,484	54,673	2,243,940
Total liabilities and fund balances	\$ 7,330	\$ 9,704	\$ 1,436,146	\$ 6,349	\$ 153,706	\$ 479,376	\$ 19,313	\$ 93,484	\$ 63,107	\$ 2,268,515

**COUNTY OF COLE, MISSOURI**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances with Budget Information**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2011**

	Domestic Shelter		Recorder of Deeds		Assessment		Training		Circuit Clerk		Delinquent Tax		Election Services	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>REVENUES</b>														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 634,916	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	13,813	15,000	81,534	89,000	209,990	182,973	10,127	12,400	-	-	188,590	-	21,316	12,000
Interest	69	80	215	100	14,162	8,000	192	100	-	-	6,670	-	310	300
Other	-	-	-	-	552	1,000	-	-	88,632	-	636	-	-	-
Total revenues	13,882	15,080	81,749	89,100	859,620	841,973	10,319	12,500	88,632	195,896	21,626	12,300		
<b>EXPENDITURES</b>														
Current:														
General government	13,882	22,930	84,537	102,534	-	-	-	-	-	-	16,752	26,682	-	-
Public safety	-	-	-	-	-	-	15,671	27,885	-	-	135,405	-	-	-
Assessment costs	-	-	-	-	640,494	1,519,283	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	50,216	-	-	-	-	-
Total expenditures	13,882	22,930	84,537	102,534	640,494	1,519,283	15,671	27,885	50,216	135,405	16,752	26,682	-	-
Excess (deficiency) of revenues over (under) expenditures	-	(7,850)	(2,788)	(13,434)	219,126	(677,310)	(5,352)	(15,385)	38,416	60,491	4,874	(14,382)	-	-
Transfers out	-	-	-	-	(48,447)	(48,447)	-	-	-	-	-	-	-	-
Net changes in fund balances	-	(7,850)	(2,788)	(13,434)	170,679	(725,757)	(5,352)	(15,385)	38,416	60,491	4,874	(14,382)	-	-
Fund balances - beginning	-	8,505	10,332	7,569	1,260,038	582,355	11,701	5,205	115,290	417,719	14,383	35,541	-	-
Fund balances - ending	\$ -	\$ 655	\$ 7,544	\$ (5,865)	\$ 1,430,717	\$ (143,402)	\$ 6,349	\$ (10,180)	\$ 153,706	\$ 478,210	\$ 19,257	\$ 21,159	-	-

(Continued on next page)

**COUNTY OF COLE, MISSOURI**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances with Budget Information (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2011**

	Tax Maintenance		Bad Check Fees		Total	
	Actual	Budget	Actual	Budget	Actual	Actual
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 634,916
Licenses, fees and permits	83,033	65,000	48,926	71,000	131,959	657,329
Interest	-	-	1,064	900	1,964	22,682
Other	-	-	486	-	486	90,306
Total revenues	83,033	65,000	50,476	71,900	124,452	1,405,233
<b>EXPENDITURES</b>						
Current:						
General government	65,286	137,548	-	-	-	180,457
Public safety	-	-	70,479	146,918	70,479	221,555
Assessment costs	-	-	-	-	-	640,494
Judicial	-	-	-	-	-	50,216
Total expenditures	65,286	137,548	70,479	146,918	146,918	1,092,722
Excess (deficiency) of revenues over (under) expenditures	17,747	(72,548)	(20,003)	(75,018)	(95,271)	312,511
Transfers out	-	-	-	-	-	(48,447)
Net changes in fund balances	17,747	(72,548)	(20,003)	(75,018)	(95,271)	264,064
Fund balances - beginning	75,737	-	74,676	69,061	144,743	1,979,876
Fund balances - ending	\$ 93,484	\$ (72,548)	\$ 54,673	\$ (5,957)	\$ 48,946	\$ 2,243,940

## **FIDUCIARY FUNDS**

**COLE COUNTY, MISSOURI  
FIDUCIARY FUNDS**

**Agency Funds** account for money's and properties held by the County as a trustee, custodian, or agent for individuals, for other governmental units, or for private organizations.

**Criminal Cost Fund** – To account for court costs of indigents reimbursed by the state to the County Treasurer. These moneys are then remitted to those parties originally incurring the costs.

**Unclaimed Fees Fund** – To account for old outstanding checks and unclaimed deposits maintained by the County Treasurer.

**General School Fund** – To account for fines and forfeitures collected by the circuit court and remitted to all County schools once a year based on the percentage of enrollment in the County. Also the railroad and utility taxes for the schools are held in this account until distributed to the County schools.

**Tax Overplus Fund** – To account for excess proceeds from property sold by the County over the tax liability owed. These moneys must be kept for 3 years and, if not claimed, are then remitted to County schools.

**Circuit Clerk Fund** – To account for all the fees collected by the Circuit Clerk and the subsequent distribution of those fees to the State, County, or other entities.

**Sheriff Fund** – To account for the moneys held by the County on behalf of inmates. To account for the bond moneys collected at the Cole County Jail pertaining to other counties outstanding warrants.

**Prosecuting Attorney Restitution Fund** – To account for restitution moneys collected from defendants by the Prosecuting Attorney which then is distributed to the victims.

**Employee's Retirement Fund** – To account for the moneys collected and disbursed to the County Employee Retirement Fund (CERF). Pursuant to legislation enacted in August 1994, special fees are collected by various County offices and recorded in this fund, together with employee contributions. The moneys are subsequently transferred to the statewide fund, where they are invested.

**Protest Tax Fund** – To account for the taxes collected under protest until the case has been resolved and then the taxes are distributed to the rightful recipients.

**Collector Tax Fund** – To account for all property taxes collected in the County and the subsequent distribution to the various taxing entities.

**COUNTY OF COLE, MISSOURI**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

	Special Taxing Districts	Circuit Clerk	Tax Collector	Other	Total
<b>ASSETS</b>					
Cash and cash investments	\$ 377,345	\$ 15,379,421	\$ 48,223,280	\$ 593,324	\$ 64,573,370
Property taxes receivable, net of allowance	-	-	4,231,702	-	4,231,702
Due from others	1,993,838	-	368	50,961	2,045,167
Total assets	<u>\$ 2,371,183</u>	<u>\$ 15,379,421</u>	<u>\$ 52,455,350</u>	<u>\$ 644,285</u>	<u>\$ 70,850,239</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 43,950	\$ 43,950
Due to other governments	-	-	48,181,489	-	48,181,489
Due to others	2,371,183	15,379,421	4,273,861	600,335	22,624,800
Total liabilities	<u>\$ 2,371,183</u>	<u>\$ 15,379,421</u>	<u>\$ 52,455,350</u>	<u>\$ 644,285</u>	<u>\$ 70,850,239</u>

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<b>TOTAL ALL AGENCY FUNDS</b>				
Assets				
Cash and cash investments	\$ 50,744,478	\$ 94,058,580	\$ 80,229,688	\$ 64,573,370
Property taxes receivable, net of allowance	3,847,774	409,818	25,890	4,231,702
Due from others	1,470,287	574,880	-	2,045,167
Total assets	<u>\$ 56,062,539</u>	<u>\$ 95,043,278</u>	<u>\$ 80,255,578</u>	<u>\$ 70,850,239</u>
Liabilities				
Due to other funds	\$ 78,118	\$ 43,950	\$ 78,118	\$ 43,950
Due to other governments	49,306,544	67,049,693	68,174,748	48,181,489
Due to others	6,677,877	28,046,327	12,099,404	22,624,800
Total liabilities	<u>\$ 56,062,539</u>	<u>\$ 95,139,970</u>	<u>\$ 80,352,270</u>	<u>\$ 70,850,239</u>
<b>SPECIAL TAXING DISTRICTS</b>				
Assets				
Cash and cash investments	\$ 313,455	\$ 2,959,312	\$ 2,895,422	\$ 377,345
Due from others	1,425,885	567,953	-	1,993,838
Total assets	<u>\$ 1,739,340</u>	<u>\$ 3,527,265</u>	<u>\$ 2,895,422</u>	<u>\$ 2,371,183</u>
Liabilities				
Due to others	\$ 1,739,340	\$ 3,527,265	\$ 2,895,422	\$ 2,371,183
Total liabilities	<u>\$ 1,739,340</u>	<u>\$ 3,527,265</u>	<u>\$ 2,895,422</u>	<u>\$ 2,371,183</u>
<b>CIRCUIT CLERK</b>				
Assets				
Cash and cash investments	\$ 552,019	\$ 17,616,038	\$ 2,788,636	\$ 15,379,421
Total assets	<u>\$ 552,019</u>	<u>\$ 17,616,038</u>	<u>\$ 2,788,636</u>	<u>\$ 15,379,421</u>
Liabilities				
Due to others	\$ 552,019	\$ 17,616,038	\$ 2,788,636	\$ 15,379,421
Total liabilities	<u>\$ 552,019</u>	<u>\$ 17,616,038</u>	<u>\$ 2,788,636</u>	<u>\$ 15,379,421</u>

(Continued on next page)

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<b>TAX COLLECTOR</b>				
Assets				
Cash and cash investments	\$ 49,215,981	\$ 67,059,465	\$ 68,052,166	\$ 48,223,280
Property taxes receivable, net of allowance	3,847,774	409,818	25,890	4,231,702
Due from others	368	-	-	368
Total assets	<u>\$ 53,064,123</u>	<u>\$ 67,469,283</u>	<u>\$ 68,078,056</u>	<u>\$ 52,455,350</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governments	49,306,544	67,049,693	68,174,748	48,181,489
Due to others	3,757,579	516,282	-	4,273,861
Total liabilities	<u>\$ 53,064,123</u>	<u>\$ 67,565,975</u>	<u>\$ 68,174,748</u>	<u>\$ 52,455,350</u>
<b>OTHER AGENCY FUNDS</b>				
Assets				
Cash and cash investments	\$ 663,023	\$ 6,423,765	\$ 6,493,464	\$ 593,324
Due from others	44,034	6,927	-	50,961
Total assets	<u>\$ 707,057</u>	<u>\$ 6,430,692</u>	<u>\$ 6,493,464</u>	<u>\$ 644,285</u>
Liabilities				
Due to other funds	\$ 78,118	\$ 43,950	\$ 78,118	\$ 43,950
Due to others	628,939	6,386,742	6,415,346	600,335
Total liabilities	<u>\$ 707,057</u>	<u>\$ 6,430,692</u>	<u>\$ 6,493,464</u>	<u>\$ 644,285</u>

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

	Unclaimed Fees	General School Fund	Tax Overplus	Circuit Clerk	Sheriff	Prosecuting Attorney	Employees Retirement	Protest Tax	Tax Collector	Financial Institution Tax	Total
<b>ASSETS</b>											
Cash and cash investments	\$ -	\$ 366,945	\$ 10,400	\$ 15,379,421	\$ 551,701	\$ 10,876	\$ 30,747	\$ 399,807	\$ 47,823,473	\$ -	\$ 64,573,370
Property taxes receivable, net of allowance	-	-	-	-	-	-	-	-	4,231,702	-	4,231,702
Due from others	-	1,993,838	-	-	-	-	50,961	-	368	-	2,045,167
Total assets	-	2,360,783	10,400	15,379,421	551,701	10,876	81,708	399,807	52,055,543	-	70,850,239
<b>LIABILITIES</b>											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 43,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,950
Due to other governments	-	-	-	-	-	-	-	399,807	47,781,682	-	48,181,489
Due to others	-	2,360,783	10,400	15,379,421	507,751	10,876	81,708	-	4,273,861	-	22,624,800
Total liabilities	\$ -	\$ 2,360,783	\$ 10,400	\$ 15,379,421	\$ 551,701	\$ 10,876	\$ 81,708	\$ 399,807	\$ 52,055,543	\$ -	\$ 70,850,239

See accompanying notes to the basic financial statements.

**COUNTY OF COLE, MISSOURI**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2011**

	Unclaimed Fees	General School Fund	Tax Overplus	Circuit Clerk	Sheriff	Prosecuting Attorney	Employees Retirement	Protest Tax	Tax Collector	Financial Institution Tax	Total
<b>ADDITIONS</b>											
Taxes	\$ -	\$ 2,678,386	\$ 4,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,586,746	\$ -	\$ 70,269,585
Licenses, fees and permits	-	275,869	-	17,616,038	4,271,788	1,522,425	371,199	447,331	-	-	24,504,650
Interest	-	4,875	-	-	-	-	326	-	-	-	5,201
Other	-	182	-	-	-	-	267,860	-	-	39,178	307,220
Total additions	-	2,959,312	4,453	17,616,038	4,271,788	1,522,425	639,385	447,331	67,586,746	39,178	95,086,656
<b>DEDUCTIONS</b>											
General government	-	2,959,312	4,453	17,616,038	4,271,788	1,522,425	639,385	447,331	67,586,746	39,178	95,086,656
Total deductions	-	2,959,312	4,453	17,616,038	4,271,788	1,522,425	639,385	447,331	67,586,746	39,178	95,086,656
Change in net assets	-	-	-	-	-	-	-	-	-	-	-
Net assets - beginning	-	-	-	-	-	-	-	-	-	-	-
Net assets - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the basic financial statements.

## STATISTICAL SECTION

## COLE COUNTY, MISSOURI STATISTICAL SECTION

This section of the comprehensive annual financial report for Cole County, Missouri presents detailed information to help understand the information presented in the financial statements, notes to the financial statements, and required supplementary information and how it relates to the governments overall financial standing.

**Financial Trends** – These schedules contain trend information for the last ten years to help understand how the county's financial performance has changed in those ten years.

**Revenue Trends** – These schedules contain information regarding property tax and sales tax for the last ten years. Property tax and sales tax make up the county's largest revenue sources.

**Debt Capacity** – These schedules contain information on the county's current levels of outstanding debt and the county's ability to issue additional debt in the future if needed.

**Demographic Information** – These schedules present the demographic and economic indicators for the county and help to understand the environment in which the county operates.

**Operating Information** – These schedules contain information about the county and its services to help understand how the financial report relates to the services the county offers and the activities that it performs.

**COUNTY OF COLE, MISSOURI**  
**Net Assets by Component**  
**Last Ten Fiscal Years 2002 - 2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ 13,562,257	\$ 21,212,641	\$ 24,422,688	\$ 27,293,931	\$ 49,125,358	\$ 48,778,941	\$ 48,307,125	\$ 46,931,749	\$ 42,355,969
Restricted for:										
Highways, streets and bridges	-	2,086,010	4,736,021	4,860,886	5,077,295	-	4,562,448	4,843,244	5,167,203	4,363,283
Capital improvement	-	-	-	-	-	13,034,818	8,324,067	12,119,777	10,788,716	11,140,925
Emergency medical services	-	-	-	-	-	-	-	748,053	983,400	1,273,364
Debt Service	-	80,886	75,655	76,410	171,179	73,859	74,195	75,318	71,495	70,554
Public safety	-	-	-	-	-	-	2,425,207	2,366,374	2,167,671	2,377,643
Assessment costs	-	-	-	-	-	-	-	-	-	1,425,442
Judicial	-	-	-	-	-	-	-	-	-	153,706
Recorder of deeds	-	-	-	-	-	-	-	-	-	7,544
Tax maintenance	-	-	-	-	-	-	-	-	-	93,484
Election services	-	-	-	-	-	-	-	-	-	19,257
Unrestricted	-	5,171,053	8,208,587	8,632,728	9,465,524	2,752,521	3,319,581	1,775,007	4,850,193	9,960,218
Total net assets	-	20,900,206	34,232,904	37,992,712	42,007,929	64,986,556	67,484,439	70,234,898	70,960,427	73,241,389
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	387,011	604,863	565,007
Unrestricted	-	-	-	-	-	-	-	652,788	968,488	1,105,843
Total net assets	-	-	-	-	-	-	-	1,039,799	1,573,351	1,670,850
<b>Primary government</b>										
Invested in capital assets, net of related debt	-	13,562,257	21,212,641	24,422,688	27,293,931	49,125,358	48,778,941	48,694,136	47,536,612	42,920,976
Restricted for:										
Highways, streets and bridges	-	2,086,010	4,736,021	4,860,886	5,077,295	-	4,562,448	4,843,244	5,167,203	4,363,283
Capital projects	-	-	-	-	-	13,034,818	8,324,067	12,119,777	10,788,716	11,140,925
Emergency medical services	-	-	-	-	-	-	-	748,053	983,400	1,273,364
Debt Service	-	80,886	75,655	76,410	171,179	73,859	74,195	75,318	71,495	70,554
Public safety	-	-	-	-	-	-	2,425,207	2,366,374	2,167,671	2,377,643
Assessment costs	-	-	-	-	-	-	-	-	-	1,425,442
Judicial	-	-	-	-	-	-	-	-	-	153,706
Recorder of deeds	-	-	-	-	-	-	-	-	-	7,544
Tax maintenance	-	-	-	-	-	-	-	-	-	93,484
Election services	-	-	-	-	-	-	-	-	-	19,257
Unrestricted	-	5,171,053	8,208,587	8,632,728	9,465,524	2,752,521	5,744,788	2,427,795	5,818,681	11,066,061
Total net assets	\$ -	\$ 20,900,206	\$ 34,232,904	\$ 37,992,712	\$ 42,007,929	\$ 64,986,556	\$ 67,484,439	\$ 71,274,697	\$ 72,533,778	\$ 74,912,239

*Data Source*

Statement of Net Assets

Note: Government-wide statements: This is the ninth year the County has prepared the Comprehensive Annual Financial Statement following the new financial reporting model requirements promulgated by GASB Statement No. 34.

**COUNTY OF COLE, MISSOURI**  
**Changes in Net Assets**  
**Last Ten Fiscal Years 2002 - 2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
Governmental activities:										
General government	\$ -	\$ 3,519,668	\$ 3,525,868	\$ 3,592,907	\$ 4,280,528	\$ 3,766,827	\$ 4,397,489	\$ 4,519,053	\$ 4,546,191	\$ 4,737,321
Public safety	-	5,056,787	5,120,719	5,616,435	5,814,014	6,048,027	7,540,692	8,964,238	10,051,521	8,155,050
Highways, streets & bridges	-	7,401,364	5,518,942	5,557,640	6,043,638	10,020,529	10,934,724	9,462,367	11,249,797	11,691,480
Assessment	-	511,720	507,824	591,493	637,377	647,930	537,689	817,567	619,083	646,327
Judicial	-	525,817	641,184	688,027	652,086	653,231	743,324	753,715	751,879	825,797
Health & welfare	-	1,719,818	1,739,520	1,779,970	1,774,871	1,685,018	1,690,600	2,196,749	1,941,656	2,141,565
Parks & recreation	-	17,814	2,798	2,303	4,588	39,170	10,695	10,677	10,877	11,547
Emergency management	-	171,711	134,660	329,549	93,340	405,194	354,989	329,185	262,650	293,589
Interest and fiscal fees	-	-	40,111	35,950	34,033	32,461	458,092	1,176,414	1,293,367	1,081,503
Total governmental activities expenses:	-	18,924,699	17,231,626	18,194,274	19,334,475	23,298,387	26,668,294	28,225,985	30,727,021	29,584,179
Business-type activities:										
Emergency medical services	-	-	-	-	-	-	-	1,522,441	-	3,469,175
Total primary government expenses	-	18,924,699	17,231,626	18,194,274	19,334,475	23,298,387	26,668,294	29,752,426	34,196,196	33,373,596
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ -	\$ 2,165,268	\$ 1,662,674	\$ 1,669,013	\$ 1,709,048	\$ 1,698,779	\$ 1,828,094	\$ 1,790,513	\$ 1,800,919	\$ 1,721,407
Public safety	-	1,451,133	1,521,412	1,283,461	1,397,684	1,566,672	1,847,877	1,860,706	1,965,511	2,018,347
Highways, streets & bridges	-	178,264	35,684	123,291	79,902	146,332	205,358	998,205	227,574	359,101
Assessment	-	705	-	239,297	311,601	257,180	231,526	223,147	149,884	209,990
Judicial	-	272,855	125,111	123,238	117,969	117,695	128,211	133,411	135,370	115,406
Health & welfare	-	81,579	422,552	313,170	391,020	296,569	412,920	365,250	316,348	244,354
Emergency management	-	14,800	4,519	-	-	-	-	-	-	-
Operating grants and contributions:	-	3,006,120	2,031,092	1,926,592	2,231,054	2,155,565	1,890,181	1,967,698	2,111,055	2,069,133
Capital grants and contributions:	-	1,778,982	17,216	158,014	41,000	179,086	28,088	5,243	-	-
Total governmental activities program revenue	-	8,947,706	5,820,200	5,836,076	6,279,278	6,417,876	6,572,255	7,344,173	6,706,661	6,737,738
Business-type activities:										
Charges for services:										
Emergency medical services	-	-	-	-	-	-	-	1,545,688	2,769,359	2,937,728
Total primary government program revenue	-	8,947,706	5,820,200	5,836,076	6,279,278	6,417,876	6,572,255	8,889,861	9,476,020	9,675,476
<b>Net (expense) revenue</b>	\$ -	\$ (9,976,993)	\$ (11,411,426)	\$ (12,358,198)	\$ (13,055,197)	\$ (16,880,511)	\$ (20,096,039)	\$ (20,885,812)	\$ (24,020,360)	\$ (22,846,441)
<b>Business-type activities</b>	\$ -	\$ (9,976,993)	\$ (11,411,426)	\$ (12,358,198)	\$ (13,055,197)	\$ (16,880,511)	\$ (20,096,039)	\$ (20,862,365)	\$ (24,720,176)	\$ (23,698,120)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ -	\$ 6,381,313	\$ 7,100,277	\$ 7,669,706	\$ 7,867,071	\$ 8,211,669	\$ 8,870,255	\$ 7,121,570	\$ 6,174,484	\$ 6,138,124
Sales tax	-	4,762,355	4,944,501	5,088,702	5,288,518	5,434,669	10,103,217	13,720,164	15,534,859	15,718,088
Local use tax	-	392,276	382,861	680,470	537,110	466,659	756,827	985,600	1,184,170	1,079,931
Motor vehicle sales taxes	-	306,081	327,509	311,818	349,832	319,631	241,036	239,980	248,597	256,176
Stock insurance	-	754,488	911,538	629,725	1,054,646	1,054,646	813,279	978,150	1,082,353	1,242,305
County Aid Road Trust (CART)	-	843,152	889,294	854,285	852,205	873,614	806,626	787,468	814,559	788,667
Financial institution tax	-	55,424	51,179	50,337	57,076	28,714	25,625	24,395	34,082	63,522
Unrestricted investment earnings	-	142,094	149,257	296,155	475,965	576,968	339,147	219,056	346,126	289,595
Gain (loss) on sale of capital assets	-	4,874	(88,828)	9,069	-	(37,399)	(11,527)	(22,845)	(15,725)	6,537
Transfers	-	-	-	-	-	-	-	(1,014,497)	(1,223,280)	(924,450)
Other	-	-	530,775	536,808	684,613	554,807	649,437	597,230	565,662	468,908
Total governmental activities:	-	13,642,057	15,198,383	16,118,006	17,070,413	17,483,958	22,593,922	23,636,271	24,745,889	25,127,403
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	772	7,977	11,397
Transfers	-	-	-	-	-	-	-	1,014,497	1,223,280	924,450
Other	-	-	-	-	-	-	-	1,383	2,111	13,331
Total business-type activities:	-	-	-	-	-	-	-	1,016,552	1,233,368	949,178
<b>Total primary government</b>	\$ -	\$ 13,642,057	\$ 15,198,383	\$ 16,118,006	\$ 17,070,413	\$ 17,483,958	\$ 22,593,922	\$ 24,652,823	\$ 25,979,257	\$ 26,076,581
<b>Change in Net Assets</b>	\$ -	\$ 3,665,064	\$ 3,786,957	\$ 3,759,808	\$ 40,152,117	\$ 603,447	\$ 2,497,883	\$ 2,750,459	\$ 725,529	\$ 2,280,962
<b>Business-type activities</b>	\$ -	\$ 3,665,064	\$ 3,786,957	\$ 3,759,808	\$ 40,152,117	\$ 603,447	\$ 2,497,883	\$ 3,790,258	\$ 1,259,081	\$ 2,378,461

**COUNTY OF COLLE, MISSOURI**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years 2002 - 2011**

Fiscal Year	Property Tax	Sales Tax	Local Use Tax	Motor Vehicle		Stock Insurance	CART	Financial Institution Tax	Total
				Sales Tax	Tax				
2002	\$ 6,381,313	\$ 4,762,355	\$ 392,276	\$ 306,081	\$ 754,488	\$ 843,152	\$ 55,424	\$ 13,495,089	
2003	7,100,277	4,944,501	382,861	327,509	911,558	889,294	51,179	14,607,179	
2004	7,669,706	5,088,702	680,470	311,818	629,725	854,285	50,337	15,285,043	
2005	7,867,071	5,288,518	537,110	349,832	948,954	852,205	57,076	15,900,766	
2006	8,211,669	5,434,669	466,639	319,631	1,054,646	873,614	28,714	16,389,582	
2007	8,870,255	10,103,217	756,827	241,036	813,279	806,626	25,625	21,616,865	
2008	7,121,570	13,720,164	985,600	239,980	978,150	787,468	24,395	23,857,327	
2009	6,174,484	15,534,859	1,184,170	248,597	1,082,353	814,559	34,082	25,073,104	
2010	\$ 6,138,124	\$ 15,718,088	\$ 1,079,931	\$ 256,176	\$ 1,242,305	\$ 788,667	\$ 63,522	\$ 25,286,813	
2011									

*Data Source*

Statement of Activities

Note: Government-wide Statements: This is the sixth year the County has prepared the Comprehensive Annual Financial Statement following the new financial reporting model requirements promulgated by GASB Statement No. 34.

**COUNTY OF COLE, MISSOURI**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years 2002 - 2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>										
Reserved for:										
Prepaid items	\$ 54,026	\$ -	\$ 57,444	\$ 63,169	\$ 65,577	\$ 126,032	\$ 95,768	\$ 86,496	\$ 86,203	\$ -
Encumbrances	-	-	-	-	-	-	-	27,848	-	-
Unreserved	3,005,782	3,214,451	6,541,390	6,322,152	6,204,512	6,064,402	6,644,697	7,201,556	8,597,895	-
<b>Total General Fund</b>	<b>3,059,808</b>	<b>3,214,451</b>	<b>6,598,834</b>	<b>6,385,321</b>	<b>6,270,089</b>	<b>6,190,434</b>	<b>6,740,465</b>	<b>7,315,900</b>	<b>8,684,098</b>	<b>-</b>
<b>Road and Bridge</b>										
Reserved for:										
Prepaid items	16,094	-	18,147	404,351	19,589	19,108	17,898	19,389	22,379	-
Encumbrances	-	24,894	388,990	428,201	354,657	-	-	-	-	-
Inventory	306,623	-	328,628	385,553	377,585	434,892	489,397	530,408	577,468	-
Unreserved	1,594,509	2,061,116	4,000,256	3,642,781	4,325,464	4,664,423	4,055,153	4,293,447	4,567,356	-
<b>Total Road and Bridge</b>	<b>1,917,226</b>	<b>2,086,010</b>	<b>4,736,021</b>	<b>4,860,886</b>	<b>5,077,295</b>	<b>5,118,423</b>	<b>4,562,448</b>	<b>4,843,244</b>	<b>5,167,203</b>	<b>-</b>
<b>Sales Tax</b>										
Reserved for:										
Encumbrances	-	183,557	183,557	-	183,557	937,452	1,761,891	141,461	460,710	-
Capital Projects	3,216,341	2,750,255	1,725,396	2,412,856	3,080,815	3,208,917	2,201,299	5,445,048	5,484,358	-
Total Sales Tax	<b>3,216,341</b>	<b>2,933,812</b>	<b>1,908,953</b>	<b>2,412,856</b>	<b>3,264,372</b>	<b>4,146,369</b>	<b>3,963,190</b>	<b>5,586,509</b>	<b>5,945,068</b>	<b>-</b>
<b>Neighborhood Sinking</b>										
Unreserved	72,921	80,886	75,655	71,179	73,575	73,859	74,195	75,318	71,495	-
<b>Total Neighborhood Sinking</b>	<b>72,921</b>	<b>80,886</b>	<b>75,655</b>	<b>71,179</b>	<b>73,575</b>	<b>73,859</b>	<b>74,195</b>	<b>75,318</b>	<b>71,495</b>	<b>-</b>
<b>Emergency Services Sales Tax</b>										
Reserved for:										
Prepaid items	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	12,689	-
Emergency medical services	-	-	-	-	-	-	-	748,053	970,711	-
<b>Total Law Enforcement Sales Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>748,053</b>	<b>983,400</b>	<b>-</b>
<b>Law Enforcement Sales Tax</b>										
Reserved for:										
Prepaid items	-	-	-	-	-	-	25,412	29,753	40,218	-
Law Enforcement	-	-	-	-	-	-	2,425,207	2,366,374	2,127,453	-
<b>Total Law Enforcement Sales Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,450,619</b>	<b>2,396,127</b>	<b>2,167,671</b>	<b>-</b>
<b>Capital Improvement</b>										
Reserved for:										
Encumbrances	-	-	-	-	-	-	1,357,981	13,814,812	5,143,834	-
Capital Improvements	-	-	-	-	-	9,825,901	6,122,768	6,674,729	5,304,358	-
<b>Total Capital Improvement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,825,901</b>	<b>7,480,749</b>	<b>20,489,541</b>	<b>10,448,192</b>	<b>-</b>
<b>Non Major Funds</b>										
Reserved for:										
Prepaid items	2,866	3,501	4,323	5,250	5,622	3,921	3,867	4,190	6,154	-
Unreserved	292,262	431,081	639,034	693,315	817,359	1,045,744	1,766,801	1,903,775	2,061,133	-
<b>Total Non Major Funds</b>	<b>\$ 295,128</b>	<b>\$ 434,582</b>	<b>\$ 643,357</b>	<b>\$ 698,565</b>	<b>\$ 822,981</b>	<b>\$ 1,049,665</b>	<b>\$ 1,770,668</b>	<b>\$ 1,907,965</b>	<b>\$ 2,067,287</b>	<b>\$ -</b>

Note: The Neighborhood Sinking Fund became a non-major fund in 2009.

\*: GASB 54 became effective for the County for the year ended December 31, 2011. As such, a new schedule of Fund Balances of Governmental Funds was created to reflect the new fund balance requirements.

**COUNTY OF COLE, MISSOURI**  
**Fund Balances of Governmental Funds**  
**December 31, 2011**

	<u>2011</u>
General Fund	
Nondisposable:	
Prepaid items	\$ 85,606
Unassigned	9,681,363
Total General Fund	<u>9,766,969</u>
Road and Bridge	
Nondisposable:	
Prepaid items	22,926
Inventory	561,326
Restricted for:	
Highways, streets & bridges	4,363,283
Total Road and Bridge	<u>4,947,535</u>
Sales Tax	
Restricted for:	
Capital improvements	4,570,599
Total Sales Tax	<u>4,570,599</u>
Neighborhood Sinking	
Restricted for:	
Debt service	70,554
Total Neighborhood Sinking	<u>70,554</u>
Emergency Services Sales Tax	
Restricted for:	
Emergency medical services	1,273,364
Total Law Enforcement Sales Tax	<u>1,273,364</u>
Law Enforcement Sales Tax	
Nondisposable:	
Prepaid items	38,812
Restricted for:	
Law Enforcement	1,838,411
Total Law Enforcement Sales Tax	<u>1,877,223</u>
Capital Improvement	
Restricted for:	
Capital Improvements	6,570,326
Total Capital Improvement	<u>6,570,326</u>
Non Major Funds	
Nondisposable:	
Prepaid items	5,275
Restricted for:	
Training costs	6,349
Prosecuting attorney	532,883
Assessment costs	1,425,442
Judicial	153,706
Recorder of deeds	7,544
Tax maintenance	93,484
Election services	19,257
Total Non Major Funds	<u>\$ 2,243,940</u>

**COUNTY OF COLE, MISSOURI**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years 2002 - 2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 13,028,173	\$ 13,489,902	\$ 14,586,674	\$ 15,242,509	\$ 15,878,292	\$ 16,352,428	\$ 21,635,621	\$ 23,899,824	\$ 25,117,493	\$ 25,329,196
Licenses, fees and permits	2,732,183	3,311,217	3,797,932	3,776,075	3,722,123	4,111,277	4,684,512	5,403,539	4,630,644	4,705,559
Intergovernmental	3,699,153	4,790,431	1,731,626	2,016,837	2,603,665	2,319,753	2,049,081	1,839,397	2,215,145	2,145,513
Interest	168,801	142,094	149,257	296,155	475,966	576,968	339,147	219,056	346,126	289,595
Special assessment	108,805	-	5,394	2,697	-	-	-	-	-	-
Unclaimed property	1,811,846	-	-	-	-	-	-	-	-	-
Other	960,738	863,374	531,231	541,775	689,440	486,143	605,673	507,352	281,990	348,981
<b>Total revenues</b>	<b>22,509,699</b>	<b>22,597,018</b>	<b>20,802,114</b>	<b>21,876,048</b>	<b>23,369,486</b>	<b>23,846,569</b>	<b>29,314,034</b>	<b>31,869,368</b>	<b>32,591,398</b>	<b>32,818,844</b>
<b>Expenditures</b>										
Current:										
General government	3,007,359	3,249,696	3,358,190	3,380,716	4,022,898	3,489,030	4,349,405	4,382,935	4,322,638	4,317,014
Public safety and judicial	5,726,446	-	-	-	-	-	-	-	-	-
Public safety	-	4,897,912	4,938,882	5,432,123	5,659,474	5,893,361	7,107,533	7,757,928	9,742,197	9,218,514
Highways, streets & bridges	8,120,832	5,741,179	4,531,955	4,150,170	4,164,766	4,885,398	6,449,247	4,360,810	6,743,813	6,982,004
Assessment costs	497,056	510,762	515,651	590,783	631,665	643,608	540,599	812,986	611,949	640,494
Building maintenance	334,963	-	-	-	-	-	-	-	-	-
Judicial	-	477,148	573,811	629,358	598,302	598,552	688,706	701,284	689,650	766,068
Health & welfare	1,601,533	1,698,808	1,707,636	1,758,467	1,795,445	1,678,174	1,651,018	2,186,746	1,922,267	2,121,914
Parks & recreation	13,812	15,869	1,365	870	2,737	31,799	1,584	1,566	1,766	2,937
Emergency management	-	147,639	96,481	254,862	12,022	263,919	151,178	143,495	81,589	142,764
Capital outlay:										
General government	-	6,647	86,865	431,874	409,406	1,695,774	448,253	103,558	83,064	1,232,056
Public safety	-	67,712	82,510	194,237	82,846	119,902	2,165,785	11,306,025	9,271,766	3,825,073
Judicial	-	96,435	16,140	38,617	22,265	39,728	10,464	14,167	-	-
Highways, streets & bridges	-	5,219,971	5,326,468	4,310,624	4,093,712	3,222,439	4,045,816	4,211,127	2,410,664	3,392,992
Health & welfare	-	-	-	5,421	34,538	54,830	-	449,551	403,896	142,038
Emergency management	-	92,587	291,787	68,889	669,894	40,018	11,570	23,808	41,000	86,859
Equipment	600,707	-	-	-	-	-	-	-	-	-
Property renovations/acquisitions	182,761	-	-	-	-	-	-	-	-	-
Debt service:										
Capital lease payments	88,563	-	-	-	-	-	-	-	-	-
Principal	23,364	-	-	-	-	-	-	-	-	1,448,000
Interest and fees	34,787	-	-	-	-	-	-	-	-	1,048,279
Insurance costs	9,156	-	-	-	-	-	-	-	-	65,548
General government	-	182,492	57,211	63,050	59,626	60,054	59,222	57,958	63,364	-
Public safety	-	-	-	-	-	-	902,203	3,070,265	3,068,935	-
Highways, streets & bridges	-	8,717	100,000	100,000	100,000	100,000	100,000	100,000	100,000	-
Total expenditures	20,241,339	22,413,574	21,684,952	21,410,061	22,359,596	22,816,586	28,682,583	39,688,209	39,558,558	35,432,574
Excess (deficiency) of revenues over (under) expenditures	2,268,360	183,444	(882,838)	465,987	1,009,890	1,029,983	631,451	(7,818,841)	(6,967,160)	(2,613,730)
<b>Other financing sources (uses)</b>										
COPS issuance	-	-	-	-	-	10,000,000	-	25,000,000	-	8,185,000
Refunding on COPS proceeds	-	-	-	-	-	(140,490)	-	(382,417)	-	(53,203)
Discount on COPS issuance	-	-	-	-	-	-	-	-	-	(8,878,400)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(584,672)	(865,420)	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Proceeds from bonds	60,000	-	-	-	69,614	6,845	6,232	30,935	8,160	15,829
Sale of capital assets	4,088	4,874	-	-	69,614	9,866,355	6,232	24,063,846	(857,260)	(1,528,679)
Total other financing sources (uses)	64,088	4,874	-	-	69,614	9,866,355	6,232	24,063,846	(857,260)	(1,528,679)
<b>Net changes in fund balances</b>	<b>\$ 2,332,448</b>	<b>\$ 188,318</b>	<b>\$ (882,838)</b>	<b>\$ 465,987</b>	<b>\$ 1,079,504</b>	<b>\$ 10,896,338</b>	<b>\$ 637,683</b>	<b>\$ 16,245,005</b>	<b>\$ (7,824,420)</b>	<b>\$ (4,142,409)</b>

**COUNTY OF COLE, MISSOURI**  
**General Governmental Revenues by Source**  
**Last Ten Fiscal Years 2002 - 2011**

Fiscal Year	Taxes	Licenses Fees and Permits	Inter-governmental	Interest	Special Assessment	Other	Total
2002	\$ 13,028,173	\$ 2,732,183	\$ 3,699,153	\$ 168,801	\$ 108,805	\$ 2,772,584	\$ 22,509,699
2003	13,489,902	3,311,217	4,790,431	142,094	-	863,374	22,597,018
2004	14,586,674	3,797,932	1,731,626	149,257	5,394	531,231	20,802,114
2005	15,242,509	3,776,075	2,016,837	296,155	2,697	541,775	21,876,048
2006	15,878,292	3,722,123	2,603,665	475,966	-	689,440	23,369,486
2007	16,352,428	4,111,277	2,319,753	576,968	-	486,143	23,846,569
2008	21,635,621	4,684,512	2,049,081	339,147	-	605,673	29,314,034
2009	23,899,824	5,403,539	1,839,597	219,056	-	507,352	31,869,368
2010	25,117,493	4,630,644	2,215,145	346,126	-	281,990	32,591,398
2011	\$ 25,329,196	\$ 4,705,559	\$ 2,145,513	\$ 289,595	\$ -	\$ 348,981	\$ 32,818,844

*Data Source*  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds.

**COUNTY OF COLE, MISSOURI**  
**Sales Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years 2002 - 2011**

Fiscal Year	Cole County					City of Jefferson					Total Direct & Overlapping Rate
	Capital Improvement Rate	Law Enforcement Rate	Emergency Services Rate	Total County Rate	General Fund Rate	Capital Improvement Rate	Parks Rate	Total City Rate	State Rate		
2002	0.500%	-	-	0.500%	1.000%	0.500%	-	1.500%	4.225%	6.225%	
2003	0.500%	-	-	0.500%	1.000%	0.500%	-	1.500%	4.225%	6.225%	
2004	0.500%	-	-	0.500%	1.000%	0.500%	-	1.500%	4.225%	6.225%	
2005	0.500%	-	-	0.500%	1.000%	0.500%	-	1.500%	4.225%	6.225%	
2006	0.500%	-	-	0.500%	1.000%	0.500%	0.500%	2.000%	4.225%	6.725%	
2007	0.500%	-	-	0.500%	1.000%	0.500%	0.500%	2.000%	4.225%	6.725%	
2008	0.500%	0.500%	-	1.000%	1.000%	0.500%	0.500%	2.000%	4.225%	7.225%	
2009	0.500%	0.500%	0.500%	1.500%	1.000%	0.500%	0.500%	2.000%	4.225%	7.725%	
2010	0.500%	0.500%	0.500%	1.500%	1.000%	0.500%	0.500%	2.000%	4.225%	7.725%	
2011	0.500%	0.500%	0.500%	1.500%	1.000%	0.500%	0.500%	2.000%	4.225%	7.725%	

Cole County Law Enforcement one-half cent sales tax was effective January 1, 2008.  
Cole County Emergency Services one-half cent sales tax was effective April 1, 2009.

**COUNTY OF COLE, MISSOURI**  
**Assessed and Estimated Actual Value of Property**  
**Last Ten Fiscal Years 2002 - 2011**  
**(amounts expressed in thousands)**

Fiscal Year	Real Property		Personal Property		Total	Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002	\$ 703,105	3,205,912	\$ 244,922	\$ 815,590	\$ 948,028	23.57%
2003	780,703	3,559,729	247,119	822,905	1,027,822	23.45%
2004	811,153	3,698,569	242,903	808,865	1,054,055	23.38%
2005	895,406	4,082,739	240,638	722,637	1,136,044	23.26%
2006	919,090	4,190,729	248,751	747,000	1,167,841	23.27%
2007	984,864	4,490,635	255,528	767,351	1,240,392	23.22%
2008	1,009,731	4,604,020	274,131	823,216	1,283,862	21.93%
2009	1,037,333	4,729,875	256,682	770,817	1,294,015	21.93%
2010	1,054,818	4,729,875	253,383	760,910	1,308,201	23.83%
2011	\$ 1,070,727	\$ 4,801,212	\$ 242,338	\$ 727,742	\$ 1,313,065	23.75%

Data Source  
Cole County Clerk

**COUNTY OF COLE, MISSOURI**  
**Property Tax Rates (Per \$100 Assess Valuation)**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years 2002 - 2011**

County of Cole

Fiscal Year	General Revenue		Road and Bridge		Library		Home for Handicapped		State		Total County		City of Jefferson		School District		Total
	\$		\$		\$		\$		\$		\$		\$		\$		
2002	0.3400		0.2700		0.2000		0.0900		0.0300		0.9300		0.7200		3.4854		5.1354
2003	0.3384		0.2700		0.1934		0.0872		0.0300		0.9190		0.7373		3.7112		5.3675
2004	0.3384		0.2700		0.1945		0.0877		0.0300		0.9206		0.7373		3.7112		5.3691
2005	0.3355		0.2700		0.1917		0.0864		0.0300		0.9136		0.5760		3.6822		5.1718
2006	0.3355		0.2700		0.1921		0.0866		0.0300		0.9142		0.5560		3.6770		5.1472
2007	0.3347		0.2700		0.1913		0.0862		0.0300		0.9122		0.5553		3.6770		5.1445
2008	0.3347		0.2700		0.1913		0.0862		0.0300		0.9122		0.6353		3.6770		5.2245
2009	0.2054		0.2700		0.1938		0.0873		0.0300		0.7865		0.5561		3.6770		5.0196
2010	0.1176		0.2700		0.1956		0.0881		0.0300		0.7013		0.5561		3.8016		5.0590
2011	0.1151		0.2700		0.1977		0.0890		0.0300		0.7018		0.5561		3.8063		5.0642

Data Source  
Cole County Assessor

**COUNTY OF COLE, MISSOURI**  
**Principal Real Estate Property Taxpayers**  
**December 31, 2011**

Taxpayer	Type of Business	2011			2002		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Jefferson City Medical Group	Medical center	\$ 4,992,740	1	0.38%	4,344,860	4	0.53%
Scholastic, Inc.	Publishing company	4,752,000	2	0.36%	6,721,120	1	0.51%
Wildwood Crossing Shopping Center	Shopping mall	4,640,000	3	0.35%	1,846,400	10	0.14%
Wal-Mart Real Estate Business Trust	Discount store	4,512,000	4	0.34%			
Menard Inc.	Discount store	4,416,000	5	0.34%			
Wal-Mart Real Estate Business	Discount store	4,320,000	6	0.33%	3,212,480	6	0.24%
Lowe's Home Centers Inc	Home improvement store	4,160,000	7	0.32%	4,344,860	3	0.33%
Von Hoffmann Press, Inc.	Publishing company	3,604,740	8	0.27%	3,604,740	5	0.27%
Atrium Finance I	Hotel	3,158,340	9	0.24%			
Central Missouri Reality Co.	Reality Company	3,152,000	10	0.24%			
GGP Limited Partnership					4,896,000	2	0.37%
Chesebrough-Ponds, Inc.	Cosmetic Manufacturer				2,608,450	7	0.20%
John Q Hammons Hotel LP	Hotel				2,555,200	8	0.19%
Florsheim Shoe Co.	Shoe Company				2,434,880	9	0.19%
Totals		\$ 41,707,820		3.18%	\$ 23,656,610		1.80%

*Data Source*  
Cole County Information Systems

**COUNTY OF COLE, MISSOURI**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years 2002 - 2011**  
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
						Total Tax Collections to Total Tax Levy	Total Tax Levy		
2002	\$ 7,862	\$ 7,091	90.2%	\$ 362	\$ 7,453	94.8%	\$	409	5.2%
2003	8,438	7,653	90.7%	346	7,999	94.8%		439	5.2%
2004	8,689	7,880	90.7%	339	8,219	94.6%		469	5.4%
2005	9,036	8,204	90.8%	391	8,595	95.1%		440	4.9%
2006	9,355	8,420	90.0%	428	8,848	94.6%		507	5.4%
2007	9,395	8,597	91.5%	502	9,099	96.8%		296	3.2%
2008	10,492	9,405	89.6%	460	9,865	94.0%		627	6.0%
2009	10,241	9,178	89.6%	440	9,618	93.9%		622	6.1%
2010	10,173	9,106	89.5%	450	9,556	93.9%		617	6.1%
2011	\$ 10,252	\$ 9,229	90.0%	\$ 430	\$ 9,659	94.2%	\$	593	5.8%

Data Source  
Cole County Collector

**COUNTY OF COLE, MISSOURI**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**December 31, 2011**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
Neighborhood Improvement District	\$ 336,000	100%	\$ 336,000
Certificates of Participation	29,095,000	100%	29,095,000
Overlapping:			
Total*	\$ 29,431,000	100%	\$ 29,431,000

*Data Source*

Cole County Clerk

\*The total includes a capital lease obligation.

COUNTY OF COLE, MISSOURI

Legal Debt Margin

Last Ten Fiscal Years 2002 - 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed valuations:										
Total assessed value	\$ 948,027,628	\$ 1,027,821,761	\$ 1,054,055,115	\$ 1,136,043,788	\$ 1,167,840,956	\$ 1,240,391,934	\$ 1,283,862,799	\$ 1,294,015,087	\$ 1,308,201,268	\$ 1,313,064,701
Legal debt margin	94,802,763	102,782,176	105,405,512	113,604,379	116,784,096	124,039,193	128,386,280	129,401,509	130,820,127	131,306,470
Debt limitation - 10 percent of total assessed value	-	-	-	-	-	-	-	-	-	-
Debt applicable to limitation:										
Less: Compensated absences	520,387	545,696	656,679	647,931	701,513	740,582	810,688	934,360	1,010,329	1,089,624
Less: Capital leases, general revenue	114,331	50,768	-	-	-	-	-	-	-	-
Less: Special assessment bonds	608,000	586,000	557,000	528,000	501,000	472,000	442,000	411,000	374,000	336,000
Total debt applicable to limitation	1,242,718	1,182,464	1,213,679	1,175,931	1,202,513	1,212,582	1,252,688	1,345,360	1,384,329	1,425,624
Legal debt margin	\$ 93,560,045	\$ 101,599,712	\$ 104,191,833	\$ 112,428,448	\$ 115,581,583	\$ 122,826,611	\$ 127,133,592	\$ 128,056,149	\$ 129,435,798	\$ 129,880,846

**COUNTY OF COLE, MISSOURI**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years 2002 - 2011**

Fiscal Year	Governmental Activities					Total Primary Government	Population	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Certificates of Participation				
2002	\$ -	\$ 608,000	\$ 114,331	\$ -	\$ -	\$ 722,331	72,062	10
2003	-	586,000	50,768	-	-	636,768	72,585	9
2004	-	557,000	-	-	-	557,000	72,195	8
2005	-	528,000	-	-	-	528,000	72,610	7
2006	-	501,000	-	-	-	501,000	73,208	7
2007	-	472,000	-	10,000,000	-	10,472,000	73,506	142
2008	-	442,000	-	9,485,000	-	9,927,000	74,313	134
2009	-	411,000	-	32,460,000	-	32,871,000	75,018	438
2010	-	374,000	-	30,625,000	-	30,999,000	75,990	408
2011	\$ -	\$ 336,000	\$ -	\$ 29,095,000	\$ -	\$ 29,431,000	76,792	383

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. See Schedule of Demographic Statistics for personal income and population data.

**COUNTY OF COLE, MISSOURI**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years 2002 - 2011**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
2002	\$ -	0.0%	72,062	\$ -
2003	-	0.0%	72,585	-
2004	-	0.0%	72,195	-
2005	-	0.0%	72,610	-
2006	-	0.0%	73,208	-
2007	-	0.0%	73,506	-
2008	-	0.0%	74,313	-
2009	-	0.0%	75,018	-
2010	-	0.0%	75,990	-
2011	\$ -	0.0%	76,792	\$ -

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
See Schedule of Demographic Statistics for personal income and population data.

**COUNTY OF COLE, MISSOURI**  
**Law Enforcement Sales Tax Fund**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years 2002 - 2011**

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio	Law Enforcement Sales Tax
				Principal	Interest	Total		
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
2003	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
2008	6,206,105	4,567,096	1,639,009	515,000	387,203	902,203	1.82	4,935,027
2009	6,298,613	5,093,632	1,204,981	2,025,000	1,045,265	3,070,265	0.39	5,048,783
2010	6,749,075	5,952,539	796,536	1,835,000	1,233,935	3,068,935	0.26	5,176,264
2011	\$ 6,850,867	\$ 6,142,277	\$ 708,590	\$ 1,310,000	\$ 857,573	\$ 2,167,573	0.33	\$ 5,235,500

Note: In 2007 a Law Enforcement 1/2 cent sales tax was passed by the voters to pay for the construction of a new law enforcement facility and the operations of the sheriff's department. Certificates of Participation were issued for the construction costs of the new facility. Gross Revenue includes interest income. Direct operating expense excludes depreciation expense.

**COUNTY OF COLE, MISSOURI**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years 2002 - 2011**

Fiscal Year	State of Missouri			Cole County			Unemployment Rate		
	Population	Percentage of Growth	Population	Percentage of Growth	Personal Income (thousands)	Total Labor Force	Cole County	State of Missouri	USA
2002	5,681,045	0.67%	72,138	0.72%	2,268,831	39,412	3.8%	5.2%	5.8%
2003	5,718,717	0.66%	72,728	0.81%	2,343,937	40,007	3.9%	5.6%	6.0%
2004	5,759,532	0.71%	72,427	-0.42%	2,429,319	40,101	4.0%	5.8%	5.5%
2005	5,800,310	0.70%	72,948	0.71%	2,517,161	40,179	4.1%	5.4%	5.1%
2006	5,842,713	0.73%	73,509	0.76%	2,647,245	40,076	3.8%	4.8%	4.6%
2007	5,878,415	0.61%	73,977	0.63%	2,784,753	40,331	3.9%	5.0%	4.6%
2008	5,911,605	0.56%	74,760	1.05%	3,004,149	40,447	4.3%	5.9%	5.8%
2009	5,987,580	1.27%	75,408	0.86%	2,945,459	40,825	6.9%	9.4%	9.3%
2010	5,988,927	0.02%	76,120	0.94%	3,026,181	40,492	6.8%	9.4%	9.6%
2011	6,010,688	0.36%	76,792	0.88%	N/A	40,532	6.4%	8.6%	8.9%

*Data Sources*  
 US Department of Labor-Bureau of Labor Statistics  
 Missouri Department of Economic Development  
 US Department of Commerce-Bureau of Economic Analysis

**COUNTY OF COLE, MISSOURI**  
**Principal Employers**  
**December 31, 2011**

<u>Employer</u>	<u>2011</u>		<u>2005*</u>	
	# of Employees	Rank	# of Employees	Rank
State of Missouri	14,466	1	\$ 16,373	1
Scholastic, Inc.	2,182	2	1,800	2
Capitol Region Medical Center	1,430	3	1,358	3
Jefferson City Public Schools	1,337	4	1,106	5
St. Mary's Health Center	1,022	5	1,203	4
City of Jefferson	800	6	694	8
Central Bank	766	7	704	7
ABB Power T&D Company	680	8	559	9
Jefferson City Medical Goup	583	9		
Lincoln University	500	10		
Walmart Supercenter			515	10
Learfield Communications			786	6
Totals	<u>23,766</u>		<u>\$ 25,098</u>	

*Data Source*

Jefferson City Area Chamber of Commerce

\*2002 Principal Employers data unavailable. 2005 is the earliest data available.

**COUNTY OF COLE, MISSOURI**  
**Full-time Equivalent County Government Employee by Function**  
**Last Ten Fiscal Years 2002 - 2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary government										
Governmental activities:										
General government										
Auditor	2	2	2	2	2	2	2	2	2	2
Collector	4	5	5	5	5	5	5	5	5	4
Treasurer	2	2	2	2	2	2	2	2	2	2
County Clerk	5	5	5	5	5	5	5	5	5	6
Commission	5	5	6	6	6	6	7	8	9	9
Recorder	5	5	5	6	6	6	6	6	6	6
GIS	-	-	-	-	-	-	1	1	1	1
Information Systems	2	2	2	2	2	2	2	2	2	1
Building Maintenance	4	4	4	4	4	4	4	5	5	5
Public safety										
Juvenile Center	25	24	24	22	24	23	29	30	30	30
Prosecuting Attorney	16	15	15	15	14	15	15	15	15	15
Sheriff	47	47	46	47	50	51	64	64	79	79
Highways, streets & bridges										
Public Works	47	43	44	44	44	44	45	46	46	46
Assessment										
Assessor	9	9	9	10	11	11	11	11	11	11
Judicial										
Circuit Court	-	-	2	2	2	-	-	-	-	-
Circuit Court Bailiffs	2	3	3	3	3	3	4	4	4	4
Child Support	4	4	4	4	4	4	5	5	5	5
Health & welfare										
Health Department	32	30	32	33	28	27	28	27	27	25
Public Administrator	3	3	3	3	3	3	4	4	4	4
Emergency management										
Emergency management	1	1	1	1	1	1	1	1	1	1
Total governmental activities FT Employees	215	209	214	216	216	214	240	243	259	256
Business-type activities:										
Health & welfare										
Emergency Medical Services	-	-	-	-	-	-	-	44	44	44
Total business-type activities FT Employees	-	-	-	-	-	-	-	44	44	44
Total primary government FT Employees	215	209	214	216	216	214	240	287	303	300

**COUNTY OF COLE, MISSOURI**  
**Special Assessment Billings and Collections**  
**Last Ten Fiscal Years 2002 - 2011**

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<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected</u>
2002	\$ 66,072	\$ 65,711
2003	66,072	64,754
2004	66,072	64,215
2005	63,072	61,393
2006	60,737	59,602
2007	60,347	58,880
2008	60,347	59,223
2009	60,347	59,981
2010	60,347	59,159
2011	\$ 60,347	\$ 59,034

*Data Source*  
Cole County Clerk

**COUNTY OF COLE, MISSOURI<sup>1</sup>**  
**General Governmental Expenditures by Function**  
**Last Ten Fiscal Years 2002 - 2011**  
**(amounts expressed in thousands)**

Fiscal Year	General Government	Public Safety <sup>2</sup>	Public Safety & Judicial <sup>2</sup>	Highways Streets & Bridges <sup>3</sup>	Capital Improvement <sup>3</sup>	Debt Service <sup>4</sup>	Assessment Costs	Judicial <sup>2</sup>	Health & Welfare	Parks & Recreation	Emergency Mgmt <sup>5</sup>	Total
2002	\$ 3,342	\$ -	\$ 5,726	\$ 8,121	\$ 783	\$ 155	\$ 497	\$ -	\$ 1,601	\$ 14	\$ -	\$ 20,239
2003	3,439	4,966	-	10,969	-	-	511	574	1,699	16	240	22,414
2004	3,512	5,021	-	9,958	-	-	517	590	1,708	1	388	21,695
2005	3,876	5,626	-	8,561	-	-	591	668	1,764	-	324	21,410
2006	4,492	5,742	-	8,359	-	-	632	620	1,830	3	682	22,360
2007	5,245	6,013	-	8,208	-	-	644	638	1,733	32	303	22,816
2008	4,857	10,176	-	10,595	-	-	541	699	1,651	1	163	28,683
2009	4,487	19,064	-	8,572	-	-	813	716	2,636	1	171	36,460
2010	4,469	22,083	-	9,254	-	-	612	690	2,326	2	123	39,559
2011	\$ 5,610	\$ 15,445	\$ -	\$ 10,475	\$ -	\$ -	\$ 640	\$ 766	\$ 2,264	\$ 3	\$ 230	\$ 35,433

<sup>1</sup>Includes general, special revenue, capital projects fund and debt service.

<sup>2</sup>Public safety and judicial, previously reported together have been divided effective 12/31/03.

<sup>3</sup>Highways, streets, bridges and capital improvement, previously reported together have been divided effective 12/31/03.

<sup>4</sup>Debt service, previously reported by itself has been divided between functions, (ie. General government and Highway, streets & bridges) effective 12/31/03.

<sup>5</sup>Emergency management, previously reported under General government has been divided effective 12/31/03.

## **SINGLE AUDIT REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the County Commissioners of the  
County of Cole, Missouri

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of County of Cole, Missouri (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to management of the County in a separate letter dated June 19, 2012.

This report is intended solely for the information and use of the County Commissioners, management, other federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than those specified parties.

*Williams Keepers LLC*

June 19, 2012



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the County Commissioners of the  
County of Cole, Missouri

***Compliance***

We have audited the compliance of County of Cole, Missouri (the County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

***Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our

auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Commissioners, management, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than those specified parties.

*Williams Keepers LLC*

June 19, 2012

**COUNTY OF COLE, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2011**

	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:		
Direct Program:		
Child Care Food Program	10.558	\$ 14,133
Passed Through Missouri Department of Health:		
Special Supplemental Food Program for Women, Infants, and Children (WIC)	10.557	278,192
Special Supplemental Food Program for Women, Infants, and Children (WIC) - BFPC	10.557	20,992
Special Supplemental Food Program for Women, Infants, and Children (WIC) - BF Friendly Clinic	10.557	4,711
Passed Through Missouri Department of Health: Maternal and Child Health Services:		
Summer Food Program	10.559	160
Passed Through Missouri Department of Health and Senior Services:		
Food and Nutrition Service Kids in Kitchen	10.574	4,840
<b>Total U.S. Department of Agriculture</b>		<u>323,028</u>
U.S. Department of Health and Human Services:		
Passed Through Missouri Department of Social Services:		
Child Support Enforcement	93.563	339,508
Deputy Juvenile Officer Program	93.667	20,517
Knowles Suspended Student Classroom	93.667	148,131
Passed Through Missouri Department of Health: Maternal and Child Health Services		
Public Health Emergency Preparedness	93.069	19,767
Regional Public Health Emergency Planning & Preparation	93.283	47,073
West Nile Virus Public Outreach	93.283	3,460
Nursing Consultation to Child Care Facilities	93.575	8,621
Local Sanitation Inspections for Child Care Facilities	93.575	2,065
Breast and Cervical Cancer Control	93.919	18,669
Breast and Cervical Cancer Wisewomen	93.919	10,203
Breast and Cervical Cancer Early Detection	93.919	28,861
Preventive Health & Services Block Grant	93.991	30,516
Maternal and Child Health Program	93.994	28,544

*(continued on next page)*

**COUNTY OF COLE, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**For the Year Ended December 31, 2011**

	Federal CFDA Number	Expenditures
	<hr/>	<hr/>
U.S. Department of Health and Human Services:		
Passed Through Missouri Department of Health and Human Services:		
ARRA Supplemental Funding Immunization	93.712	1,483
ARRA Child Care Development Block Grant	93.713	27,080
<b>Total U.S. Department of Health and Human Services</b>		<hr/> 734,498
U.S. Department of Housing and Urban Development:		
Passed Through Missouri Department of Social Services:		
Emergency Shelter Grant Program	14.231	8,501
<b>Total U.S. Department of Housing and Urban Development</b>		<hr/> 8,501
U.S. Department of Justice:		
Passed Through Missouri Department of Public Safety:		
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	30,003
JAG Program - Mustang Task Force	16.738	163,679
ARRA JAG Program - Mustang Recovery	16.803	66,613
ARRA Domestic Violence Court Project	16.588	6,616
Passed Through the Office of Justice Program:		
Drug Courts Program (Block Grant) JAC Division	16.585	24,526
COPS Secure Our Schools Grant	16.710	41,945
<b>Total U.S. Department of Justice</b>		<hr/> 333,382
U.S. Election Assistance Commission:		
Passed Through Missouri Secretary of State's Office:		
Accessible & Second Chance Voting Systems (HAVA)	90.401	5,634
<b>Total U.S. Election Assistance Commission</b>		<hr/> 5,634
Department of Homeland Security:		
Passed Through Missouri Department of Public Safety:		
Federal Disaster Grant	97.036	83,571
Emergency Management Assistance	97.042	62,739
FY 09 Citizen Corps Grant	97.053	2,184
FY 10 Citizen Corps Grant	97.053	4,491
FY 08 Homeland Security Grant	97.067	24,594
FY 09 Homeland Security Grant	97.067	13,316
FY09 Homeland Security Regional Response System Grant	97.067	18,978
FY 08 HSRT Homeland Security Grant	97.067	2,846
<b>Total Department of Homeland Security</b>		<hr/> 212,719

*(continued on next page)*

**COUNTY OF COLE, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**For the Year Ended December 31, 2011**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
General Services Administration		
Passed Through Secretary of State's Office Election Division		
Federal Voting Equipment Maintenance and Security Grant	39.011	<u>18,859</u>
<b>Total General Services Administration</b>		<u>18,859</u>
Office of National Drug Control Policy		
Passed Through Missouri State Highway Patrol		
High Intensity Drug Trafficking Area (HIDTA) Grant	95.001	<u>27,701</u>
<b>Total Office of National Drug Control Policy</b>		<u>27,701</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,664,322</u></u>

**BASIS OF PRESENTATION:**

The schedule of expenditures of federal awards includes only the current year federal grant activity of the County and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Amounts presented in this schedule as expenditures may differ from amounts presented in, or used in the preparation of, the basic financial statements, although such differences are not material.

**COUNTY OF COLE, MISSOURI**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2011**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of the County.
2. No material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standard*."
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal award programs is reported in the "Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award programs for the County expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the County are reported in Part C of this Schedule.
7. The programs tested as major programs include:

	<u>Federal CFDA Number</u>
Special Supplemental Food Program for Women, Infants, and Children (WIC)	10.557
Special Supplemental Food Program for Women, Infants, and Children (WIC) - BFPC	10.557
Special Supplemental Food Program for Women, Infants, and Children (WIC) - BF Friendly Clinic	10.557
Child Support Enforcement	93.563
ARRA JAG Program - Mustang Recovery	16.803
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738
JAG Program - Mustang Task Force	16.738

8. The dollar threshold used to distinguish between Type A and B programs, as described in Section 520(b) of OMB Circular A-133, was \$300,000.
9. Using the criteria as defined in Section 530 of OMB Circular A-133, the County did not qualify as a low-risk auditee for the year ended December 31, 2011.

**B. FINDINGS--FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

COUNTY OF COLE, MISSOURI

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
For the Year Ended December 31, 2011

**Finding 2010-01: Grant Compliance Monitoring – ARRA JAG program – Mustang Recovery (16.803) and High Intensity Drug Trafficking Area (HIDTA) Grant (95.001) (material weakness)**

*Statement of Condition:* During the prior year testing of the Law Enforcement Fund's grants, significant issues related to the management of certain grant funds were noted. A lack of segregation of duties existed as the same individual was responsible for every aspect of the HIDTA and Mustang grants, including setting and approving grant budgets, approving expenses for reimbursement, completing and submitting reimbursement requests, monitoring of reimbursement requests, and compliance with grant requirements. This individual was a new Sheriff employee not previously involved in grant management.

*Recommendation:* The auditors recommended the grant coordinator become familiar with all grant requirements in order to properly administer the grants. In addition, the County should strengthen internal control over grant management, including segregation of duties where possible, and implement a review and approval processes to ensure compliance with these requirements.

*Status:* The recommendation was implemented. A new individual assumed the duties of the former grant coordinator, and was properly trained to administer the grants. A review and approval processes over grant funding was also implemented in the Sherriff's Department.