

JACKSON COUNTY, MISSOURI

Statement of Net Assets

December 31, 2009

Assets	Primary government			Component unit
	Governmental activities	Business-type activities	Total	Developmentally disabled
Cash and cash equivalents	\$ 14,140,570	2,593,003	16,733,573	6,948,863
Investments	—	—	—	3,106,125
Receivables (net of allowance for uncollectibles)	58,525,325	22,898	58,548,223	5,862,441
Other assets	7,418,405	—	7,418,405	150,414
Restricted assets:				
Cash and cash equivalents	44,210,791	—	44,210,791	—
Investments	11,489,655	—	11,489,655	—
Taxes receivable	6,171,940	—	6,171,940	—
Accrued interest	112,942	—	112,942	—
Intergovernmental	300,000	—	300,000	—
Capital assets:				
Nondepreciable	401,922,289	7,234,624	409,156,913	2,198,219
Depreciable, net	485,068,578	5,169,365	490,237,943	14,213,178
Total assets	1,029,360,495	15,019,890	1,044,380,385	32,479,240
Liabilities				
Accounts payable and other current liabilities	17,853,459	217,033	18,070,492	1,531,478
Due to other governments	1,453,917	—	1,453,917	—
Unearned revenues	—	—	—	69,410
Retainage payable	13,702,959	—	13,702,959	—
Accounts payable from restricted assets	4,863,634	—	4,863,634	—
Long-term liabilities:				
Due within one year	25,260,359	11,814	25,272,173	59,240
Due in more than one year	603,467,549	164,899	603,632,448	1,956,357
Total liabilities	666,601,877	393,746	666,995,623	3,616,485
Net Assets				
Invested in capital assets, net of related debt	336,024,699	12,403,989	348,428,688	16,411,397
Restricted for:				
Capital projects	26,253,581	—	26,253,581	—
Debt service	10,499,024	—	10,499,024	—
Workers' compensation claims	508,825	—	508,825	—
Unrestricted (deficit)	(10,527,511)	2,222,155	(8,305,356)	12,451,358
Total net assets	\$ 362,758,618	14,626,144	377,384,762	28,862,755

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Activities

Year ended December 31, 2009

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets		Component unit Developmentally disabled	
		Charges for services	Fines and forfeitures	Operating grants and contributions	Capital grants and contributions	Primary government Business-type activities		
						Governmental activities		Total
Primary government:								
Governmental activities:								
General government	\$ 81,659,905	30,032,613	2,713,233	20,066,140	—	(28,847,919)	—	
Public safety	43,212,812	206,716	30,383	1,391,192	—	(41,584,521)	—	
Roads, highways, and bridges	13,990,232	25,101	—	1,550,687	1,209,478	(11,204,966)	—	
Health, welfare, and community development	12,936,445	509,774	—	384,533	—	(12,042,138)	—	
Culture and recreation	36,468,575	276,575	—	78,023,167	—	41,831,167	—	
Interest on long-term debt	29,864,711	—	—	—	—	(29,864,711)	—	
Total governmental activities	218,132,680	31,050,779	2,743,616	101,415,719	1,209,478	(81,713,088)	—	
Business-type activities:								
Park Enterprise	4,486,108	4,512,783	—	—	—	26,675	—	
Total primary government	\$ 222,618,788	35,563,562	2,743,616	101,415,719	1,209,478	(81,686,413)	—	
Component unit:								
Developmentally disabled	\$ 13,384,414	4,092,782	—	—	—	(9,291,632)	—	
General revenues:								
Property taxes						51,502,082	7,315,850	
Sales taxes						88,488,078	—	
Financial institution taxes						77,318	—	
Cigarette tax						2,355,226	—	
Gasoline tax						761,233	—	
Vehicle sales tax						122,668	—	
Motor vehicle tax from State of Missouri						105,025	—	
County stock insurance tax						122,170	—	
Unrestricted investment earnings						3,663,056	134,105	
Miscellaneous						1,662,493	—	
Transfers						380,069	—	
						(201,979)	—	
Total general revenues and transfers						148,859,349	7,449,955	
Change in net assets						67,172,936	(1,841,677)	
Net assets – beginning						310,211,826	30,704,432	
Net assets – ending						\$ 362,758,618	28,862,755	

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Balance Sheet

Governmental Funds

December 31, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General Fund	Health Fund	Public Building Corporation	Sports Complex Sales Tax Capital Project	Sports Complex Sales Tax Debt Service	Other Governmental Funds		
Assets								
Cash and cash equivalents	—	27,652	—	—	—	—	—	11,663,191
Restricted assets:								
Cash and cash equivalents	—	—	15,302,625	16,222,563	6,416,554	5,760,224	—	43,701,966
Investments	—	—	—	3,626,143	—	7,863,512	—	11,489,655
Taxes receivable	—	—	—	—	6,171,940	—	—	6,171,940
Accrued interest	—	—	—	71,823	30	41,089	—	112,942
Intergovernmental	—	—	—	—	300,000	—	—	300,000
Receivables (net of allowance for uncollectibles):								
Taxes	17,765,057	9,251,660	—	—	—	18,303,781	—	45,320,498
Tax assessment and collection fees	5,335,745	—	—	—	—	4,096,374	—	9,432,119
Intergovernmental	1,441,193	—	—	—	—	1,813,413	—	3,254,606
Accounts	406,301	11,503	—	—	—	100,298	—	518,102
Due from other funds	—	—	—	—	—	8,862,071	—	8,862,071
Total assets	\$ 24,948,296	9,290,815	15,302,625	19,920,529	12,888,524	58,476,301	—	140,827,090
Liabilities								
Accounts payable	3,806,171	807,790	—	—	—	2,589,156	—	7,203,117
Salaries, taxes, and benefits	2,395,689	266,300	—	—	—	1,572,318	—	4,234,307
Intergovernmental payables	969,278	—	—	—	—	484,639	—	1,453,917
Due to other funds	5,080,804	2,651,928	—	—	—	873,223	—	8,605,955
Deferred revenue	3,002,543	1,953,662	—	—	—	4,568,691	—	9,524,896
Accounts payable from restricted assets	—	—	282,207	4,581,427	—	—	—	4,863,634
Total liabilities	15,254,485	5,679,680	282,207	4,581,427	—	10,088,027	—	35,885,826
Fund Balances								
Reserved for:								
Encumbrances	409,240	945,200	5,978,569	—	—	4,020,681	—	11,353,690
Capital projects	—	—	9,041,849	15,339,102	—	—	—	24,380,951
Debt service	—	—	—	—	12,888,524	13,935,853	—	26,824,377
Unreserved, designated for, reported in:								
Compensated absences	4,215,095	159,320	—	—	—	2,220,935	—	6,595,350
Capital projects funds	—	—	—	—	—	282,884	—	282,884
Undesignated reported in:								
General fund	5,069,476	—	—	—	—	—	—	5,069,476
Special revenue funds	—	2,506,615	—	—	—	27,927,921	—	30,434,536
Total fund balances	9,693,811	3,611,135	15,020,418	15,339,102	12,888,524	48,388,274	—	104,941,264
Total liabilities and fund balances	\$ 24,948,296	9,290,815	15,302,625	19,920,529	12,888,524	58,476,301	—	140,827,090

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

December 31, 2009

Total fund balances for governmental funds	\$ 104,941,264
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements:	
Capital assets	1,055,322,120
Less accumulated depreciation	<u>(168,331,253)</u>
Total capital assets	886,990,867
Internal service funds are used by the County to charge the cost of office services and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	236,898
Some of the County's revenues, including taxes, will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the fund financial statements	9,524,896
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(626,094,936)
Interest payable is not due and payable in the current period and, therefore, is not reported in the funds	(6,242,134)
Retainage payable is not due and payable in the current period and, therefore, is not reported in the funds	(13,702,959)
Unamortized issuance costs on bonds	<u>7,104,722</u>
Total net assets of governmental activities	<u>\$ 362,758,618</u>

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year ended December 31, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General Fund	Health Fund	Public Building Corporation	Sports Complex Sales Tax Capital Project	Sports Complex Sales Tax Debt Service	Other Governmental Funds		
Revenues:								
Taxes:								
Property taxes	15,796,189	15,797,857	—	—	—	23,597,073	55,191,119	
Sales taxes	21,265,742	6,402,186	—	—	29,913,393	30,906,757	88,488,078	
Other taxes	2,554,715	—	—	—	—	988,925	3,543,640	
Licenses and permits	545,855	381,201	—	—	—	—	927,056	
Intergovernmental	13,355,477	384,533	—	68,697,790	9,325,377	10,862,020	102,625,197	
Charges for services	19,010,191	128,573	—	—	—	8,401,075	27,539,839	
Fines and forfeitures	2,619,104	—	—	—	—	124,512	2,743,616	
Interest	299,452	—	2,713	2,944,734	7,798	404,489	3,659,186	
Miscellaneous	63,024	13,266	—	399,704	—	85,685	561,679	
Total revenues	75,509,749	23,107,616	2,713	72,042,228	39,246,568	75,370,536	285,279,410	
Expenditures:								
Current:								
General government	58,487,911	2,499,242	—	—	—	22,011,438	82,998,591	
Public safety	14,417,128	2,653,889	—	—	—	24,964,454	42,035,471	
Road, highways, and bridges	—	—	—	—	—	13,279,753	13,279,753	
Health, welfare, and community development	—	11,324,837	—	—	—	470,871	11,795,708	
Culture and recreation	—	—	—	—	—	8,097,886	8,097,886	
Capital outlay:								
General government	—	—	6,976	—	—	—	6,976	
Health, welfare, and community development	—	—	—	—	—	65,000	65,000	
Roads, highways, and bridges	—	—	5,423,261	—	—	—	5,423,261	
Culture and recreation	—	—	311,201	318,007,234	—	437,410	318,755,845	
Debt service:								
Principal retirement	—	—	—	—	10,575,000	9,882,507	20,457,507	
Interest and fiscal charges	—	—	—	—	21,443,200	7,570,227	29,013,427	
Total expenditures	72,905,039	16,477,968	5,741,438	318,007,234	32,018,200	86,779,546	531,929,425	
Excess of revenues over (under) expenditures	2,604,710	6,629,648	(5,738,725)	(245,965,006)	7,228,368	(11,409,010)	(246,650,015)	
Other financing sources (uses):								
Transfers in	(1,842,311)	(7,223,547)	—	8,985,855	375,481	22,811,744	32,173,080	
Transfers out	(1,842,311)	(7,223,547)	—	(375,481)	(8,985,855)	(13,543,907)	(31,971,101)	
Total other financing sources (uses)	(3,684,622)	(14,447,094)	—	8,610,374	(8,610,374)	9,267,837	201,979	
Net change in fund balances	762,399	(593,899)	(5,738,725)	(237,354,632)	(1,382,006)	(2,141,173)	(246,448,036)	
Fund balances – beginning of year	8,931,412	4,205,034	20,759,143	252,693,734	14,270,530	50,529,447	351,389,300	
Fund balances – end of year	9,693,811	3,611,135	15,020,418	15,339,102	12,888,524	48,388,274	104,941,264	

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year ended December 31, 2009

Net change in fund balance – total governmental funds	\$ (246,448,036)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>	
Capital outlay for assets capitalized	310,180,059
Decrease in retainage payable	3,708,383
Depreciation expense	<u>(17,723,425)</u>
	<u>296,165,017</u>
<p>Some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements:</p>	
Change in deferred revenue	<u>(3,689,037)</u>
<p>The issuance of long-term debt (e.g., bonds) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>	
Premium on debt	841,264
Debt repayment	20,457,507
Net increase in compensated absences	(112,176)
Net increase in net pension obligation	(99,509)
Amortization of bond issue costs	<u>(360,561)</u>
	20,726,525
	(490,723)
<p>Interest is expensed when accrued, whereas in the funds it is expensed when paid</p>	
<p>The internal service funds are used by the County to charge the costs of office services and workers' compensation to the individual funds. The net income (loss) of the internal service funds is reported in the statement of activities</p>	
	<u>704,425</u>
Changes in net assets of governmental activities	<u>\$ 66,968,171</u>

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Net Assets

Proprietary Funds

December 31, 2009

Assets	Business-type activities – Park Enterprise Fund	Governmental activities – Internal Service Funds
Current assets:		
Cash and cash equivalents	\$ 2,593,003	2,477,379
Receivables (net of allowance for uncollectibles)	22,898	—
Other assets	—	313,683
Total current assets	2,615,901	2,791,062
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	—	508,825
Capital assets (net of accumulated depreciation)	12,403,989	—
Total noncurrent assets	12,403,989	508,825
Total assets	15,019,890	3,299,887
Liabilities		
Current liabilities:		
Accumulated compensated absences	11,814	—
Accounts payable	136,869	164,189
Salaries, taxes, and benefits	80,164	9,712
Due to other funds	—	256,116
Total current liabilities	228,847	430,017
Noncurrent liabilities:		
Accumulated compensated absences	164,899	237
Claims and judgments	—	2,632,735
Total liabilities	393,746	3,062,989
Net Assets		
Invested in capital assets	12,403,989	—
Restricted for workers' compensation claims	—	508,825
Unrestricted (deficit)	2,222,155	(271,927)
Total net assets	\$ 14,626,144	236,898

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

Year ended December 31, 2009

	Business-type activities – Park Enterprise Fund	Governmental activities – Internal Service Funds
Operating revenues:		
Charges for services	\$ 4,512,783	2,583,884
Miscellaneous	380,069	720,745
Total operating revenues	4,892,852	3,304,629
Operating expenses:		
Personal services	2,215,265	182,441
Contractual services	647,828	2,187,073
Supplies	821,476	234,560
Utilities	—	—
Repairs and maintenance	337,323	—
Depreciation and amortization	464,216	—
Total operating expenses	4,486,108	2,604,074
Operating income	406,744	700,555
Nonoperating revenues – interest income	—	3,870
Income before transfers	406,744	704,425
Transfers out	(201,979)	—
Change in net assets	204,765	704,425
Total net assets – beginning	14,421,379	(467,527)
Total net assets – ending	\$ 14,626,144	236,898

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2009

	Business-type activities – Park Enterprise Fund	Governmental activities – Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 4,913,730	3,343,108
Payments to suppliers	(1,757,871)	(118,477)
Payments to employees	(2,201,707)	(184,272)
Claims paid	—	(2,680,213)
Net cash provided by operating activities	954,152	360,146
Cash flows from noncapital financing activity:		
Transfers to other funds	(201,979)	—
Net cash used in noncapital financing activity	(201,979)	—
Cash flows from capital and related financing activity:		
Purchase of capital assets	(331,092)	—
Net cash used in capital and related financing activity	(331,092)	—
Cash flows from investing activity:		
Interest received	—	4,040
Net cash provided by investing activity	—	4,040
Net increase in cash and cash equivalents	421,081	364,186
Cash and cash equivalents at beginning of year	2,171,922	2,622,018
Cash and cash equivalents at end of year	\$ 2,593,003	2,986,204
Components of cash and cash equivalents at end of fiscal year:		
Unrestricted	\$ 2,593,003	2,477,379
Restricted	—	508,825
	\$ 2,593,003	2,986,204
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 406,744	700,555
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	464,216	—
Changes in assets and liabilities:		
Receivables	20,878	—
Inventory	—	38,479
Accounts payable and other current liabilities	48,756	38,424
Salaries, taxes, and benefits	9,947	769
Due to other funds	—	79,078
Accumulated compensated absences	3,611	(2,600)
Claims and judgments	—	(494,559)
Net cash provided by operating activities	\$ 954,152	360,146

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2009

Assets	Martha James Cemetery Private Purpose Trust Fund	Employees Retirement Pension Trust Fund	Agency funds
Cash and cash equivalents	\$ 683	—	317,877,186
Investments:			
U.S. government securities	—	51,319,496	—
Corporate stocks	—	65,346,902	—
Corporate bonds and debentures	—	4,677,476	—
Municipal bonds	—	734,155	—
Money market	—	10,487,048	—
Receivables (net of allowance for uncollectibles):			
Accounts	—	—	8,144,187
Accrued interest	—	370,870	1,051
Total assets	683	132,935,947	326,022,424
Liabilities			
Intergovernmental payable	—	—	316,782,939
Accrued expense	—	137,388	—
Protest tax collections	—	—	9,213,542
Interest on property taxes	—	—	25,943
Total liabilities	—	137,388	326,022,424
Net Assets			
Held in trust for pension benefits and other purposes	\$ 683	132,798,559	—

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year ended December 31, 2009

	Martha James Cemetery Private Purpose Trust Fund	Employees Retirement Pension Trust Fund
Additions:		
Contributions:		
Employer contributions	\$ —	8,041,629
Employee contributions	—	31,434
Total contributions	—	8,073,063
Investment earnings:		
Interest and dividends	1	4,214,731
Net appreciation (depreciation) in the fair value of investments:		
U.S. government securities	—	661,243
Corporate stocks	—	(24,974,343)
Corporate bonds and debentures	—	(29,358)
Total investment income (loss)	1	(20,127,727)
Less investment expense	—	405,747
Net investment income (loss)	1	(20,533,474)
Total additions (deductions)	1	(12,460,411)
Deductions:		
Benefits paid to participants	—	5,259,892
Administrative expenses	25	195,600
Total deductions	25	5,455,492
Change in net assets	(24)	(17,915,903)
Net assets – beginning	707	150,714,462
Net assets – ending	\$ 683	132,798,559

See accompanying notes to basic financial statements.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

Jackson County, Missouri (the County), incorporated in 1826, is located in the northwestern quadrant of Missouri. Subject to State Constitution, the County operates pursuant to a County Charter, and in accordance with other laws governing the County. The Charter, enacted in 1970, provides for home rule County government. Under Missouri law, the County is defined as a First Class County and is governed by an elected County Executive and a nine-member County legislature.

The County provides some services on a countywide basis and some services only to unincorporated areas of the County. Within appropriate jurisdictions, the County provides road construction and maintenance, park facilities and maintenance, tax assessments and collections, law enforcement, court services, prosecution of violations of state statutes, criminal detention, family support services, public healthcare, and sanitary sewer services.

The accompanying financial statements include the County and its component units, entities for which the County is considered to be financially responsible. Blended component units, although legally separate entities, are considered to be part of the County's operations. One discretely presented component unit is reported in a separate column in the government-wide financial statements (refer to note below for description) to emphasize that it is legally separate from the County.

Blended Component Units

Public Facilities Authority (Authority) – The Authority is governed by a nine-member board elected by the board of directors, subject to the approval of the County Executive and the County Legislature. The Authority is responsible for financing and constructing the County's public buildings. Bond issuance authorization is approved by the County Legislature and the legal liability for the general obligation portion of the Authority's debt remains with the County. The Authority is presented as a governmental fund.

Public Building Corporation (Corporation) – The Corporation is governed by a five-member board elected by the board of directors, subject to the approval of the County Executive and the County Legislature. The Corporation is responsible for financing public sites, buildings, facilities, and equipment for the benefit or use of the County. Bond issuance authorization is approved by the County Legislature and the legal liability for the general obligation portion of the Corporation's debt remains with the County. The Corporation is presented as a governmental fund.

Discretely Presented Component Unit

Jackson County Board of Services for the Developmentally Disabled (Board of Services) – The Board of Services is governed by a nine-member board appointed by the County Executive. The purpose of the Board of Services is to provide sheltered workshops, residence facilities, or related services for the care of developmentally disabled persons. The County is financially accountable for the Board of Services because the County Legislature has the authority to set the property tax levy for the Board of Services (subject to certain statutory limitations).

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Complete financial statements for this component unit may be obtained from the administrative office of the Developmental Disability Services of Jackson County–EITAS at 8511 Hillcrest, Kansas City, Missouri, 64138.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non fiduciary activities of the County and its component units. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other non exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. In addition, activities of the primary government are reported separately from the activities of *discretely presented component units*.

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 and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter have been excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary, and fiduciary fund 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 related cash flows. Non exchange transactions in which the County gives (or receives) value without directly receiving (or giving) equal value include property taxes, sales taxes, grants, entitlements, and donations. Revenue from property taxes is recognized, on an accrual basis, as revenues in the year for which they are levied. Revenue from sales taxes is recognized in the year in which the underlying exchange (sale) occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement of focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amounts measurable and available to finance the County's operations or of a material amount and not collected at the normal time of receipt. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Available is generally defined as expected to be received within 60 days of fiscal year-end for property taxes, 90 days for sales taxes, interest, charges for services (pursuant to a specific contract or agreement), or 365 days for intergovernmental revenues.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

However, the County reserves the right to apply judgment, as noted in National Council on Governmental Accounting Statement 1, paragraph 62, in the application of the “susceptibility to accrual” criteria with regard to the consideration of the materiality of the item in question, the practicality of accrual, and the consistency in application.

Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting. However, expenditures on debt service, as well as expenditures related to compensated absences, pension costs, and claims and judgments, are recorded only when payment is due. Encumbrances are not recognized as expenditures; however, open encumbrances are reported as reservations of fund balance since the commitments will be honored in subsequent years.

Licenses and permits, fines and forfeitures, charges for services (excluding those for specific services performed in the current year pursuant to contract or agreement) and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

General Fund: The General Fund is the County’s primary operating fund. It is used to account for all financial resources applicable to the general operations of County government, except those required to be accounted for in another fund.

Health Fund: The Health Fund is used to account for those resources allocated for use in operations pertaining to community health and welfare.

Public Building Corporation Capital Project Fund: The Public Building Corporation Capital Project Fund is used to account for the not-for-profit corporation established to acquire or construct public sites, buildings, facilities, furnishings, and equipment for the benefit or use of the County.

Sports Complex Sales Tax Capital Project Fund: The Sports Complex Sales Tax Fund is used to provide funds to implement major renovations to Arrowhead Stadium, Kauffman Stadium, and central service facilities.

Sports Complex Sales Tax Debt Service Fund: The Sports Complex Sales Tax Debt Service Fund is used to account for the payment of debt owed for renovations to Arrowhead Stadium, Kauffman Stadium, and central service facilities.

The County reports the following major proprietary fund:

Park Enterprise Fund: The Park Enterprise Fund is used to account for the revenues and expenses resulting from operations of park enterprise activity.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

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Additionally, the County reports the following fund types:

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments on a cost reimbursement basis. The County operates two internal service funds 1) The Office Services Fund is used to account for the printing, duplicating and mailing services performed for the County's departments and 2) The Self Insurance Fund is used to account for the activity pertaining to the County's unemployment, workers' compensation, and general liability expenses.

Pension Trust Fund: The Pension Trust Fund is used to account for the activities of the Jackson County, Missouri Revised Pension Plan (the Plan), which accumulates resources for pension benefit payments to qualified County employees.

Agency Funds: Agency Funds are used to account for resources held by the County in a trustee capacity for other governments and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds account for activities of collections for other taxing units by the Director of Collections and other agency operations.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues in the governmental statement of activities include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses 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 principal ongoing operations. The principal revenues of the Park Enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets (in the enterprise fund). All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

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

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(d) Cash and Investments

Deposits consist of cash on hand and cash in banks, including time deposits and certificates of deposit. Investments by the County, other than those of the Pension Plan, consist of U.S. Government securities, principally U.S. Treasury notes, U.S. Treasury bills, and guaranteed investment contracts. Missouri State Statutes authorize the County, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged must have a fair market value equal to 100% of the funds deposited, less insured amounts. Collateral securities must be held by the County or a disinterested third party and must be of the kind prescribed by State Statute and approved by the State. County policy is to invest only in securities that are authorized as collateral for deposits under state law. The County maintains most of its deposits on a pooled basis, which are available for use by most funds.

The purchase of guaranteed investment contracts is in conjunction with the County's bonded debt and capital project administration. Bond proceeds in certain capital project funds are invested in guaranteed investment contracts with terms consistent with the project construction phase. These contracts are liquidated as needed upon submission of authorized construction requisitions to be paid. In addition, certain debt service reserve funds have been invested in guaranteed investment contracts with terms consistent with the life of the serviceable debt. All guaranteed investment contracts are carried at cost and have a fixed term and interest rate.

Investments with original maturities of one year or less are carried at amortized cost, which approximates fair value. All other investments for the County, are reported at fair value based on quoted market prices. Market value is used as fair value for those securities for which market quotations are readily available.

(e) Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

(f) Property Taxes

The County levies property taxes on September 1 for the current year based on assessed values as of the prior January 1 for all real and personal property located in the County. Property taxes are billed after all taxing jurisdictions levies are set and are due by December 31.

On January 1, the County may assess interest, penalties and fees to all property for which taxes are unpaid. The interest consists of a 1.5% per month charge up to a maximum of 18.0% per year and fees are a one-time 8.0% charge. Taxes remaining unpaid for three years are collected through foreclosure proceedings.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(g) *Restricted Assets*

Certain resources of the Public Facilities Authority, Sports Complex Sales Tax and Sports Complex/Parks (debt service funds) and Public Building Corporation and Sports Complex Sales Tax (capital project funds) are classified as restricted assets in the balance sheet due to provisions in the bond covenants that provide for the segregation of assets into accounts and place restrictions on their use.

In the debt service funds, the “bond fund” account is used to accumulate amounts sufficient to meet payments on principal and interest of the applicable bonds. The “bond reserve” account is used to segregate resources for payment of principal and interest on all bonds to the extent that monies are not available in the “bond fund.”

In the capital project funds, the “project fund” accounts are used to segregate bond proceeds and earnings that are restricted for specific capital project expenditures in conjunction with bond covenants.

In addition, certain resources of the Self Insurance Fund (internal service fund) are classified as restricted assets in conjunction with an escrow agreement between the County and the State of Missouri for self-insurance of workers’ compensation claims.

At year-end, all resources classified as restricted assets in these funds were comprised of cash or cash equivalents, fixed income guaranteed investment contracts or repurchase agreements, or U.S. government securities.

(h) *Capital Assets*

Capital assets, which include land, buildings, improvements other than buildings, equipment and furniture, vehicles, and infrastructure (e.g., roads, highways, bridges, 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 two years. Such assets are recorded at historical cost or estimated historical cost if actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Additions, improvements, and expenditures that significantly extend the useful life of a non infrastructure asset are capitalized and depreciated over the remaining useful life of the related asset. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	10 – 20
Equipment and furniture	5 – 20
Vehicles	8

General governmental infrastructure assets have been capitalized retroactively to 1980 at historical cost. The County has elected to utilize the modified approach in accounting for its infrastructure assets. As such, no depreciation expense is reported for infrastructure assets, nor are amounts capitalized in connection with improvements that lengthen the lives of these assets, unless the improvements also increase their service potential. The County has made the commitment to preserve and maintain the network of infrastructure assets at a 55% overall condition level. The Public Works department maintains an inventory of these assets and performs periodic condition assessments to ensure that this condition level is being maintained. The Public Works department will also make an annual estimate of the amounts that need to be expended to preserve and maintain these assets at the predetermined condition level.

(i) *Compensated Absences*

Permanent, full-time County employees accumulate sick leave at a rate of one day for each month worked for a total of twelve days each year. Unused sick leave may be carried over indefinitely and unused vacation and compensatory time may be carried over subject to certain limits. Upon retirement, termination, or resignation, employees are paid a percentage of accumulated sick leave. Employees earn ten to twenty-five days of vacation each year, depending upon length of service. All nonexempt employees are eligible for compensatory time at 150% of overtime hours worked in lieu of overtime pay. All vacation and the vested portion of sick pay is accrued when incurred in the government-wide and proprietary financial statements. A designation of unreserved fund balance is reported in the governmental fund financial statements for accumulated compensated absences.

(j) *Long-Term Obligations*

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest 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 debt.

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 debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(k) Net Assets

In the government-wide and proprietary fund financial statements, net assets are reported in three components as follows:

Invested in Capital Assets, Net of Related Debt: The amounts reported in this component consist of capital assets, net of accumulated depreciation, less the outstanding balances of any bond, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of these assets.

Restricted Net Assets: The amounts reported in this component represent those net assets legally restricted by outside parties or by law through enabling legislation, less liabilities to be paid from these assets.

Unrestricted Net Assets: The amounts reported in this component represent the remaining balance of net assets that are not restricted or invested in capital assets.

(l) Fund Equity

In the fund financial statements, governmental funds report equity in three components as follows:

Reserved Fund Balance: The amounts reported in this component represent those amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Unreserved, Designated Fund Balance: The amounts reported in this component represent management's intended use of otherwise available current financial resources.

Unreserved, Undesignated Fund Balance: The amounts reported in this component represent current financial resources available for appropriation and current spending.

(m) Statement of Cash Flows

The County defines cash and cash equivalents used in the statement of cash flows as equity in pooled cash and investments with an original maturity of three months or less at the date of purchase.

(n) Use of Estimates

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

(o) Fund Deficits

The Office Services internal service fund reported a deficit fund balance of \$277,535. This will be eliminated by increasing amounts to be contributed by other funds.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(p) Adoption of New Accounting Pronouncements

Effective January 1, 2009, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by endowments. It requires endowments to report their land and other real estate investments at fair value. The adoption of this accounting pronouncement had no impact on the financial statements.

Effective in 2009, the County adopted GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The adoption of this pronouncement had no impact on the financial statements.

Effective in 2009, the County adopted GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement codifies certain accounting guidance into the GASB's authoritative literature concerning related party transactions, going concern considerations, and subsequent events. The adoption of this accounting pronouncement had no impact on the financial statements.

(q) New Accounting Pronouncements Not Adopted

In June 2007, GASB issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The County will implement GASB Statement No. 51 beginning with the year ending December 31, 2010.

In June 2008, GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is intended to improve how state and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements. The guidance in this statement also addresses hedge accounting requirements and is effective for the County for the year ending December 31, 2010.

In February 2009, GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is 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. 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. The guidance is effective for the County for the year ending December 31, 2011.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

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In December 2009, GASB issued GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (i.e., agent employers). The guidance is effective for the County for the year ending December 31, 2012.

In December 2009, GASB issued GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (i.e., approves) a new payment plan. The guidance is effective for the County for the year ending December 31, 2010. However, the County has not filed for bankruptcy and does not expect to file for it in the future.

The County has not completed its assessment of the impact of the adoption of these statements.

(2) Detailed Notes on All Funds

(a) Deposits and Investments

The County maintains most of its deposits on a pooled basis, which are available for use by most funds. Funds from this pool are maintained in an interest-bearing bank account. The interest earned on this account is allocated to the General Fund, certain Agency Funds, the Anti-Drug Sales Tax (Special Revenue) Fund, the Homeless Assistance (Special Revenue) Fund, and Federal Forfeiture (Special Revenue) Fund. Some of the County's deposits and investments are maintained separately by certain County funds. At December 31, 2009, the book balance for the County was \$390,311,888. The bank balance of the County's deposits was \$310,659,604, which was covered by federal depository insurance or by collateral held by the County's agent in the County's name. A difference exists between bank and book balances due to outstanding checks, deposits in transit and other reconciling items.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Primary Government (excluding Pension Trust Fund)

The deposits and investments of the County at December 31, 2009 are reflected in the financial statements as follows:

	Government- wide statement of net assets	Fiduciary funds statement of net assets (excluding pension trusts)	Total
Cash and cash equivalents	\$ 16,733,573	317,877,869	334,611,442
Restricted assets:			
Cash and cash equivalents	44,210,791	—	44,210,791
Investments	11,489,655	—	11,489,655
	<u>\$ 72,434,019</u>	<u>317,877,869</u>	<u>390,311,888</u>

The fair value, using quoted market prices or amortized cost for securities, of the County's investments at December 31, 2009 are as follows:

	Primary government-investment maturities			
	Current fair value	1 year or less	2 to 3 years	Over 4 years
Repurchase agreements	\$ 3,626,143	360,575	3,265,568	—
Guaranteed investment contracts	7,863,512	—	—	7,863,512
Total	<u>\$ 11,489,655</u>	<u>360,575</u>	<u>3,265,568</u>	<u>7,863,512</u>

At year-end, the Developmentally Disabled (Component Unit) had investments in U.S. Government securities totaling \$3,106,125.

Concentration of Credit Risk

As of December 31, 2009, more than 5% of the County's investments were held in repurchase agreements with Citigroup. These repurchase agreements were fully collateralized by either U.S. government securities or U.S. agency obligations pledged to the County's joint custody account at Bank of New York. As of December 31, 2009, more than 5% of the County's investments were held in guaranteed investment contracts with JP Morgan Chase Bank and MBIA. The guaranteed investment contract with JP Morgan Chase, totaling \$4,017,000 is uncollateralized. The guaranteed investment contract with MBIA, totaling \$3,846,512 is fully collateralized by either U.S. government securities or U.S. agency obligations pledged to the County's joint custody account at Wells Fargo Bank.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Custodial Credit Risk

Custodial credit risk 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 investments or collateral securities that are in the possession of an outside party. All trades where applicable will be executed by delivery vs. payment to ensure that fixed income securities are deposited in eligible financial institutions prior to the release of funds. The County's policy is that all fixed income securities are perfected in the name or for the account of the County and are held by a third-party custodian as evidenced by safekeeping receipts. All of the County's investments and repurchase agreements are held by the investment's counterparty, not in the name of the County.

Interest Rate Risk

Interest rate risk is the risk that fair value of the County's investments will decrease as a result of increase in interest rates. While the County does not have a formal policy regarding interest rate risk, the County will minimize the risk that the market value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in shorter-term fixed securities. The County does not utilize derivatives to manage risk.

Credit Risk

Credit risk is the risk that the County will not recover its investments due to the ability of the counterparty to fulfill their obligation. The County minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the County will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of December 31, 2009, the County's investments were all repurchase agreements and guaranteed investment contracts.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The County does not have a policy related to foreign currency risk.

Jackson County Revised Pension Plan

Concentration of Credit Risk

At June 30, 2009, investments in the Short Term Money Market Fund represent 7.9% of the Plan's net assets held in trust for pension benefits. All other individual investments represent less than 5.0% of the net assets held in trust for pension benefits.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

At June 30, 2009, the Plan's corporate bonds and debentures, corporate stocks, U.S. government securities, and municipal bonds are categorized as Category 2, which is uninsured and unregistered investments with the securities held by the counterparty's trust department or agent in the name of the Plan. The short-term money market funds are not categorized. The Plan's investments during the year ended June 30, 2009 did not differ significantly from these at year-end in amount or level of risk.

At June 30, 2009, all of the Plan's investments were stated at fair value as determined by quoted market prices, with the exception of certain notes and mortgages, valued at estimated fair value.

Interest Rate Risk

Interest rate risk is the risk that fair value of the Plan's investments will decrease as a result of increase in interest rates. In accordance with the Plan investment policy, the Plan minimizes the market value risk of investments in the portfolio by structuring investment portfolio so that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity. The Plan does not have a policy for interest rate risk.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity.

Investments, excluding corporate stocks, for the Plan as of June 30, 2009 are as follows:

Description	Investment maturities (in years)				
	Current market value	Less than than 1	1 – 5	6 – 10	Greater than 10
U.S. agencies	\$ 47,325,801	28,406	3,326,611	13,042,133	30,928,651
Municipal bonds	734,155	—	734,155	—	—
Money market	10,487,048	10,487,048	—	—	—
Treasury note	3,993,695	1,517,873	2,475,822	—	—
Corporate bonds	4,677,476	—	4,558,770	118,706	—
Total	\$ 67,218,175	12,033,327	11,095,358	13,160,839	30,928,651

Credit Risk

Credit risk is the risk that the Plan will not recover its investments due to the ability of the counterparty to fulfill their obligation. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan does not have a policy for credit risk and does not utilize derivatives to manage risk.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

As of June 30, 2009, the Plan's investments were rated as follows:

Description	Moody's	Standard & Poor's
U.S. agencies	Not Rated	Not Rated
Municipal bonds	Aa1	AA+
Money market	Not Rated	Not Rated
Treasury note	Not Rated	Not Rated
Bank of America	AAA	AAA
Enesco Offshore Co	Not Rated	Not Rated
John Deere	AAA	AAA
Wells Fargo	AAA	AAA

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan does not have a policy related to foreign currency risk.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(b) Intergovernmental Revenue and Receivables

Amounts due from other governments at December 31, 2009 consisted of the following:

	<u>Primary government</u>			<u>Total</u>
	<u>General</u>	<u>Sports complex sales tax debt service</u>	<u>Nonmajor governmental</u>	
Federal:				
Department of Health and Human Services:				
Title IV-D Child Support	\$ 1,224,846	—	—	1,224,846
Title IV-D Circuit Court	11,789	—	—	11,789
Department of Justice:				
Byrne Justice Assistance	—	—	99,591	99,591
Multi-Jurisdictional Drug Task Force	—	—	150,196	150,196
Office for Victims of Crime: Victims of Crime Act	—	—	7,711	7,711
Violence Against Women Office: Prevention & Prosecution of Sexual Assault	—	—	7,878	7,878
Bureau of Justice Assistance: Drug Abatement Response Team	—	—	63,177	63,177
Byrne Justice Assistance	—	—	40,853	40,853
Multi-Jurisdictional Drug Task Force	—	—	15,605	15,605
Office of Juvenile Justice and Delinquency Prevention: Girl Specialized Caseload	—	—	3,463	3,463
Sentenced to Arts	—	—	17,162	17,162
National Institute of Justice: Solving Cold Cases with DNA	—	—	70,047	70,047
Coverdell Forensic Science Improvement	—	—	11,075	11,075
Executive Office for Weed and Seed: Success Court Program	—	—	3,268	3,268
Executive Office of the President: High Intensity Drug Trafficking Area (HIDTA)	—	—	40,535	40,535
Department of Agriculture: National School Lunch and Breakfast	28,354	—	—	28,354
Emergency Management Performance: Emergency Management Preparedness	—	—	17,638	17,638
Department of Housing & Urban Development: Emergency Shelter Grant	—	—	13,521	13,521
Homelessness Prevention & Rapid ReHousing	—	—	4,083	4,083
Department of Transportation: Federal Highway Administration: Woods Chapel Road Program #2293	—	—	370,315	370,315
O'Donnell Bridge Program #2403	—	—	20,421	20,421
Safe Routes to School Program	—	—	1,763	1,763
National Highway Traffic Safety Administration: DWI Enforcement	—	—	7,195	7,195
Traffic Unit	—	—	57,056	57,056
Youth Alcohol	—	—	189	189
Hazardous Moving	—	—	3,621	3,621
Occupant Protection	—	—	1,166	1,166
Sobriety Checkpoint	—	—	2,142	2,142
Total Federal	<u>1,264,989</u>	<u>—</u>	<u>1,029,671</u>	<u>2,294,660</u>

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

	Primary government			Total
	General	Sports complex sales tax debt service	Nonmajor governmental	
State:				
Circuit Court Cost Reimbursements	150,476	—	—	150,476
Office of Administration	—	—	500,000	500,000
Division of Youth Services	16,575	—	73,312	89,887
Department of Mental Health	5,000	—	—	5,000
Department of Revenue	4,153	—	4,153	8,306
Department of Transportation	—	—	438	438
Department of Public Safety	—	—	5,290	5,290
Office of State Court Administrator	—	—	26,998	26,998
Department of Social Services	—	—	10,727	10,727
Total State	<u>176,204</u>	<u>—</u>	<u>620,918</u>	<u>797,122</u>
Local:				
City of Independence School District	—	—	21,250	21,250
City of Kansas City	—	300,000	—	300,000
Kansas City Election Board	—	—	133,845	133,845
Jackson County Sports Authority	—	—	7,729	7,729
Total Local	<u>—</u>	<u>300,000</u>	<u>162,824</u>	<u>462,824</u>
Total intergovernmental receivables	<u>\$ 1,441,193</u>	<u>300,000</u>	<u>1,813,413</u>	<u>3,554,606</u>

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Intergovernmental revenue during the year consisted of the following:

	Primary Government					Total
	General	Health	Sports complex Sales tax – capital	Sports complex Sales tax – debt	Nonmajor governmental	
Federal:						
Department of Health and Human Services:						
Administration for Children and Families:						
Title IV-D Child Support	\$ 4,561,633	—	—	—	—	4,561,633
Department of Justice:						
Byrne Justice Assistance Grant	—	—	—	—	99,591	99,591
Multi-Jurisdictional Drug Task Force	—	—	—	—	150,196	150,196
Bureau of Justice Assistance:						
Drug Abatement Response Team (DART)	—	—	—	—	185,374	185,374
Multi-Jurisdictional Drug Task Force	—	—	—	—	142,581	142,581
Byrne Justice Assistance Grant	—	—	—	—	286,257	286,257
State Criminal Alien Assistance Program	76,248	—	—	—	—	76,248
Office of Juvenile Justice and Delinquency Prevention:						
Girl Specialized Caseload and Girls Circle Re-Entry Aftercare Functional Family Therapy	—	—	—	—	3,463	3,463
Sentenced to the Arts	—	—	—	—	203,116	203,116
Office for Victims of Crime:						
Victims of Crime Act	—	—	—	—	35,065	35,065
National Institute of Justice:						
Coverdell Forensic Science Improvement Solving Cold Cases with DNA	—	—	—	—	103,633	103,633
Executive Office for Weed and Seed:						
Success Court Program	—	—	—	—	25,159	25,159
Violence Against Women Office:						
Community Response to Domestic Violence Prevention and Prosecution of Sexual Assault	—	—	—	—	15,592	15,592
Prevention and Prosecution of Sexual Assault	—	—	—	—	86,816	86,816
Executive Office of the President:						
High Intensity Drug Trafficking Area (HIDTA)	—	—	—	—	147,000	147,000
Department of Agriculture:						
National School Lunch and Breakfast National School Lunch Program – Juv. Detention Food Serv.	164,749	—	—	—	—	164,749
Department of Transportation:						
Federal Highway Administration:						
Woods Chapel Road #3470	—	—	—	—	1,188,605	1,188,605
Courtney Atherton #3007	—	—	—	—	20,873	20,873
Click It or Ticket	—	—	—	—	4,106	4,106
Safe Routes to School Program	—	—	—	—	6,990	6,990
National Highway Traffic Safety Administration:						
Sobriety Checkpoint	—	—	—	—	16,785	16,785
Hazardous Moving Violations	—	—	—	—	19,474	19,474
Youth Alcohol	—	—	—	—	189	189
DWI Enforcement	—	—	—	—	24,336	24,336
Occupant Protection	—	—	—	—	1,166	1,166
Traffic Unit	—	—	—	—	265,685	265,685
Department of Homeland Security:						
Emergency Management Performance:						
Emergency Management Preparedness	—	—	—	—	60,279	60,279
Department of Housing and Urban Development:						
Homelessness Prevention and Rapid Re-Housing (HPRP)	—	—	—	—	4,083	4,083
Office of Community Planning and Development:						
Emergency Shelter Grant	—	—	—	—	13,521	13,521
Total Federal	4,802,630	—	—	—	3,328,342	8,130,972

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

	Primary Government					Total
	General	Health	Sports complex Sales tax – capital	Sports complex Sales tax – debt	Nonmajor governmental	
State:						
Circuit Court Cost Reimbursements	\$ 8,257,957	—	—	—	—	8,257,957
Office of Administration	—	—	—	—	3,000,000	3,000,000
Division of Youth Services	65,774	—	—	—	304,417	370,191
Department of Mental Health	30,000	—	—	—	—	30,000
Department of Transportation	—	—	—	—	26,555	26,555
State Tax Commission – Assessment Reimbursement	—	—	—	—	1,142,864	1,142,864
Department of Public Safety	—	—	—	—	88,177	88,177
Department of Revenue	199,116	—	—	—	199,116	398,232
Office of State Court Administrator	—	—	—	—	86,914	86,914
Department of Social Services	—	—	—	—	67,680	67,680
Total State	<u>8,552,847</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,915,723</u>	<u>13,468,570</u>
Local:						
Cass County Medical Examiner	—	95,015	—	—	—	95,015
Clay County Medical Examiner	—	216,976	—	—	—	216,976
Platte County Medical Examiner	—	72,542	—	—	—	72,542
City of Lake Lotawana	—	—	—	—	448	448
Independence School District	—	—	—	—	21,250	21,250
City of Grain Valley	—	—	—	—	13,268	13,268
City of Lee's Summit	—	—	—	—	1,195,972	1,195,972
Truman Medical Center	—	—	—	—	850,425	850,425
Jackson County Sports Authority	—	—	—	3,315,844	195,593	3,511,437
KC Chiefs & KC Royals	—	—	68,697,790	4,009,533	—	72,707,323
City of Kansas City	—	—	—	2,000,000	250,000	2,250,000
Planning Commission	—	—	—	—	90,998	90,998
Total Local	<u>—</u>	<u>384,533</u>	<u>68,697,790</u>	<u>9,325,377</u>	<u>2,617,954</u>	<u>81,025,654</u>
Total intergovernmental revenue	<u>\$ 13,355,477</u>	<u>384,533</u>	<u>68,697,790</u>	<u>9,325,377</u>	<u>10,862,020</u>	<u>102,625,197</u>

(c) Tax Revenues

Tax revenues, including interest and penalties, for the year ended December 31, 2009 were as follows:

	General	Health	Sports complex sales tax debt service	Nonmajor governmental	Total
Property tax	\$ 15,796,189	15,797,857	—	23,597,073	55,191,119
Sales tax	21,265,742	6,402,186	29,913,393	30,906,757	88,488,078
Cigarette tax	77,318	—	—	—	77,318
Financial institution tax	2,355,226	—	—	—	2,355,226
Other taxes	122,171	—	—	988,925	1,111,096
Total	<u>\$ 39,616,646</u>	<u>22,200,043</u>	<u>29,913,393</u>	<u>55,492,755</u>	<u>147,222,837</u>

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

The County levies property taxes on September 1 for the current year based on assessed values as of the prior January 1 of all real and personal property located in the County. Property taxes are billed after all levies are set and the taxes extended following the levy date and are due on December 31.

On January 1, the County may attach a lien and assess interest, penalties, and fees to all property for which taxes are unpaid. The interest consists of a 1.5% per month charge up to a maximum of 18.0% per year and fees are a one-time 8.0% charge. Taxes remaining unpaid for three years are collected through foreclosure proceedings.

Assessed values are established by the Department of Assessment, are reviewed by the County Board of Equalization and the State Tax Commissioner, and are computed at 32%, 19%, and 12% of estimated market value for commercial, residential, and farm property, respectively. Personal property is computed at 33 1/3% of its market valuation. Based on the last valuation, the total assessed value as of January 1, 2009 was approximately \$9.3 billion.

The County is permitted by Missouri State Statutes to levy taxes up to \$.35 per \$100 of assessed valuation for general governmental services (General Fund) other than the payment of principal and interest on long-term debt, up to \$.35 per \$100 for Special Road and Bridge Fund, up to \$.38 per \$100 for Health Fund, up to \$.20 per \$100 for Parks and Recreation Fund, up to \$.10 per \$100 for Developmentally Disabled (Component Unit), and in unlimited amounts for the payment of principal and interest on long-term debt. Pursuant to authorization granted in the Missouri State Statutes, Jackson County voters approved a countywide sales tax, which required the total County property tax levy be reduced by 70% of sales tax revenues collected in the year. The County also receives a one-quarter of 1% sales tax for the purpose of providing prosecution, incarceration, treatment, prevention, and law-enforcement activities to combat illegal drugs. The Citizens reapproved this tax for seven years in November 2009. The tax has a sunset provision, and if not renewed by the voters, will expire in March 2018.

Property tax levies per \$100.00 assessed valuation for the year were as follows:

	Levy	Levy after sales tax reduction
Primary government:		
General Fund	\$ 0.2616	0.1544
Health Fund	0.2240	0.1556
Park Fund	0.1399	0.0920
Special Road and Bridge Fund	0.1975	0.1410
Total primary government	\$ 0.8230	0.5430
Component unit:		
Developmentally disabled	\$ 0.0748	0.0748

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Property taxes levied for the current year are recorded as receivables; however, property taxes not collected within sixty days after year-end are deferred. An allowance for estimated uncollectible receivables is based upon historical trends. The total allowance of \$185,405 was deducted from the respective receivables on current and prior years' taxes as follows:

Primary government:		
General Fund	\$	61,276
Health Fund		39,871
Park Fund		19,121
Special Road and Bridge Fund		36,249
Assessment Fund		28,888
	\$	<u>185,405</u>

The County accounts for property tax collections in the Tax Distribution Fund and Protest Impound Fund (Agency Funds). During the current year, the County collected property taxes of approximately \$859 million. Included in this amount are the County's property taxes and other jurisdictions' property taxes that were remitted to the appropriate entities along with interest.

Assessment and Collection Fees: The County is entitled to a 1% retainage on taxes collected on behalf of the various taxing jurisdictions and an assessment commission of 3/5 of 1% of all taxes billed. This revenue, which amounted to \$8,465,564 and \$5,591,178, respectively, for the year, is included in charges for services in the General Fund and the Assessment Reimbursement (non major Special Revenue) Fund.

(d) Long-Term Liabilities

State statutes permit the County, by vote of four-sevenths of the voting electorate in a general election or by vote of two-thirds of the voting electorate in a special election, to incur general obligation indebtedness not to exceed 10% of the assessed value of taxable tangible property.

At December 31, 2009, based on the total assessed valuation of taxable tangible property of approximately \$9.3 billion, the total general obligation debt limit was \$930,289,146.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Leasehold bonds	\$ 101,231,290	—	5,900,000	95,331,290	6,350,000
Special obligation bonds	493,445,000	—	14,195,000	479,250,000	14,905,000
Plus bond premium	17,943,918	—	841,264	17,102,654	841,264
Total bonds payable	612,620,208	—	20,936,264	591,683,944	22,096,264
Obligations to U.S. government					
Notes payable	11,735,753	—	250,485	11,485,268	258,856
Accrued claims and judgments	784,149	—	112,022	672,127	112,022
Accrued compensated absences	3,009,764	—	377,029	2,632,735	2,375,345
Net pension obligation	6,486,013	593,891	484,315	6,595,589	417,872
	15,558,736	99,509	—	15,658,245	—
Total governmental activities long-term liabilities	<u>\$ 650,194,623</u>	<u>693,400</u>	<u>22,160,115</u>	<u>628,727,908</u>	<u>25,260,359</u>
Enterprise activities:					
Accrued compensated absences	\$ 173,102	8,914	5,303	176,713	11,814
Total enterprise activities long-term liabilities	<u>\$ 173,102</u>	<u>8,914</u>	<u>5,303</u>	<u>176,713</u>	<u>11,814</u>

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Debt service requirements on long-term debt at December 31, 2009 are as follows:

	Governmental activities							
	Leasehold bonds		Special obligation bonds		Obligations to U.S. government		Notes payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 6,350,000	4,051,628	14,905,000	23,607,048	258,856	383,838	112,022	—
2011	5,970,000	3,793,052	15,630,000	22,865,622	267,507	375,187	112,022	—
2012	6,185,000	3,538,715	16,450,000	22,064,273	276,447	366,247	112,022	—
2013	6,495,000	3,259,180	17,295,000	21,220,772	285,686	357,008	112,022	—
2014	10,800,000	2,970,793	18,240,000	20,357,248	295,233	347,460	112,022	—
2015 – 2019	26,035,054	19,022,996	91,740,000	88,010,862	1,630,929	1,582,537	112,017	—
2020 – 2024	17,026,236	7,681,089	110,395,000	63,670,750	1,922,292	1,291,175	—	—
2025 – 2029	14,665,000	2,640,750	134,645,000	33,812,200	2,265,707	947,760	—	—
2030 – 2034	1,805,000	136,500	59,950,000	4,076,325	2,670,472	542,995	—	—
2035 – 2039	—	—	—	—	1,612,139	140,781	—	—
Total	\$ 95,331,290	47,094,703	479,250,000	299,685,100	11,485,268	6,334,988	672,127	—

Governmental activities debt payable at December 31, 2009 is comprised of the following:

	Interest rate	Maturity date	Balance December 31, 2009
Leasehold bonds:			
1998	3.50% – 4.80%	through 2014	\$ 18,005,000
2002	4.50% – 5.00%	2015 – 2020	9,246,290
2003	3.00% – 5.00%	through 2028	18,365,000
2005	3.00% – 5.00%	through 2029	22,670,000
2006A	4.00% – 5.00%	through 2020	13,990,000
2006B	4.00% – 5.00%	through 2031	13,055,000
Total leasehold bonds			\$ 95,331,290
Special obligation bonds:			
2001	3.00% – 5.50%	through 2016	\$ 20,155,000
2002	1.80% – 5.50%	through 2027	32,505,000
2006	4.50% – 5.00%	through 2031	426,590,000
Total special obligation bonds			\$ 479,250,000

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

The general purpose for each debt issuance is outlined below:

Jackson County, MO – 1998	To renovate Truman Sports Complex and the County's park system
Jackson County, MO – 2001	To renovate and remodel Truman Medical Centers at Hospital Hill and Lakewood
Jackson County, MO – 2002	To make improvements to Fleming Park and Truman Sports Complex
Jackson County, MO – 2002	Expansion of Truman Medical Center-Lakewood, to create a debt service fund, and renovate and equip space for the Jackson County Medical Examiner
Public Building Corporation – 2003	To renovate, repair and improve Jackson County's downtown and Independence Square facilities
Public Building Corporation – 2005	To maintain HVAC systems and improve roads
Public Building Corporation – 2006A	Refunding of the refunded bonds and acquisition of equipment for Truman Medical Center
Public Building Corporation – 2006B	To renovate, repair and equip Jackson County facilities
Jackson County, MO – 2006	To repair and make improvements to the Truman Sports Complex
United States Army Corps of Engineers	For operations, maintenance and enhancements of Blue Springs and Longview Reservoirs
Blackwell Road	Improvements to Blackwell Road

Obligations to U.S. Government

The County has entered into an agreement with the United States Army Corps of Engineers (Corps) whereby the County shared in the enhancement costs of the Blue Springs and Longview Reservoirs. The County's portion of annual payments, payable over fifty years, is \$365,137 for the Longview Reservoir and \$277,557 for the Blue Springs Reservoir. Payments for the Longview Reservoir commenced in 1986 and payments for the Blue Springs Reservoir commenced in 1990. In addition, the County is required to operate, maintain, and provide major replacements for each reservoir.

Notes Payable

On April 8, 2004, the County entered into an agreement with the City of Lees Summit for the construction of Blackwell Road. Each party will share equally in the total costs of \$2,240,432. The total amount of capital outlay owed by the County to Lees Summit is \$1,120,216 to be repaid in equal installments over a ten year period of \$112,022. The payments began in 2006. As of December 31, 2009, the County had recorded \$672,127 as long-term debt.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(e) Interfund Balances and Transfers

The composition of interfund receivables and payables as of December 31, 2009 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental fund	General	\$ 5,080,804
Nonmajor governmental fund	Health	2,651,928
Nonmajor governmental fund	Nonmajor governmental fund	873,223
Nonmajor governmental fund	Internal service fund	256,116
Total		<u>\$ 8,862,071</u>

All interfund balances are due to the elimination of negative cash balances within the various funds and are expected to be repaid during the fiscal year ending December 31, 2010.

Individual fund transfers for the year ended December 31, 2009 are as follows:

	<u>Transfers in</u>			
	<u>Sports complex sales tax capital project</u>	<u>Sports complex sales tax debt service</u>	<u>Nonmajor governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$ —	—	1,842,311	1,842,311
Health Fund	—	—	7,223,547	7,223,547
Sports Complex Sales Tax Capital Project Fund	—	375,481	—	375,481
Sports Complex Sales Tax Debt Service Fund	8,985,855	—	—	8,985,855
Enterprise Fund	—	—	201,979	201,979
Nonmajor Governmental Funds	—	—	13,543,907	13,543,907
Total transfers	<u>\$ 8,985,855</u>	<u>375,481</u>	<u>22,811,744</u>	<u>32,173,080</u>

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

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(f) Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning balance	Increase	Decrease	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,585,511	—	—	9,585,511
Infrastructure	86,877,840	—	—	86,877,840
Construction in progress	302,233,689	307,111,335	(303,886,086)	305,458,938
Total capital assets not being depreciated	398,697,040	307,111,335	(303,886,086)	401,922,289
Capital assets being depreciated:				
Buildings	161,438,369	3,895,079	(7,800)	165,325,648
Improvements other than buildings	3,070,463	342,987	—	3,413,450
Equipment and furniture	12,248,941	1,534,417	(74,031)	13,709,327
Vehicles	11,492,036	865,563	(20,545)	12,337,054
Truman Sports Complex	167,328,518	302,599,881	(11,314,047)	458,614,352
Total capital assets being depreciated	355,578,327	309,237,927	(11,416,423)	653,399,831
Less accumulated depreciation for:				
Buildings	(62,770,275)	(3,122,292)	7,800	(65,884,767)
Improvements other than buildings	(1,433,349)	(137,976)	—	(1,571,325)
Equipment and furniture	(9,403,089)	(803,864)	74,031	(10,132,922)
Vehicles	(8,884,541)	(721,335)	20,545	(9,585,331)
Truman Sports Complex	(77,249,880)	(12,937,958)	9,030,930	(81,156,908)
Total accumulated depreciation	(159,741,134)	(17,723,425)	9,133,306	(168,331,253)
Total capital assets being depreciated, net	195,837,193	291,514,502	(2,283,117)	485,068,578
Governmental activities capital assets, net	\$ 594,534,233	598,625,837	(306,169,203)	886,990,867

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

	Beginning balance	Increase	Decrease	Ending balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,980,694	—	—	1,980,694
Construction in progress	270,000	498,647	(752,959)	15,688
Infrastructure	5,238,242	—	—	5,238,242
Total capital assets not being depreciated	7,488,936	498,647	(752,959)	7,234,624
Capital assets being depreciated:				
Buildings	3,882,496	130,455	—	4,012,951
Improvements other than buildings	8,379,784	352,504	—	8,732,288
Equipment and furniture	1,097,958	102,445	—	1,200,403
Vehicles	625,313	—	—	625,313
Total capital assets being depreciated	13,985,551	585,404	—	14,570,955
Less accumulated depreciation for:				
Buildings	(1,657,904)	(76,479)	—	(1,734,383)
Improvements other than buildings	(5,936,948)	(265,885)	—	(6,202,833)
Equipment and furniture	(855,161)	(78,589)	—	(933,750)
Vehicles	(487,361)	(43,263)	—	(530,624)
Total accumulated depreciation	(8,937,374)	(464,216)	—	(9,401,590)
Total capital assets being depreciated, net	5,048,177	121,188	—	5,169,365
Business-type activities capital assets, net	\$ 12,537,113	619,835	(752,959)	12,403,989

Some projects costs that had been recorded as construction in progress did not ultimately become part of a capital asset, so the costs were expensed. As a result, the decrease in construction in progress is greater than the increase in capital assets being depreciated.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Within the statement of activities, depreciation expense was charged to functions of the primary government during the year ended December 31, 2009 as follows:

Governmental activities:	
General government	\$ 1,018,558
Public safety	1,426,141
Roads, highways, and bridges	588,483
Health, welfare, and community development	1,503,715
Culture and recreation	<u>13,186,528</u>
Total governmental activities depreciation expense	<u>\$ 17,723,425</u>
Business-type activities:	
Park Enterprise	\$ 464,216

Capital assets activity for the Developmentally Disabled Component Unit for the year ended December 31, 2009 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Discretely presented component unit:				
Capital assets not being depreciated	\$ <u>1,820,719</u>	<u>377,500</u>	<u>—</u>	<u>2,198,219</u>
Capital assets being depreciated	22,228,921	2,530,623	(33,040)	24,726,504
Less accumulated depreciation	<u>(9,748,699)</u>	<u>(870,809)</u>	<u>106,182</u>	<u>(10,513,326)</u>
Total capital assets being depreciated, net	<u>12,480,222</u>	<u>1,659,814</u>	<u>73,142</u>	<u>14,213,178</u>
Component unit capital assets, net	<u>\$ 14,300,941</u>	<u>2,037,314</u>	<u>73,142</u>	<u>16,411,397</u>

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(g) ***Commitments and Contingencies***

Defined Benefit Pension Plan

Description of Plan

The Jackson County, Missouri Revised Pension Plan (the Plan) is a single-employer defined benefit plan providing for retirement and disability benefits for all eligible employees of Jackson County, the Little Blue Valley Sewer District, the Jackson County Board of Election Commissioners, the Kansas City Board of Election Commissioners, the Jackson County Sports Complex Authority, the Jackson County Law Library, Inc., and the Eastern Jackson County Multi-Jurisdictional Anti-Drug Task Force. The benefit provisions are provided under the authority of Revised Missouri Section 50.337. The County is the administrator of this single-employer plan.

The County has prepared a separate Comprehensive Annual Financial Report (CAFR) for the Plan for fiscal year ended June 30, 2009. The report includes financial statements and required supplementary information, including six-year historical trend information. The report may be obtained by writing to Jackson County, Missouri, Attention: Finance Department, 415 E. 12th Street, Room 105, Kansas City, Missouri 64106.

Summary of Benefits

Employees become eligible for the Plan on January 1 after completion of one year of full-time service. Employees are fully vested after five years of full-time service. The Plan calls for a normal retirement benefit at age sixty-five of 1.5% of their average monthly earnings for each year of credited service (computed average monthly earnings for the highest thirty-six consecutive months, from the previous one-hundred twenty months). Effective December 15, 1997, the Plan was amended to also provide a normal retirement benefit to those active employees who have reached the age of fifty-five and whose years of age and credited service total eighty years. The Plan permits early retirement with reduced benefits for vested employees at the age of fifty-five. The Plan also provides death and disability benefits. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Effective November 5, 2003, the Plan was amended to provide a benefit schedule applicable to elected officials. The Plan allows for a normal retirement benefit calculation of 4.167% of average monthly earnings for each year of the first twelve years of credited services, plus 5% of average monthly earnings times years of credited service from years 12 to 16. The elected official is required to contribute 4% of their salary to the Plan.

Funding Status

The County has agreed to voluntarily contribute such amounts as are necessary to provide assets sufficient to meet benefits to be paid to Plan members. Other political subdivisions also make contributions to the Plan. The County has the right under the Plan to discontinue such contributions at any time and terminate the Plan. Employer contributions are subject to annual appropriation by Jackson County, Missouri and other related political subdivisions.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

The Plan receives an annual actuarial valuation for the purpose of determining recommended contribution rates. The method of valuation at June 30, 2009, is the entry age, normal cost method. The actuary provides a range of contribution recommendations depending on how rapidly the past service liability is funded. The actuarially determined required minimum contribution, including amortization of past service liability over thirty years, amounted to \$7,778,047 or 11.81% of covered payroll for 2009. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability</u>	<u>Unfunded Accrued Liability (UAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAL as a percentage of covered payroll</u>
June 30, 2009	\$ 159,358,271	196,724,562	37,366,291	81.0%	\$ 65,865,654	56.7%

See schedule of Funding Progress contained in the Required Supplementary Information. This schedule 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.

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Annual Pension Cost

The following summarizes the three-year trend information related to the annual pension cost:

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation (NPO)</u>
Year ended June 30:			
2007	\$ 9,323,515	71.7%	\$ 13,607,206
2008	9,253,011	78.9	15,558,736
2009	8,172,572	98.8	15,658,245

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Net Pension Obligation

The following is a summary of the annual pension cost and change in NPO for the fiscal year ended June 30, 2009:

Net pension obligation – beginning of year	\$	15,558,736
Annual required contribution (ARC)		7,778,047
Interest on net pension obligation		1,089,111
ARC adjustment – amortization of NPO		(694,586)
Annual pension cost		8,172,572
Actual employer contributions		(8,073,063)
Net increase in NPO		99,509
Net pension obligation – end of year	\$	15,658,245

Schedule of Required Contributions

	Actual employer and employee contributions	Annual required contributions	Percentage contributed
Year:			
2007	\$ 6,684,430	9,045,392	73.9%
2008	7,301,478	8,907,971	82.0
2009	8,073,063	7,778,047	103.8

Actuarial Methods and Assumptions

The information presented below is a summary of the actuarial methods and assumptions used in the actuarial valuation date below:

Valuation date	June 30, 2009
Actuarial cost method	Individual entry age, normal cost
Amortization method	Level dollar amount, closed period
Remaining amortization period	30 years, ending December 31, 2039
Asset valuation method	Expected assets plus the five year average excess of market value over expected value
Assumed rate of return on investment	7% compounded annually, net of investment expenses
Salary increases	Salaries will increase 4% per annum, up to age 64
Assumed inflation rate	1.5% per annum
Cost of living	1.5% per annum for participants who both terminate and retire after July 31, 1990

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Investments

Purchases and sales of securities are recorded on a trade-date basis. Marketable securities, commercial paper, and short-term money market funds are stated at aggregate fair value. Investments listed on national exchanges are valued at quoted market prices. The Plan's investment counsel estimates the fair value of government securities and corporate debt securities, which are not readily marketable. No investment in any one organization represents 5% or more of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the Plan.

Investments, which are disclosed in the basic financial statements at fair value, were comprised of the following types at June 30, 2009:

U.S. government securities	\$	51,319,496
Corporate stocks		65,346,902
Corporate bonds and debentures		4,677,476
Municipal bonds		734,155
Short-term money market fund		<u>10,487,048</u>
	\$	<u>132,565,077</u>

Truman Medical Center

Truman Medical Center (TMC) and the County are parties to an agreement whereby TMC will operate the County's hospital and healthcare facilities and related health services for Truman Medical Center-East and the Jackson County Health Department.

The County has contractually agreed to pay TMC an amount to be determined and appropriated annually by the County Legislature (\$5,995,325 in 2009). These payments are intended to compensate TMC for medical services rendered to the residents of the County and to substantially cover the debt service costs on TMC's federally guaranteed loan, the payment of which is the obligation of TMC. This contract is to automatically continue in effect on a year-to-year basis unless terminated by either party by submitting 180 days notice.

Jackson County Sports Authority

On January 19, 1990, the Authority entered into lease agreements with the two major tenants of the Truman Sports Complex, the Kansas City Royals Baseball Corporation and the Kansas City Chiefs Football Club, Inc., for a period of 25 years. In connection with the lease agreements, the County entered into an agency agreement with the Authority whereby the County agreed, subject to annual appropriation, to transfer certain park levy funds to the Authority to pay for operations of the stadiums and capital improvements. On April 3, 1990, County residents approved a property tax shift to help provide for this funding. Also, Missouri State legislation passed in 1989 allows local funding to be matched by state funds.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; unemployment claims; and natural disasters. The County uses a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for general liability and up to a maximum of \$450,000 for each worker's compensation claim, \$100,000 for each real and personal property damage claim, \$100,000 for each automobile liability claim, \$25,000 for each moveable equipment damage claim \$10,000 for each employee dishonesty claim, and \$1,000 for each automobile comprehensive claim. The County purchases commercial insurance for claims in excess of coverage provided by the Self-Insurance Fund and for all other risk of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The County is a member of the Missouri Public Entity Risk Management Fund (MOPERM). MOPERM is a nonprofit, shared-risk, or self-insurance fund created by the Missouri General Assembly to provide liability protection to participating public entities. The County pays annual premiums to MOPERM for property and casualty insurance coverage.

MOPERM has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, they have the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MOPERM has not had deficiencies in any of the past three fiscal years.

All funds of the County participate in the self-insurance program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and insurance premiums. The claims liability of \$2,632,735 reported in the Self-Insurance Fund at December 31, 2009 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Self-Insurance Fund's claims liability for the years ended December 31, 2009 and 2008 were as follows:

	Claims liability – beginning of year	Current year claims and change in estimate	Claim payments	Claims liability – end of year
Fiscal year:				
2008	\$ 2,270,118	2,926,965	(2,187,319)	3,009,764
2009	3,009,764	2,185,654	(2,562,683)	2,632,735

The County and its related entities are defendants in numerous lawsuits, arising in the ordinary course of activities. The County Counselor has reviewed the status of pending lawsuits and estimates that an adverse decision in cases that are considered to have a reasonably possible chance of loss total approximately \$2,745,000 in excess of any applicable insurance or amounts accrued in the Self-Insurance Fund.

JACKSON COUNTY, MISSOURI

Notes to Basic Financial Statements

December 31, 2009

(h) Pledged Revenue

The County has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The general purpose of the debt is listed in note 2(d). The following table lists those revenues and the corresponding debt issue along with the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year and the approximate percentage of the revenue stream that has been committed if estimable:

Issue	Type of revenue pledged	Amount of revenue pledged	Term of commitment	Percentage of revenue pledged	Recognized for the year ended December 31, 2009	Principal and interest for the year ended December 31, 2009
Jackson County, MO 2006 Special Obligation	County Stadium Sales Tax	3/8% sales tax per year plus interest	25 years through 2031	100%	\$ 29,913,393	32,018,200
	Park Property Tax	\$ 315,845	25 years through 2031	100	315,845	*
	City Contribution	2,000,000	Subject to appropriation by City	100	2,000,000	*
	State Contribution	3,000,000	Subject to appropriation by State	100	3,000,000	*
	Chiefs Lease	1,853,255	25 years through 2031	100	1,853,255	*
	Royals Lease	1,403,492	25 years through 2031	100	1,403,492	*

* Principal and interest of \$32,018,200 applies to all types of revenue pledged.

(i) Note receivable – Discretely Presented Component Unit

During 2002, Developmental Disability Services of Jackson County – EITAS entered into a transaction with the Sunshine Center to sell a building and land in exchange for a note receivable of \$915,000. Subsequent to December 31, 2009, the Sunshine Center indicated they would be returning the building and land back to Developmental Disability Services of Jackson County in full satisfaction of the note receivable. Management performed an impairment analysis of the building and land that resulted in an impairment loss of \$502,571 which has been recorded in the financial statements.

(j) Subsequent Event

In March 2010, the County issued \$5.5 million of taxable special obligation bonds (Build America Bonds). The proceeds of the Series 2010 Bonds will be used to finance the costs of acquiring, constructing, furnishing and equipping an animal shelter facility to be located in Independence, Missouri. The bonds were sold at par with \$5,039,633 allocated to the construction fund. The remaining proceeds of \$460,367 were used to fund the required debt service reserve fund and costs of issuance. The bonds have a 30 year term with final maturity in 2040.

JACKSON COUNTY, MISSOURI
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
Year ended December 31, 2009

	<u>Original budget</u>	<u>Revisions</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:					
Taxes:					
Property taxes	\$ 15,824,439	—	15,824,439	15,796,189	(28,250)
Sales taxes	23,784,000	—	23,784,000	21,265,742	(2,518,258)
Financial institution taxes	140,000	—	140,000	77,318	(62,682)
Cigarette tax	2,550,000	—	2,550,000	2,355,226	(194,774)
Other state collected taxes	25,000	—	25,000	122,171	97,171
Total taxes	<u>42,323,439</u>	<u>—</u>	<u>42,323,439</u>	<u>39,616,646</u>	<u>(2,706,793)</u>
Licenses and permits:					
Liquor and amusement	662,000	—	662,000	545,855	(116,145)
Total licenses and permits	<u>662,000</u>	<u>—</u>	<u>662,000</u>	<u>545,855</u>	<u>(116,145)</u>
Intergovernmental:					
State reimbursements	8,369,532	—	8,369,532	8,552,847	183,315
Federal grants	4,755,364	—	4,755,364	4,802,630	47,266
Total intergovernmental	<u>13,124,896</u>	<u>—</u>	<u>13,124,896</u>	<u>13,355,477</u>	<u>230,581</u>
Charges for services:					
Tax collection fees and penalties	12,880,000	—	12,880,000	13,925,621	1,045,621
Recording fees	2,975,000	—	2,975,000	2,593,973	(381,027)
Public administrator fees	500,000	—	500,000	597,252	97,252
Leases and rental charges	543,697	—	543,697	284,594	(259,103)
Other fees and commissions	171,200	1,258,150	1,429,350	1,608,751	179,401
Total charges for services	<u>17,069,897</u>	<u>1,258,150</u>	<u>18,328,047</u>	<u>19,010,191</u>	<u>682,144</u>
Fines and forfeitures:					
Court costs	1,172,000	—	1,172,000	1,215,544	43,544
Court fees	1,518,000	—	1,518,000	1,403,560	(114,440)
Total fines and forfeitures	<u>2,690,000</u>	<u>—</u>	<u>2,690,000</u>	<u>2,619,104</u>	<u>(70,896)</u>
Interest	533,000	—	533,000	299,452	(233,548)
Miscellaneous	47,500	—	47,500	63,024	15,524
Total revenues	<u>76,450,732</u>	<u>1,258,150</u>	<u>77,708,882</u>	<u>75,509,749</u>	<u>(2,199,133)</u>
Expenditures:					
General government:					
Legislative functions:					
County legislature	1,082,523	—	1,082,523	971,437	111,086
Clerk of county legislature	426,782	—	426,782	373,350	53,432
Legislative auditor	322,340	—	322,340	315,108	7,232
County executive:					
County executive	655,796	6,992	662,788	639,898	22,890
Economic development	183,370	(2,000)	181,370	153,737	27,633
County counselor	842,856	(304)	842,552	811,884	30,668
Intergovernmental affairs:					
Office of communications	280,152	(11,700)	268,452	184,392	84,060
Operations:					
Facilities management	5,297,446	546,982	5,844,428	5,303,737	540,691
Human resources	534,703	—	534,703	527,486	7,217
Financial services:					
Collections department	1,460,302	9,909	1,470,211	1,373,677	96,534
Finance department	1,183,390	(1,431)	1,181,959	1,077,203	104,756
Information technology	1,827,059	(15,999)	1,811,060	1,640,717	170,343
Records department	1,085,792	(1,313)	1,084,479	1,023,953	60,526
Judicial functions:					
Family court	20,548,438	(13,126)	20,535,312	19,492,981	1,042,331
Family court – facilities	216,357	—	216,357	216,141	216
Circuit court	9,935,627	70,095	10,005,722	9,960,305	45,417
County municipal court	161,277	(649)	160,628	147,215	13,413

JACKSON COUNTY, MISSOURI
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
Year ended December 31, 2009

	Original budget	Revisions	Final budget	Actual	Variance with final budget – positive (negative)
Public administrator	\$ 210,034	—	210,034	206,703	3,331
Prosecuting attorney:					
Prosecuting attorney	3,963,848	(174,275)	3,789,573	3,630,833	158,740
Support	4,676,277	—	4,676,277	4,252,560	423,717
Human relations and citizens complaints	107,928	(1,000)	106,928	101,704	5,224
Non departmental:					
Kansas City Election Board	1,024,673	—	1,024,673	996,026	28,647
Jackson County Election Board	1,617,325	(8,494)	1,608,831	1,498,997	109,834
Open meetings litigation fund	—	—	—	—	—
KCEB Primary Election	—	—	—	—	—
KCEB General Election	—	142,795	142,795	142,795	—
JCEB Primary Election	—	—	—	—	—
JCEB General Election	—	—	—	—	—
Community assistance:					
Mid-America Regional Council (MARC)	—	—	—	—	—
St. Patrick's day	—	—	—	—	—
Boys and Girls Club of Eastern Ja. Co.	—	—	—	—	—
Old Northeast	—	—	—	—	—
National Baptist Convention	—	40,000	40,000	40,000	—
3% State Mandated Contingency	2,311,941	(846,493)	1,465,448	—	1,465,448
Greater Kansas City Sports Commission	—	—	—	—	—
Friends of Bruce R. Watkins	—	—	—	—	—
Special Prosecution	—	35,513	35,513	33,528	1,985
Employee benefits	1,510,095	301,047	1,811,142	1,111,476	699,666
Telephone service	825,960	5,995	831,955	870,510	(38,555)
Property and liability damage	406,080	—	406,080	406,080	—
Audits	190,000	(16,363)	173,637	173,025	612
Legal and Consulting	246,713	172,787	419,500	433,833	(14,333)
Buildings	305,000	(105,901)	199,099	199,099	—
Other	354,674	55,425	410,099	408,848	1,251
Total general government	<u>63,794,758</u>	<u>188,492</u>	<u>63,983,250</u>	<u>58,719,238</u>	<u>5,264,012</u>
Public safety:					
Corrections department	11,458,452	1,230,823	12,689,275	12,681,038	8,237
Sheriff	1,786,427	(1,166)	1,785,261	1,719,793	65,468
Total public safety	<u>13,244,879</u>	<u>1,229,657</u>	<u>14,474,536</u>	<u>14,400,831</u>	<u>73,705</u>
Total expenditures	<u>77,039,637</u>	<u>1,418,149</u>	<u>78,457,786</u>	<u>73,120,069</u>	<u>5,337,717</u>
Excess of expenditures over (under) revenues	<u>(588,905)</u>	<u>(159,999)</u>	<u>(748,904)</u>	<u>2,389,680</u>	<u>3,138,584</u>
Other financing sources (uses):					
Transfers out	\$ (1,742,620)	(170,013)	(1,912,633)	(1,842,311)	70,322
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,331,525)</u>	<u>(330,012)</u>	<u>(2,661,537)</u>	547,369	<u>3,208,906</u>
Fund balance – beginning of year				8,931,412	
Encumbrances outstanding – beginning of year				(152,726)	
Encumbrances cancelled				(41,484)	
Encumbrances outstanding – end of year				<u>409,240</u>	
Fund balance – end of year				<u>\$ 9,693,811</u>	

See accompanying independent auditors' report.

JACKSON COUNTY, MISSOURI
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
Health Fund
Year ended December 31, 2009

	<u>Original budget</u>	<u>Revisions</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:					
Taxes:					
Property taxes	\$ 15,673,500	—	15,673,500	15,797,857	124,357
Sales taxes	7,164,000	—	7,164,000	6,402,186	(761,814)
Total taxes	<u>22,837,500</u>	<u>—</u>	<u>22,837,500</u>	<u>22,200,043</u>	<u>(637,457)</u>
Licenses and permits:					
Other	215,000	—	215,000	381,201	166,201
Total licenses and permits	<u>215,000</u>	<u>—</u>	<u>215,000</u>	<u>381,201</u>	<u>166,201</u>
Intergovernmental:					
Local governments	384,500	—	384,500	384,533	33
Total intergovernmental	<u>384,500</u>	<u>—</u>	<u>384,500</u>	<u>384,533</u>	<u>33</u>
Charges for services:					
Other fees and commissions	133,000	50,000	183,000	128,573	(54,427)
Total charges for services	<u>133,000</u>	<u>50,000</u>	<u>183,000</u>	<u>128,573</u>	<u>(54,427)</u>
Miscellaneous					
	—	—	—	13,266	13,266
Total revenues	<u>23,570,000</u>	<u>50,000</u>	<u>23,620,000</u>	<u>23,107,616</u>	<u>(512,384)</u>
Expenditures:					
General government:					
Legislative functions:					
Clerk of the county legislature	9,081	—	9,081	8,909	172
County executive:					
County executive	175,521	—	175,521	169,361	6,160
County counselor	100,413	—	100,413	100,200	213
Family court	275,878	—	275,878	264,150	11,728
Financial services:					
Information technology	10,000	—	10,000	9,000	1,000
Nondepartmental:					
Employee benefits	86,760	—	86,760	51,772	34,988
Property and liability insurance	79,500	—	79,500	79,500	—
Telephone service	13,300	300	13,600	13,775	(175)
Audits	40,000	(7,500)	32,500	—	32,500
Legal and Consulting	221,502	9,850	231,352	157,746	73,606
Court cost	90,000	9,999	99,999	123,124	(23,125)
Public administrator	1,293,205	—	1,293,205	1,188,358	104,847
Buildings	1,305,655	(69,954)	1,235,701	418,893	816,808
Equipment	—	57,605	57,605	40,736	16,869
Other	147,900	—	147,900	74,011	73,889
3% Nonmandated contingency	707,100	—	707,100	—	707,100
Total general government	<u>4,555,815</u>	<u>300</u>	<u>4,556,115</u>	<u>2,699,535</u>	<u>1,856,580</u>
Health, welfare, and community development:					
Division of administration:					
Environmental health	726,391	(300)	726,091	621,908	104,183
Medical examiner	2,867,543	—	2,867,543	2,499,176	368,367
Truman Medical Center:					
Truman Medical Center – East	5,997,900	—	5,997,900	5,995,325	2,575
Nondepartmental:					
Children’s Mercy Hospital	475,000	—	475,000	475,000	—
Mid-America Regional Council – Dues	5,247	—	5,247	5,247	—
Mid-America Regional Council – Safety Net	388,888	—	388,888	388,888	—
Swope Park Comprehensive Health Care	132,250	—	132,250	132,250	—
Cabot Westside Clinic	34,481	—	34,481	34,481	—
Samuel Rogers Community Health Center	372,915	—	372,915	372,915	—
Aids Council	65,000	—	65,000	65,000	—
University of Missouri Extension Center	35,000	—	35,000	35,000	—
KC Free Health Clinic Patient Services	142,500	—	142,500	142,500	—
Seton Medical Center	26,250	—	26,250	26,250	—
United Inner City Services	133,563	—	133,563	133,563	—
Sunshine Center, Inc	47,500	—	47,500	47,500	—
Northwest Communities Development Corp	28,500	—	28,500	28,500	—

JACKSON COUNTY, MISSOURI
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
Health Fund
Year ended December 31, 2009

	<u>Original budget</u>	<u>Revisions</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Operation Breakthrough, Inc	\$ 57,000	—	57,000	57,000	—
Swope Ridge Geriatric Center	104,500	—	104,500	104,500	—
Old NorthEast	62,950	—	62,950	—	62,950
Underprivileged Children/Scholar – Science City	12,500	—	12,500	12,500	—
Spay & Nueter KC	95,000	—	95,000	95,000	—
Wayside Waifs	114,185	—	114,185	114,185	—
Sickle Cell Disease Association	20,000	—	20,000	20,000	—
Southern Christian Leadership	40,000	—	40,000	40,000	—
Total health, welfare, and community development	<u>11,985,063</u>	<u>(300)</u>	<u>11,984,763</u>	<u>11,446,688</u>	<u>538,075</u>
Public safety:					
Operations:					
Corrections department	3,001,099	50,000	3,051,099	3,009,739	41,360
Emergency preparedness	220,393	—	220,393	164,150	56,243
Total public safety	<u>3,221,492</u>	<u>50,000</u>	<u>3,271,492</u>	<u>3,173,889</u>	<u>97,603</u>
Total expenditures	<u>19,762,370</u>	<u>50,000</u>	<u>19,812,370</u>	<u>17,320,112</u>	<u>2,492,258</u>
Excess (deficiency) of revenues over (under) expenditures	3,807,630	—	3,807,630	5,787,504	1,979,874
Other financial sources (uses):					
Transfers out	<u>(7,225,380)</u>	—	<u>(7,225,380)</u>	<u>(7,223,547)</u>	<u>1,833</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (3,417,750)</u>	<u>—</u>	<u>(3,417,750)</u>	<u>(1,436,043)</u>	<u>1,981,707</u>
Fund balance – beginning of year				4,205,034	
Encumbrances outstanding – beginning of year				(119,824)	
Encumbrances canceled				16,768	
Encumbrances outstanding – end of year				<u>945,200</u>	
Fund balance – end of year				<u>\$ 3,611,135</u>	

See accompanying independent auditors' report.

JACKSON COUNTY, MISSOURI

Required Supplementary Information (Unaudited)

Notes to Budgetary Comparison Schedules

December 31, 2009

Budgetary Information

An annual budget prepared under the modified accrual basis of accounting (except that encumbrances are treated as expenditures for budget purposes) is adopted in December prior to the beginning of each fiscal year for all Governmental Funds (with the exceptions of the Asset and Bond Forfeiture, Persistent DWI and Prosecuting Attorney Sales Tax Collection Fee – Special Revenue Funds, the General Debt and Interest – Debt Service Fund and the Criminal Justice Improvement and Truman Medical Center – Capital Project Funds)). A budget is also adopted for the Proprietary Fund Type-Park Enterprise Fund.

Jackson County, Missouri (the County) performs the following procedures in establishing the budgetary data reflected in the fund financial statements:

- Prior to July 1, budget worksheets are mailed to each department.
- On or before July 15 of each year, each department, office, institution, commission, or court of the County prepares and submits to the Budget Officer estimates of its requirements for expenditures and its estimated revenues for the next budget year.
- The Finance Director reviews the estimates and has informal hearings with requesting agencies, departments, and divisions.
- The County Executive submits the budget document to the County Legislature no later than November 15.
- The County Legislature holds public hearings during December for agencies, departments, divisions, and taxpayer comments.
- Prior to December 31, the County Legislature adopts the budget with changes through passage of an appropriation ordinance and establishes a tentative tax levy.
- If recommended by management and approved by ordinance, the budget can be amended to make supplemental or emergency appropriations. Budgetary transfers of less than \$10,000 between two departments within a division (for example, within the General Fund, a transfer between the Human Resources and Management Information Systems Departments within the Division of Administration) require the approval of the Chief Financial Officer and the County Executive. The County Legislature must approve transfers greater than \$10,000 between departments and all transfers between divisions. During the current year, supplemental appropriations of \$1.6 million for the General Fund, \$2.8 million net, for the Special Revenue Funds, and \$271 thousand for the Park Enterprise Fund. Supplemental appropriations resulted primarily from appropriation of grants received and the unencumbered amounts from prior years.
- Unencumbered appropriations lapse at the end of the fiscal year. Appropriations in the Governmental Fund Types are charged as encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances that serve as authorization for expenditures in the subsequent year.
- Under County law, budgetary control is exercised at the departmental level; this is the level on which expenditures may not legally exceed appropriations. Under state law, control of budget appropriations is exercised at the fund level.

JACKSON COUNTY, MISSOURI

Required Supplementary Information (Unaudited)

Notes to Budgetary Comparison Schedules

December 31, 2009

Excess of Expenditures over Appropriations

During the current year, expenditures for the following departments or units exceeded appropriations by the dollar amount listed: General Fund includes Telephone Service \$38,555 and Legal and Consulting \$14,333.

Budgetary Accounting

The accounting principles employed by the County in its budgetary accounting and reporting differ from those used to present fund financial statements in accordance with generally accepted accounting principles (GAAP) due to the inclusion of encumbrances with expenditures in the budgetary basis statements.

The following is a reconciliation from budgetary basis to fund financial presentation in accordance with GAAP for the year:

	<u>General</u>	<u>Health</u>	<u>Total</u>
Excess of revenues and other financing sources under expenditures and other financing uses (budget basis)	\$ 547,369	(1,436,043)	(888,674)
Encumbrances outstanding – beginning of year	(152,726)	(119,824)	(272,550)
Encumbrances canceled	(41,484)	16,768	(24,716)
Encumbrances outstanding – end of year	<u>409,240</u>	<u>945,200</u>	<u>1,354,440</u>
Excess of revenues and other financing sources under expenditures and other financing uses (GAAP basis)	<u>\$ 762,399</u>	<u>(593,899)</u>	<u>168,500</u>

JACKSON COUNTY, MISSOURI

Required Supplementary Information (Unaudited)

Condition Rating of the County's Street System

December 31, 2009

	Percentage of lane – miles in good or better condition		
	2009	2008	2007
Major arterial	1.95%	1.95%	1.96%
Arterial	6.15	6.20	6.21
Local	51.79	50.76	50.72
Collector	25.01	25.43	23.12
Overall system	84.91	84.34	82.01

	Percentage of lane – miles in substandard condition		
	2009	2008	2007
Major arterial	—%	—%	—%
Arterial	0.12	0.25	0.25
Local	11.91	12.82	12.71
Collector	3.06	2.59	5.03
Overall system	15.09	15.66	17.99

	Comparison of needed-to-actual maintenance/preservation			
	2009	2008	2007	2006
Major arterial:				
Needed	\$ 46,965	6,061	13,894	86,914
Actual	40,839	5,270	12,082	75,578
Arterial:				
Needed	66,100	43,886	60,271	26,862
Actual	57,478	38,162	52,409	23,358
Local:				
Needed	1,680,476	1,964,530	2,066,329	2,049,636
Actual	1,461,283	1,708,287	1,796,808	1,782,292
Collector:				
Needed	511,306	314,314	784,000	435,473
Actual	444,614	273,317	681,740	378,672
Overall system:				
Needed	2,304,847	2,328,791	2,924,494	2,598,885
Actual	2,004,215	2,025,036	2,543,039	2,259,900
Difference	300,632	303,755	381,455	338,985

Note: The condition of road pavement is measured using the Pavement Conditioning Index (PCI) following standard procedures. The information is collected and analyzed by the Pavement module of the Roadway and Asset Management System used by the County. The PCI ranges in value from 100 (new pavement) to 0 (failed pavement). The County considers pavements with a PCI of less than 55 to be in substandard condition.

See accompanying independent auditors' report.

JACKSON COUNTY, MISSOURI
 Required Supplementary Information (Unaudited)
 Schedule of Funding Progress
 December 31, 2009

Jackson County, Missouri Revised Pension Plan

<u>Actuarial valuation date</u>	<u>(1) Actuarial accrued liabilities</u>	<u>(2) Actuarial value of assets</u>	<u>(3) Unfunded accrued liabilities (UAL) (1) – (2)</u>	<u>(4) Annual covered payroll</u>	<u>(5) Assets funded ratio (2)/(1)</u>	<u>(6) UAL as a percentage of covered payroll</u>
Year ended June 30:						
2007	188,032,491	133,844,342	54,188,149	63,302,290	71.2	85.6%
2008	198,328,898	155,208,697	43,120,201	62,259,758	78.3	69.3
2009	196,724,562	159,358,271	37,366,291	65,865,654	81.0	56.7

See accompanying independent auditors' report.