

TANEY COUNTY, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

Taney County Commission
Taney County
Forsyth, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Taney County, Missouri, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Taney County, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Taney County Regional Sewer District, the County's component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Taney County Regional Sewer District, is based on the report of other auditors.

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

As described in Note A, the basic financial statements of the Primary Government of Taney County were prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the business-type activities of the Primary Government of Taney County, each major fund, and the aggregate remaining fund information of Taney County, Missouri, as of December 31, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with the basis of accounting described in Note A.

Taney County Commission
Taney County
Forsyth, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedule of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taney County, Missouri's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note A.

Hurlbert CPA, LLC
September 17, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TANEY COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

Our discussion and analysis of Taney County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2011, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The overall net assets of the County increased by \$2,023,155.
- The fund balance for the General Fund increased by \$441,449.
- The fund balance for the Road and Bridge Trust Fund increased by \$373,784.
- The Road and Bridge Fund increased \$1,272,512.
- Net assets in the County not including the sewer fund increased \$2 million 2011. This increase is mainly attributable to unanticipated sales tax revenues and unspent appropriations.
- The sewer fund cash decreased nearly 25 million this would be offset with assets due to projects. These assets are sometimes booked in other entities if they have agreed to the maintenance and upkeep of the sewer system involved.
- The total cost of the County's governmental activities were slightly less than the prior year. Still balances forward increased due in part to the following:
 - Public works and roads capital projects expenditures were in maintenance mode and only a few capital projects were taken on this year. We did make some improvements that we feel will make the department more efficient.
 - Debt service payments on the long-term debt remained near the same.
 - Sales tax collections for 2011 were down slightly, but higher than anticipated.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the County's modified cash basis of accounting.

Report Components

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the County government. Fund financial statements also report the County operations in more detail than the government-wide statements by providing information about the County's major funds. These statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

TANEY COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Required Supplementary Information: This Management's Discussion and Analysis and the budgetary comparison schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Financial Information: This part of the annual report includes optional financial information, which includes the combining statements for the County's nonmajor funds and reports required by the Federal Government. This other financial information is provided to address certain needs of various users of the County's annual report.

Basis of Accounting

The County has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the County's modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to the cash basis relates to the presentation of investments.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenue (such as accounts receivable for revenue billed or services provided not yet collected) and liabilities and their related expenses (such as accounts payable for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-wide Statement of Net Assets and the Statement of Activities

Our financial analysis of the County as a whole begins on page 9. The government-wide financial statements are presented on pages 13-16. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?". The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the County's assets resulting from the use of the modified cash basis of accounting.

The statements report the County's net assets and changes in them. Over time, increases and decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however, such as changes in the County tax base, and the condition of the County's facilities, to assess the overall health of the County.

The Statement of Activities is presented by its governmental functions which include general government, judicial, public safety, public works, health and welfare, highway and roads, other activities and transfer station. The Statement of Activities shows the net cost of these functions before considering the general receipts of the County.

TANEY COUNTY, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2011

Fund Financial Statements

Our analysis of the County’s funds begins on page 11. The fund financial statements begin on page 17 and provide detailed information about the County’s funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for County programs.

- Governmental Funds – Most of the County’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the County’s general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs.
- Proprietary Funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. The Internal Service Fund is used to account for charges made to other units of government for dental insurance premiums and certain other employee benefits.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets – Modified Cash Basis

	December 31,	
	2011	2010
ASSETS		
Cash and investments	\$ 20,137,146	\$ 18,103,991
TOTAL ASSETS	\$ 20,137,146	\$ 18,103,991
NET ASSETS		
Unrestricted	\$ 20,137,146	\$ 18,103,991
TOTAL NET ASSETS	\$ 20,137,146	\$ 18,103,991

TANEY COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Changes in Net Assets – Modified Cash Basis

	Year Ended December 31,	
	2011	2010
RECEIPTS Program Receipts		
Charges for services	\$ 5,481,009	\$ 5,113,058
Operating grants and contributions	1,321,115	680,899
Capital grants and contributions	189,764	475,459
General Receipts		
Tax receipts	16,545,246	16,659,911
Interest	284,227	321,448
Other receipts	250,794	194,831
TOTAL RECEIPTS	24,072,155	23,445,606
DISBURSEMENTS		
General government	13,864,958	14,759,322
Public safety and judicial	4,902,165	5,577,832
Tax administration	805,534	845,167
Debt service	1,434,075	1,421,864
Transfer station	1,042,268	994,198
TOTAL DISBURSEMENTS	22,049,000	23,598,383
(DECREASE) IN NET ASSETS	\$ 2,023,155	\$ (152,777)

Overall receipts of the County increased by \$626,549 from the prior year. Tax revenues were down \$114,665, which represents an 0.8% decrease from the prior year. Overall disbursements of the County were down \$1,549,383.

TANEY COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund balance increased by \$441,449 for the year ended December 31, 2011.
- The Road and Bridge Fund balance increased by \$1,272,512 for the year ended December 31, 2011.
- The Road and Bridge Trust Fund increased by \$373,784 which increased the fund balance to \$5,352,305 as of December 31, 2011.
- Major changes in management focus have allowed the combined funds for Road and Bridge to increase. When focus moves back to more improvements, we will see more expenses.

FINANCIAL ANALYSIS BUDGET VERSUS ACTUAL RESULTS – GENERAL FUND

	Budget		Actual
	Original	Final	
RECEIPTS			
Taxes	\$ 7,599,611	\$ 7,599,611	\$ 8,587,668
Licenses and Permits	70,500	70,500	71,173
Intergovernmental Revenues	337,300	337,300	711,995
Fees and Charges	2,885,350	2,885,350	3,299,456
Miscellaneous	200,600	200,600	283,002
TOTAL RECEIPTS	\$ 11,093,361	\$ 11,093,361	\$ 12,953,294
DISBURSEMENTS			
General Government	\$ 5,084,449	\$ 5,084,449	\$ 4,813,308
Judicial	895,564	895,564	975,263
Public Safety	3,290,202	3,290,202	3,324,148
Other	9,539,414	9,539,414	1,945,828
Public Works	322,368	322,368	359,034
Airport	656,542	656,542	615,348
Debt Service	1,446,381	1,446,381	1,434,075
TOTAL DISBURSEMENTS	\$ 21,234,920	\$ 21,234,920	\$ 13,467,004

TANEY COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011

Management was of the opinion that we would not have as much revenue and slightly underestimated the revenues for 2011. It was expected that we might spend more. Thanks to the efforts of employees and elected officials we did not. We have budgeted for capital improvements that were expected to allow a good balance forward into 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Next year will be another challenging budget cycle. The County is like many others, not confident about what our economy will do. Management recognizes that we have much more control over what we spend than what we bring in as revenue. Therefore, the challenge will be decreasing those expenses without decreasing the quality of service provided to the constituents.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

You may contact the Auditor's office at PO Box 1407, Forsyth, MO 65653 for more information. The phone number to contact is 417-546-7201.

**TANEY COUNTY, MISSOURI
STATEMENT OF NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2011**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash, cash equivalents:			
Cash	\$ 19,650,901	\$ 486,245	\$ 20,137,146
Total assets	19,650,901	486,245	20,137,146
NET ASSETS:			
Unrestricted	19,650,901	486,245	20,137,146
Total net assets	\$ 19,650,901	\$ 486,245	\$ 20,137,146

See accompanying notes to the
basic financial statements.

**TANEY COUNTY, MISSOURI
STATEMENT OF NET ASSETS
TANEY COUNTY REGIONAL SEWER DISTRICT
DECEMBER 31, 2011**

	COMPONENT UNIT
	TANEY COUNTY REGIONAL SEWER DISTRICT
ASSETS	
Current Assets	
Cash, cash equivalents:	\$ 739,172
Investments	111,307
Utilities receivable, net	106,613
Prepaid expenses	6,294
Total current assets	963,386
Restricted Assets	
Cash and cash equivalents	1,512,720
Investments	100,428
Total restricted assets	1,613,148
Deferred bond issuance costs	173,170
Capital Assets	
Nondepreciable	558,807
Depreciable, net	50,482,339
Total capital assets	51,041,146
Total assets	53,790,850
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	253,791
Accrued expenses	69,031
Deposits payable	124,200
Accrued interest payable	257,760
Current maturities of long-term debt	800,000
Total current liabilities	1,504,782
Long-term liabilities	
Arbitrage payable	61,683
Revenue bonds payable	10,110,000
Total long term liabilities	10,171,683
Total liabilities	11,676,465
NET ASSETS:	
Invested in capital assets, net of related debt	40,131,146
Restricted for debt service	1,427,265
Unrestricted	555,974
Total net assets	\$ 42,114,385

See accompanying notes to the
basic financial statements.

TANEY COUNTY, MISSOURI
STATEMENT OF ACTIVITIES MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Primary Government				Net (Receipts) Expenditures and Changes in Net Assets		
	Expenditures	Program Revenues			Governmental Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary Government							
Governmental Activities							
General government	\$ 13,864,958	\$ 2,245,784	\$ 292,403	\$ 189,764	\$ (11,137,007)	\$ -	\$ (11,137,007)
Tax administration	805,534	1,077,313	456,481	-	728,260	-	728,260
Public safety and judicial	4,902,165	1,205,089	572,231	-	(3,124,845)	-	(3,124,845)
Debt service	1,434,075	-	-	-	(1,434,075)	-	(1,434,075)
Total Governmental activities	<u>21,006,732</u>	<u>4,528,186</u>	<u>1,321,115</u>	<u>189,764</u>	<u>(14,967,667)</u>	<u>-</u>	<u>(14,967,667)</u>
Business-type activities							
Transfer station	1,042,268	952,823	-	-	-	(89,445)	(89,445)
Total business-type activities	<u>1,042,268</u>	<u>952,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,445)</u>	<u>(89,445)</u>
Total Primary Government	<u>1,042,268</u>	<u>952,823</u>	<u>-</u>	<u>-</u>			
General Revenue							
Taxes					16,545,246	-	16,545,246
Licenses and permits					70,573	-	70,573
Investment income					276,679	7,548	284,227
Gain on sale of assets					28,700	-	28,700
Miscellaneous					132,288	19,233	151,521
Transfers					10,500	(10,500)	-
Total General Receipts, transfers, and other items					<u>17,063,986</u>	<u>16,281</u>	<u>17,080,267</u>
Change in Net Assets					<u>2,096,319</u>	<u>(73,164)</u>	<u>2,023,155</u>
Net Assets, beginning of year					<u>17,544,582</u>	<u>559,409</u>	<u>17,544,582</u>
Net Assets, end of year					<u>\$ 19,640,901</u>	<u>\$ 486,245</u>	<u>\$ 19,567,737</u>

See accompanying notes to the basic financial statements

TANEY COUNTY, MISSOURI
STATEMENT OF ACTIVITIES - TANEY COUNTY REGIONAL SEWER DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenditures	Component Unit			Net (Revenues) Expenses and Changes in Net Assets		
		Program Revenues			Governmental Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Component Unit							
Governmental Activities							
Intergovernmental agreements	\$ 1,184,016	\$ -	\$ -	\$ 257,345	\$ (926,671)	\$ -	\$ (926,671)
Tax increment financing payments	685,012	-	-	-	(685,012)	-	(685,012)
Other	809,282	-	-	-	(809,282)	-	(809,282)
Total Governmental activities	<u>2,678,310</u>	<u>-</u>	<u>-</u>	<u>257,345</u>	<u>(2,420,965)</u>	<u>-</u>	<u>(2,420,965)</u>
Business-type activities							
Sewer	3,885,559	1,328,769	-	-	-	(2,556,790)	(2,556,790)
Total business-type activities	<u>3,885,559</u>	<u>1,328,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,556,790)</u>	<u>(2,556,790)</u>
Total component unit	<u>\$ 6,563,869</u>	<u>\$ 1,328,769</u>	<u>\$ -</u>	<u>\$ 257,345</u>			
General Revenue							
Taxes					6,758,870	-	6,758,870
Licenses and permits					-	-	-
Investment income					510,249	342,965	853,214
Gain on sale of assets					-	-	-
Miscellaneous					-	16,531	16,531
Transfer to Taney County					(27,725,425)	-	(27,725,425)
Transfers					(1,662,754)	1,662,754	-
Total General Receipts, transfers, and other items					<u>(22,119,060)</u>	<u>2,022,250</u>	<u>(20,096,810)</u>
Change in Net Assets					<u>(24,540,025)</u>	<u>(534,540)</u>	<u>(25,074,565)</u>
Net Assets, beginning of year					<u>24,540,025</u>	<u>42,648,925</u>	<u>67,188,950</u>
Net Assets, end of year					<u>\$ -</u>	<u>\$ 42,114,385</u>	<u>\$ 42,114,385</u>

See accompanying notes to the basic financial statements

TANEY COUNTY, MISSOURI
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUND TYPES
DECEMBER 31, 2011

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>	<u>ROAD AND BRIDGE TRUST FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and cash equivalents					
Cash and investments	\$ 10,118,428	\$ 2,244,844	\$ 5,352,305	\$ 1,925,324	\$ 19,640,901
Total Assets	<u>\$ 10,118,428</u>	<u>\$ 2,244,844</u>	<u>\$ 5,352,305</u>	<u>\$ 1,925,324</u>	<u>\$ 19,640,901</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to others	\$ -	\$ -	\$ -	\$ -	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Reserved for encumbrances	-	-	-	-	-
Reserved for construction	-	-	-	-	-
Unreserved	10,118,428	2,244,844	5,352,305	1,925,324	19,640,901
Total Fund Balances	<u>10,118,428</u>	<u>2,244,844</u>	<u>5,352,305</u>	<u>1,925,324</u>	<u>19,640,901</u>
Total Liabilities and Fund Balances	<u>\$ 10,118,428</u>	<u>\$ 2,244,844</u>	<u>\$ 5,352,305</u>	<u>\$ 1,925,324</u>	<u>\$ 19,640,901</u>

See accompanying notes to the basic financial statements.

TANEY COUNTY, MISSOURI
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	ROAD AND BRIDGE FUND	ROAD AND BRIDGE TRUST FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES COLLECTED:					
Taxes	\$ 8,587,668	\$ 1,194,531	\$ 6,763,047	\$ -	\$ 16,545,246
Intergovernmental	711,995	72,139	189,764	536,981	1,510,879
Fees, fines and forfeitures	3,370,629	-	-	1,228,130	4,598,759
Miscellaneous	283,002	39,597	84,164	32,203	438,966
Total Revenues Collected	<u>12,953,294</u>	<u>1,306,267</u>	<u>7,036,975</u>	<u>1,797,314</u>	<u>23,093,850</u>
EXPENDITURES PAID:					
Current:					
General government	7,133,682	2,020,738	4,432,308	210,730	13,797,458
Tax administration	227,313	-	-	578,221	805,534
Public safety and judicial	4,299,411	-	-	602,754	4,902,165
Debt service	1,434,075	-	-	-	1,434,075
Total Expenditures Paid	<u>13,094,481</u>	<u>2,020,738</u>	<u>4,432,308</u>	<u>1,391,705</u>	<u>20,939,232</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(141,187)</u>	<u>(714,471)</u>	<u>2,604,667</u>	<u>405,609</u>	<u>2,154,618</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	627,636	2,230,883	-	-	2,858,519
Transfers out	(45,000)	(243,900)	(2,230,883)	(400,290)	(2,920,073)
Total Other Financing Sources (Uses)	<u>582,636</u>	<u>1,986,983</u>	<u>(2,230,883)</u>	<u>(400,290)</u>	<u>(61,554)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Sources (Uses)	441,449	1,272,512	373,784	5,319	2,093,064
Fund balance - beginning	<u>9,676,979</u>	<u>972,332</u>	<u>4,978,521</u>	<u>1,915,451</u>	<u>17,543,283</u>
Fund Balance, end of year	<u>\$ 10,118,428</u>	<u>\$ 2,244,844</u>	<u>\$ 5,352,305</u>	<u>\$ 1,920,770</u>	<u>\$ 19,636,347</u>

See accompanying notes to the basic financial statements.

TANEY COUNTY, MISSOURI
STATEMENT OF NET ASSETS, MODIFIED CASH BASIS --
PROPRIETARY FUNDS
DECEMBER 31, 2011

	ENTERPRISE FUND	INTERNAL SERVICE FUND
	TRANSFER STATION FUND	EMPLOYEE BENEFITS FUND
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 486,245	\$ -
Total current assets	486,245	-
Total assets	\$ 486,245	\$ -
NET ASSETS:		
Unrestricted	\$ 486,245	\$ -
Total net assets	\$ 486,245	\$ -

See accompanying notes to the
basic financial statements.

TANEY COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS, MODIFIED CASH BASIS --
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>ENTERPRISE FUND</u>	<u>INTERNAL SERVICE FUND</u>
	<u>TRANSFER STATION FUND</u>	<u>EMPLOYEE BENEFITS FUND</u>
OPERATING RECEIPTS		
Charges for services	\$ 952,823	\$ -
Total operating receipts	<u>952,823</u>	<u>-</u>
OPERATING DISBURSEMENTS:		
Insurance claims and disbursements	-	80,113
Salaries and employee benefits	214,190	-
Supplies	-	-
Telephone and utilities	3,115	-
Repair and maintenance	-	-
Landfill services	693,722	-
Other operating expenses	<u>129,963</u>	<u>-</u>
Total operating disbursements	<u>1,040,990</u>	<u>80,113</u>
Operating income (loss)	(88,167)	(80,113)
NON-OPERATING RECEIPTS:		
Interest income	7,548	301
Other receipts	<u>19,233</u>	<u>5,181</u>
Total non-operating receipts	<u>26,781</u>	<u>5,482</u>
Increase (decrease) before transfers	(61,386)	(74,631)
Transfers in (out)	(11,778)	73,332
Net income (loss)	(73,164)	(1,299)
Total net assets - beginning	<u>559,409</u>	<u>1,299</u>
Total net assets - ending	<u>\$ 486,245</u>	<u>\$ -</u>

See accompanying notes to the
basic financial statements.

TANEY COUNTY, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>ENTERPRISE FUND TRANSFER STATION FUND</u>	<u>INTERNAL SERVICE FUND EMPLOYEE BENEFITS FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	\$ 972,056	\$ -
Payments to employees and fringe benefits	(214,190)	-
Payments to vendors and suppliers	<u>(828,078)</u>	<u>(74,932)</u>
Net cash provided by operating activities	<u>(70,212)</u>	<u>(74,932)</u>
CASHFLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Transfers from (to) other funds	<u>(10,500)</u>	<u>73,332</u>
Net cash (used) by noncapital and related financing activities	<u>(10,500)</u>	<u>73,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	<u>7,548</u>	<u>301</u>
Net increase (decrease) in cash and cash equivalents	(73,164)	(1,299)
Cash and cash equivalents, beginning of the year	<u>559,409</u>	<u>1,299</u>
Cash and cash equivalents, end of the year	<u>\$ 486,245</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (88,167)</u>	<u>\$ (80,113)</u>
Adjustments to reconcile operating income to net cash used by operating activities:		
Other receipts	19,233	5,181
Total adjustments	<u>19,233</u>	<u>5,181</u>
Net cash (used) by operating activities	<u>\$ (68,934)</u>	<u>\$ (74,932)</u>

See accompanying notes to the
basic financial statements.

**TANEY COUNTY, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES --
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	AGENCY FUNDS
ASSETS:	
Cash	<u>\$ 60,635,663</u>
Total assets	<u><u>\$ 60,635,663</u></u>
LIABILITIES:	
Due to others	<u>\$ 60,635,663</u>
Total Liabilities	<u><u>\$ 60,635,663</u></u>

See accompanying notes to the
basic financial statements.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Taney County, Missouri (the County) is a county of the 1st class and operates under a three member County Commission.

The accounting methods and procedures adopted by the primary government of Taney County, Missouri, conform to the modified cash basis of accounting as applied to governmental entities. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The County is a primary government, which is governed by a three member county commission. As required by accounting principles generally accepted in the United States of America, the County has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Component Units

Taney County Regional Sewer District

The Taney County Regional Sewer District (the District) is a public utility responsible for the construction, operation and maintenance of sanitary sewer facilities in the unincorporated portion of Taney County, Missouri. The District is a component unit of Taney County (the County) government, and members of the District's Board of Trustees are appointed by the County Commission.

The Capital Improvement Sales Tax revenues are provided by a countywide sales tax of one-half of one percent. Sales tax revenues are collected and accounted for by the County on behalf of the District. The tax revenues are used for construction and improvement of wastewater collection and treatment and facilities benefiting the County as a whole and repayment of long-term debt for which the tax receipts are pledged.

The Taney County Regional Sewer District issues separate financial statements that may be obtained by calling (417) 546-7220.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide Statement of Net Assets, both the governmental and business-type activities are consolidated and presented on the modified cash basis of accounting.

The government-wide Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental and business-type activities. Direct disbursements are those that are specifically associated with a program or a function. Program receipts include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital disbursements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the County's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

The County reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Trust Fund: The Road and Bridge Trust Fund of the County is used to account for resources restricted for highway and road disbursements.

Road and Bridge Fund: The Road and Bridge Fund is used to account for motor vehicle and gas tax receipts designated for highway and road improvements.

The County also reports the following fund types:

The Internal Service Fund accounts for the dental insurance benefits of the County on a cost reimbursement basis.

Agency funds account for miscellaneous assets held by the County for other funds, governmental units, and individuals. The agency funds are custodial in nature and do not involve measurement of results of operations.

The County reports the following major proprietary fund:

The Transfer Station Fund accounts for the County waste collection operations.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities and the fund financial statements for the Primary Government of Taney County are presented using the modified cash basis of accounting. This basis recognizes assets, net assets/fund equity, receipts, and disbursements when they result from cash transactions. The cash basis has been modified to include investments of the County. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Also, as a result of the modified cash basis, capital assets and long-term debt of the Primary Government of Taney County are not presented in the financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide financial statements and proprietary fund financial statements would be presented on the accrual basis of accounting.

The Taney County Regional Sewer District's basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. Investments of the County are carried at cost and include U.S. Government Agency obligations and certificates of deposit.

Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The County bills and collects its own property taxes and also taxes for most other local governments within the County. Collections for other governments and remittance of them to those governments are accounted for in various Agency Funds.

Property tax revenue is recognized when it is collected.

Fund Equity

The unreserved and undesignated fund balances for Governmental Fund Types represent the amount available for budgeting future operations.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a) Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
- b) Unrestricted net assets – All other net assets that do not meet the definition of “restricted”.

It is the County’s policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Compensated Absences

The County has a county-wide policy on vacation and sick leave for all employees. Leave is taken at the discretion of each officeholder. The accumulated liability for compensated absences is not expected to be liquidated with expendable available financial resources.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all accounts subject to withdrawal by check or on demand to be cash and cash equivalents. All other deposits are considered to be investments.

NOTE B – CASH AND INVESTMENTS

PRIMARY GOVERNMENT

The County maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed as “Cash and investments”. In addition, investments are separately held by several of the County’s funds. State statutes require that County deposits be fully collateralized in the name of the County. As of December 31, 2011, all bank balances on deposit are entirely insured or collateralized with securities.

The County’s investments at December 31, 2011, are as follows:

Investment Type	Maturity	Carrying Value	Fair Value
Taney County			
Certificates of Deposit	6/28/2012-6/17/2013	\$ 17,515,000	\$ 17,515,000
FHLB Global Bonds	8/22/2012 - 12/5/2014	7,492,490	7,492,490
Freddie MAC Global Notes	6/28/2013	2,000,000	2,000,000
		27,007,490	27,007,490
Less: Investments held for the Taney County Regional Sewer District		(27,007,490)	(27,007,490)
Total Investments Primary Government		\$ -	\$ -

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE B – CASH AND INVESTMENTS (continued)

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the County's deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2011, all certificates of deposit are entirely insured or collateralized with securities.

U.S. Government Agency Obligations

The County also holds investments in several U.S. Government agency obligations. These investments are stated at historical cost.

The County does not have a policy on interest rate risk.

TANEY COUNTY REGIONAL SEWER DISTRICT

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2011, all bank balances are entirely insured or collateralized.

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the County's deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2011, all certificates of deposit are entirely insured or collateralized with securities.

U.S. Government Agency Obligations

The County also holds investments in several U.S. Government agency obligations. These investments are stated at historical cost.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2011, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE D – PENSION PLAN – CERF

COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

Taney County participates in the County Employees' Retirement Fund (CERF), a cost-sharing multiple-employer pension plan. CERF is a defined benefit pension plan which provides retirement and death benefits to plan members and beneficiaries. CERF was created and is governed by state statute, RSMo 50.1000 to 50.1200. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The County Employees' Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CERF, Boone County National Bank, P.O. Box 577, Columbia, MO 65202 or by calling 1-800-357-8557.

Funding Policy

Taney County's full-time employees hired before February 25, 2002, and not a member of LAGERS are required by state statute to contribute 4% of annual payroll to the pension plan. Non-LAGERS members hired after February 25, 2002, contribute 6% and LAGERS members hired after February 25, 2002, contribute 4%. LAGERS members hired before February 25, 2002, do not contribute to CERF. The County is required by state statute to remit the fees collected under RSMo Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE E – PENSION PLAN – LAGERS

Plan Description

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

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

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

Funding Status

Taney County’s full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 12.0% (general), and 12.8% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

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

The subdivision’s annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 1,172,593
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	1,172,593
Actual contributions	<u>1,172,593</u>
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	\$ -

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE E – PENSION PLAN – LAGERS (continued)

The annual required contribution (ARC) was determined as part of the February 29, 2009, and February 28, 2010, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and set back 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2009, was 20 years for the General division and 24 years for the Police division. The amortization period at February 28, 2010, was 12 years for the General division and 12 years for the Police division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$1,094,632	100%	-
6/30/10	1,116,987	100%	-
6/30/11	1,172,593	100%	-

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE G – LONG-TERM DEBT – TANEY COUNTY REGIONAL SEWER DISTRICT

2004 Water Pollution Control Revenue Bonds:

In 2004, the District entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$15,590,000 in Wastewater System Revenue Bonds, Series 2004C. The bonds bear interest at 3.0% to 5.25%.

The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at .714% of the outstanding principal balance. The bonds outstanding at December 31, 2011, are due as follows:

Year Ended December 31,		Principal	Interest	Administrative Fee	Total
2012	\$	800,000	\$ 502,320	\$ 77,897	\$ 1,380,217
2013		810,000	474,945	72,185	1,357,130
2014		820,000	446,010	66,402	1,332,412
2015		840,000	410,250	60,547	1,310,797
2016		865,000	367,625	54,550	1,287,175
2017		885,000	323,875	48,374	1,257,249
2018		910,000	279,000	42,055	1,231,055
2019		940,000	231,575	35,557	1,207,132
2020		965,000	181,568	28,846	1,175,414
2021		995,000	130,119	21,956	1,147,075
2022		1,025,000	78,375	14,851	1,118,226
2023		1,055,000	26,375	7,533	1,088,908
		<u>\$ 10,910,000</u>	<u>\$ 3,452,037</u>	<u>\$ 530,753</u>	<u>\$14,892,790</u>

The following table is a summary of the changes in the long-term debt for the year ended December 31, 2011:

	Balance December 31, 2010	New Obligations	Retired	Balance December 31, 2011
2004 SRF Revenue Bonds Payable	\$ 11,710,000	\$ -	\$ 800,000	\$ 10,910,000

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE H – LONG-TERM DEBT – PRIMARY GOVERNMENT

On November 15, 2006, the County issued Lease Certificates of Participation Series 2006 for the construction of a new judicial facility. The County intends to make principal and interest payments on the lease from revenues generated from the 1/8 cent law enforcement sales tax passed by voters on November 8, 2005. The sales tax will continue until December 31, 2022.

The lease agreement requires principal payments ranging from \$655,000 to \$1,500,000 plus interest ranging from 4.00% to 4.50%. Principal payments are due April 1 of each year with interest due semi-annually on April 1 and October 1.

The lease agreement provides for the cancellation of the lease should the County fail to appropriate funds on the annual renewal dates. However, the County does not foresee exercising its option to cancel.

The total annual minimum lease payments required at December 31, 2011, are as follows:

Year Ended	
<u>December 31,</u>	
2012	\$1,474,181
2013	1,494,681
2014	1,520,393
2015	1,545,844
2016	1,570,881
2017	1,597,656
2018	1,626,331
2019	1,649,831
2020	1,680,131
2021	1,710,994
2022	1,737,263
2023	<u>2,832,235</u>
	TOTAL MINIMUM LEASE PAYMENTS 20,440,421
	LESS AMOUNT REPRESENTING INTEREST <u>(4,620,420)</u>
	PRINCIPAL BALANCE, DECEMBER 31, 2011 \$ 15,820,001

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE H – LONG-TERM DEBT – PRIMARY GOVERNMENT (continued)

The following schedule presents the changes in the long-term debt for the year ended December 31, 2011:

	Balance December 31, 2010		Balance December 31, 2011
		Additions	Retirements
2006 Certificates of Participation	\$ 16,595,000	\$ -	\$ 775,000
Compensated	104,611	-	9,278
	<u>\$ 16,699,611</u>	<u>\$ -</u>	<u>\$ 784,278</u>
			<u>\$ 15,915,333</u>

NOTE N – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE O – 2002 BOND PROPOSITION

On April 2, 2002, the Taney County Regional Sewer District passed a \$30,000,000 bond issue for the purpose of extending and improving the sewerage system of the District. The Capital Improvement Sales Tax passed by voters on April 4, 2000, has been pledged for the repayment of these bonds. As of December 31, 2011, only \$15,590,000 of these bonds has been issued.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE R – CAPITAL ASSETS – TANEY COUNTY REGIONAL SEWER DISTRICT

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

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Business-Type Activities				
Sewer				
Nondepreciable capital				
Land	\$ 106,576	\$ -	\$ -	\$ 106,576
Construction in progress	1,565,482	222,106	1,335,357	452,231
Total Nondepreciable Capital Assets	1,672,058	\$ 222,106	\$ 1,335,357	558,807
Depreciable capital assets:				
Sewer System	59,737,196	\$ 1,582,159	\$ -	61,319,355
Equipment	252,090	-	-	252,090
	59,989,286	\$ 1,582,159	\$ -	61,571,445
Less accumulated depreciation				
Sewer System	8,915,827	\$1,997,484	\$ -	10,913,311
Equipment	158,389	17,406	-	175,795
	9,074,216	\$ 2,014,890	\$ -	11,089,106
Total Depreciable Capital	50,915,070			50,482,339
Total Capital Assets - Business-Type Activities, net	\$ 52,587,128			\$ 51,041,146

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE S – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2011, consisted of the following:

		Transfers In (Out)
General Fund	\$	582,636
Road and Bridge Trust Fund		(2,230,883)
Road and Bridge Fund		1,986,983
Assessment Fund		(4,450)
Tax Maintenance Fund		(100,000)
E-911 Fund		(241,736)
Recorder User Fee Fund		(54,104)
Employee Benefits Fund		73,332
Transfer Station Fund		(11,778)
	\$	-

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE T – JUDICIAL FACILITY RESERVE FUND

A Reserve Fund is established pursuant to the Indenture and is required to be funded on the date of initial delivery of the Series 2006 Certificates in an amount equal to \$1,926,000 (the “Reserve Requirement”). Money in the Reserve Fund may be used solely (a) to make up any deficiencies in the Certificate Payment Fund and, if the money in the Certificate Payment Fund is insufficient to pay the principal component or the interest component of Base Rentals as the same become due, the Trustee is required to transfer from the Reserve Fund to the Certificate Payment Fund an amount sufficient to make up such deficiency or (b) to make Base Rentals or to make deposits to the Certificate Payment Fund to make such payments, in the amounts and at the times specified in a written request of the County given to the Trustee. If the Trustee receives any such request, it must transfer the amount specified therein on the date or dates specified therein. As of December 31, 2011, the Reserve Account balance was \$1,964,665.

NOTE U – ARBITRAGE PAYABLE – TANEY COUNTY REGIONAL SEWER DISTRICT

Under certain provisions of the Federal Tax Code and the 2004 State of Missouri Revolving Fund Sewerage System Revenue Bond ordinance, the District is required to rebate arbitrage earnings of tax-exempt debt to the federal government every five years as long as the bonds remain outstanding. Arbitrage earnings occur when the District invests proceeds from its low-interest, tax-exempt debt issue into securities with a higher interest yield. The District had arbitrage earnings during 2011, which reduced interest income and resulted in a long-term liability of \$61,683 in the Sewer Fund.

TANEY COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE V – COMMITMENTS – TANEY COUNTY REGIONAL SEWER DISTRICT

The District was committed to contracts for sewer system additions and improvements with HDR Engineering, Inc. in the amount of \$57,517, Rosetta Construction, LLC in the amount of \$57,175, and Great River Associates in the amount of \$132,199 as of December 31, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

Taney County, Missouri
Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2011

Missouri Local Government Employees Retirement System

		(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Assets in Excess of) Accrued Liability (UAL)	Funded Ratio	Annual Covered payroll	UAL as a Percentage of Covered payroll
2009	February 28, 2009	\$ 8,637,078	\$ 12,210,193	\$ 3,573,115	71%	\$ 10,162,602	35
2010	February 28, 2010	\$ 10,270,272	\$ 13,317,256	\$ 3,046,984	77%	\$ 9,950,757	31
2011	February 28, 2011	\$ 11,600,854	\$ 14,517,186	\$ 2,916,332	80%	\$ 9,600,841	30

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See accompanying independent auditors' report.

TANEY COUNTY, MISSOURI
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES COLLECTED:				
Taxes	7,599,611	7,599,611	8,587,668	988,057
Licenses and Permits	70,500	70,500	71,173	673
Intergovernmental Revenues	337,300	337,300	711,995	374,695
Fees and Charges	2,885,350	2,885,350	3,299,456	414,106
Miscellaneous	200,600	200,600	283,002	82,402
TOTAL REVENUES COLLECTED	<u>11,093,361</u>	<u>11,093,361</u>	<u>12,953,294</u>	<u>1,859,933</u>
EXPENDITURES PAID:				
General Government				
University Extension	47,404	47,404	47,136	(268)
Collector of Revenue	236,033	236,033	227,313	(8,720)
Treasurer	84,830	84,830	85,051	221
Recorder of Deeds	292,000	292,000	229,897	(62,103)
County Commission	532,558	532,558	429,462	(103,096)
Employee Fringe Benefits	1,992,488	1,992,488	1,933,900	(58,588)
Information Technology	424,438	424,438	396,988	(27,450)
Planning and Zoning	333,403	333,403	189,728	(143,675)
Election and Voter Registration	57,770	57,770	53,025	(4,745)
County Clerk	122,131	122,131	125,691	3,560
Auditor	144,522	144,522	140,110	(4,412)
Building and Grounds	816,872	816,872	955,007	138,135
	<u>5,084,449</u>	<u>5,084,449</u>	<u>4,813,308</u>	<u>(271,141)</u>
Judicial				
Court Administration	42,750	42,750	45,406	2,656
Circuit Clerk	100,200	100,200	102,724	2,524
Circuit Judge	55,000	55,000	56,084	1,084
Coroner	44,130	44,130	52,907	8,777
Court Reporter	2,112	2,112	5,135	3,023
Public Administrator	81,398	81,398	91,499	10,101
Juvenile	132,224	132,224	128,898	(3,326)
Prosecuting Attorney	437,750	437,750	492,610	54,860
	<u>895,564</u>	<u>895,564</u>	<u>975,263</u>	<u>79,699</u>
Public Safety				
Sheriff	1,797,851	1,797,851	1,850,794	52,943
Jail	1,143,866	1,143,866	1,195,661	51,795
Animal Control	180,895	180,895	180,895	-
Emergency Management	167,590	167,590	96,798	(70,792)
	<u>3,290,202</u>	<u>3,290,202</u>	<u>3,324,148</u>	<u>33,946</u>
Other				
Public Works	9,539,414	9,539,414	1,945,828	(7,593,586)
Sewer	322,368	322,368	359,034	36,666
Airport				
Airport	656,542	656,542	615,348	(41,194)
Debt Service				
Principal and Interest	1,446,381	1,446,381	1,434,075	(12,306)
TOTAL EXPENDITURES PAID	<u>21,234,920</u>	<u>21,234,920</u>	<u>13,467,004</u>	<u>(7,767,916)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	<u>(10,141,559)</u>	<u>(10,141,559)</u>	<u>(513,710)</u>	<u>9,627,849</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Transfers in	1,277,553	1,277,553	1,000,159	(277,394)
Transfers out	(302,037)	(302,037)	(45,000)	257,037
TOTAL OTHER FINANCING SOURCES (USES)	<u>975,516</u>	<u>975,516</u>	<u>955,159</u>	<u>(20,357)</u>
Excess (Deficit) of Revenues Collected Over Expenditures Paid and Other Sources (Uses)	(9,166,043)	(9,166,043)	441,449	9,607,492
Fund Balance, beginning of year, restated			9,676,979	
Fund Balance, end of year			<u>10,118,428</u>	

See accompanying independent auditors' report.

**TANEY COUNTY, MISSOURI
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES COLLECTED				
Taxes	\$ 909,000	\$ 909,000	\$ 1,194,531	\$ 285,531
Intergovernmental	82,500	82,500	72,139	(10,361)
Miscellaneous	43,150	43,150	39,597	(3,553)
TOTAL REVENUES COLLECTED	<u>1,034,650</u>	<u>1,034,650</u>	<u>1,306,267</u>	<u>271,617</u>
EXPENDITURES:				
Roads and bridges	2,574,460	2,574,460	2,020,738	(553,722)
TOTAL EXPENDITURES PAID	<u>2,574,460</u>	<u>2,574,460</u>	<u>2,020,738</u>	<u>(553,722)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,539,810)</u>	<u>(1,539,810)</u>	<u>(714,471)</u>	<u>825,339</u>
OTHER FINANCING SOURCES (USES):				
Transfers In		2,000,000	2,230,883	230,883
Transfers Out	-	(575,040)	(243,900)	331,140
Total other financing sources (uses)	<u>-</u>	<u>1,424,960</u>	<u>1,986,983</u>	<u>562,023</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,539,810)</u>	<u>\$ (114,850)</u>	1,272,512	<u>\$ 1,387,362</u>
FUND BALANCE, beginning of year			972,332	
FUND BALANCE, end of year			<u>\$ 2,244,844</u>	

See accompanying independent auditors' report.

**TANEY COUNTY, MISSOURI
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE TRUST FUND
YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Taxes	\$ 6,500,000	\$ 6,500,000	\$ 6,763,047	\$ 263,047
Intergovernmental	-	-	189,764	189,764
Other Receipts	120,000	120,000	84,164	(35,836)
TOTAL REVENUES COLLECTED	<u>6,620,000</u>	<u>6,620,000</u>	<u>7,036,975</u>	<u>416,975</u>
EXPENDITURES:				
Highway and Roads	5,275,836	5,275,836	4,666,676	609,160
TOTAL EXPENDITURES PAID	<u>5,275,836</u>	<u>5,275,836</u>	<u>4,666,676</u>	<u>609,160</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,344,164</u>	<u>1,344,164</u>	<u>2,370,299</u>	<u>1,026,135</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	3,485	3,485
Transfers Out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(1,996,515)</u>	<u>3,485</u>
NET CHANGE IN FUND BALANCE	<u>\$ (655,836)</u>	<u>\$ (655,836)</u>	<u>373,784</u>	<u>\$ 1,029,620</u>
FUND BALANCE, beginning of year			4,978,521	
FUND BALANCE, end of year			<u>\$ 5,352,305</u>	

See accompanying independent auditors' report.

OTHER FINANCIAL INFORMATION

TANEY COUNTY, MISSOURI
 COMBINING SCHEDULE OF ASSETS, LIABILITIES
 AND FUND BALANCES ARISING FROM MODIFIED CASH TRANSACTIONS
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	<u>ASSESSMENT FUND</u>	<u>ELECTION SERVICES FUND</u>	<u>INMATE SECURITY FUND</u>	<u>LOCAL EMERGENCY PLANNING COMMISSION</u>	<u>LAW ENFORCEMENT TRAINING FUND</u>	<u>PROSECUTOR TRAINING FUND</u>	<u>E-911 TELEPHONE FUND</u>
<u>ASSETS</u>							
Cash and investments	\$ 87,617	\$ 27,377	\$ 3,232	\$ 9,882	\$ 9,795	\$ 4,906	\$ 526,100
Total assets	<u>\$ 87,617</u>	<u>\$ 27,377</u>	<u>\$ 3,232</u>	<u>\$ 9,882</u>	<u>\$ 9,795</u>	<u>\$ 4,906</u>	<u>\$ 526,100</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Due to other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances							
Unreserved:							
Special revenue funds	87,617	27,377	3,232	9,882	9,795	4,906	526,100
Total fund balances	<u>87,617</u>	<u>27,377</u>	<u>3,232</u>	<u>9,882</u>	<u>9,795</u>	<u>4,906</u>	<u>526,100</u>
Total liabilities and fund balances	<u>\$ 87,617</u>	<u>\$ 27,377</u>	<u>\$ 3,232</u>	<u>\$ 9,882</u>	<u>\$ 9,795</u>	<u>\$ 4,906</u>	<u>\$ 526,100</u>

See accompanying independent auditors' report.

TANEY COUNTY, MISSOURI
 COMBINING SCHEDULE OF ASSETS, LIABILITIES
 AND FUND BALANCES ARISING FROM MODIFIED CASH TRANSACTIONS
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	SHERIFF CIVIL FEES FUND	TAX MAINTENANCE FUND	PROSECUTOR BAD CHECK FUND	RECORDER USER FEE FUND	PROSECUTOR DELINQUENT TAX FUND
<u>ASSETS</u>					
Cash and investments	\$ 182,911	\$ 251,178	\$ 191,138	\$ 376,700	\$ 106,471
Total assets	<u>\$ 182,911</u>	<u>\$ 251,178</u>	<u>\$ 191,138</u>	<u>\$ 376,700</u>	<u>\$ 106,471</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Unreserved:					
Special revenue funds	182,911	251,178	191,138	376,700	106,471
Total fund balances	<u>182,911</u>	<u>251,178</u>	<u>191,138</u>	<u>376,700</u>	<u>106,471</u>
Total liabilities and fund balances	<u>\$ 182,911</u>	<u>\$ 251,178</u>	<u>\$ 191,138</u>	<u>\$ 376,700</u>	<u>\$ 106,471</u>

See accompanying independent auditors' report.

TANEY COUNTY, MISSOURI
 COMBINING SCHEDULE OF ASSETS, LIABILITIES
 AND FUND BALANCES ARISING FROM MODIFIED CASH TRANSACTIONS
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	DRUG FORFEITURE FUND	SHERIFF REVOLVING FUND	VEST GRANT FUND	LAW LIBRARY FUND	DOMESTIC VIOLENCE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash and investments	\$ 34,954	\$ 57,519	\$ 2,887	\$ 42,760	\$ 9,897	\$ 1,925,324
Total assets	<u>\$ 34,954</u>	<u>\$ 57,519</u>	<u>\$ 2,887</u>	<u>\$ 42,760</u>	<u>\$ 9,897</u>	<u>\$ 1,925,324</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Unreserved:						
Special revenue funds	34,954	57,519	2,887	42,760	9,897	1,925,324
Total fund balances	<u>34,954</u>	<u>57,519</u>	<u>2,887</u>	<u>42,760</u>	<u>9,897</u>	<u>1,925,324</u>
Total liabilities and fund balances	<u>\$ 34,954</u>	<u>\$ 57,519</u>	<u>\$ 2,887</u>	<u>\$ 42,760</u>	<u>\$ 9,897</u>	<u>\$ 1,925,324</u>

See accompanying independent auditors' report.

TANEY COUNTY, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	ASSESSMENT FUND	ELECTION SERVICES FUND	INMATE SECURITY FUND	LOCAL EMERGENCY PLANNING COMMISSION	LAW ENFORCEMENT TRAINING FUND	PROSECUTOR TRAINING FUND
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	154,287	-	3,215	-	6,612	1,131
Intergovernmental	456,481	49,496	-	7,633	-	-
Miscellaneous	3,575	401	17	167	131	70
Total revenues	<u>614,343</u>	<u>49,897</u>	<u>3,232</u>	<u>7,800</u>	<u>6,743</u>	<u>1,201</u>
EXPENDITURES:						
Current:						
General government	-	30,199	-	-	-	-
Tax administration	547,799	-	-	-	-	-
Public safety and judicial	-	-	-	5,400	6,177	1,039
Debt service	-	-	-	-	-	-
Total expenditures	<u>547,799</u>	<u>30,199</u>	<u>-</u>	<u>5,400</u>	<u>6,177</u>	<u>1,039</u>
Excess (deficiency) of revenues over expenditures	<u>66,544</u>	<u>19,698</u>	<u>3,232</u>	<u>2,400</u>	<u>566</u>	<u>162</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(4,450)	-	-	-	-	-
Total other financing sources (uses)	<u>(4,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	62,094	19,698	3,232	2,400	566	162
Fund balance - beginning	<u>25,523</u>	<u>7,679</u>	<u>-</u>	<u>7,482</u>	<u>9,229</u>	<u>4,744</u>
Fund balances - ending	<u>\$ 87,617</u>	<u>\$ 27,377</u>	<u>\$ 3,232</u>	<u>\$ 9,882</u>	<u>\$ 9,795</u>	<u>\$ 4,906</u>

See accompanying independent auditors' report.

TANEY COUNTY, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	E-911 TELEPHONE FUND	SHERIFF CIVIL FEES FUND	TAX MAINTENANCE FUND	PROSECUTOR BAD CHECK FUND	RECORDER USER FEE FUND	PROSECUTOR DELINQUENT TAX FUND
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	550,428	51,405	171,570	30,736	206,663	15,976
Intergovernmental	-	-	-	-	-	-
Miscellaneous	8,180	4,020	3,192	3,203	6,010	1,418
Total revenues	<u>558,608</u>	<u>55,425</u>	<u>174,762</u>	<u>33,939</u>	<u>212,673</u>	<u>17,394</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	180,531	-
Tax administration	-	-	25,972	-	-	-
Public safety and judicial	424,048	49,591	-	56,046	-	733
Debt service	-	-	-	-	-	-
Total expenditures	<u>424,048</u>	<u>49,591</u>	<u>25,972</u>	<u>56,046</u>	<u>180,531</u>	<u>733</u>
Excess (deficiency) of revenues over expenditures	<u>134,560</u>	<u>5,834</u>	<u>148,790</u>	<u>(22,107)</u>	<u>32,142</u>	<u>16,661</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(241,736)	-	(100,000)	-	(54,104)	-
Total other financing sources (uses)	<u>(241,736)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(54,104)</u>	<u>-</u>
Net change in fund balances	(107,176)	5,834	48,790	(22,107)	(21,962)	16,661
Fund balance - beginning	<u>633,276</u>	<u>177,077</u>	<u>202,388</u>	<u>213,245</u>	<u>398,662</u>	<u>89,810</u>
Fund balances - ending	<u>\$ 526,100</u>	<u>\$ 182,911</u>	<u>\$ 251,178</u>	<u>\$ 191,138</u>	<u>\$ 376,700</u>	<u>\$ 106,471</u>

See accompanying independent auditors' report.

TANEY COUNTY, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	DRUG FORFEITURE FUND	SHERIFF REVOLVING FUND	VEST GRANT FUND	LAW LIBRARY FUND	DOMESTIC VIOLENCE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	27,256	-	-	8,851	1,228,130
Intergovernmental	5,842	-	2,006	15,523	-	536,981
Miscellaneous	493	869	27	354	76	32,203
Total revenues	<u>6,335</u>	<u>28,125</u>	<u>2,033</u>	<u>15,877</u>	<u>8,927</u>	<u>1,797,314</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	210,730
Tax administration	-	-	-	-	-	573,771
Public safety and judicial	3,567	28,055	1,011	18,258	8,725	602,650
Debt service	-	-	-	-	-	-
Total expenditures	<u>3,567</u>	<u>28,055</u>	<u>1,011</u>	<u>18,258</u>	<u>8,725</u>	<u>1,387,151</u>
Excess (deficiency) of revenues over expenditures	<u>2,768</u>	<u>70</u>	<u>1,022</u>	<u>(2,381)</u>	<u>202</u>	<u>410,163</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(400,290)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,290)</u>
Net change in fund balances	2,768	70	1,022	(2,381)	202	9,873
Fund balance - beginning	<u>32,186</u>	<u>57,449</u>	<u>1,865</u>	<u>45,141</u>	<u>9,695</u>	<u>1,915,451</u>
Fund balances - ending	<u>\$ 34,954</u>	<u>\$ 57,519</u>	<u>\$ 2,887</u>	<u>\$ 42,760</u>	<u>\$ 9,897</u>	<u>\$ 1,925,324</u>

See accompanying independent auditors' report.



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

Taney County Commission
Taney County
Forsyth, Missouri

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Taney County, Missouri as of and for the year ended December 31, 2011, which collectively comprise Taney County, Missouri's basic financial statements and have issued our report thereon dated September 17, 2012. In our report, our opinion was modified because the Primary Government of the County prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings to be a material weakness. It is identified as item 11-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taney County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Taney County, Missouri in a separate letter dated September 17, 2012.

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

Hurlbert CPA, LLC
September 17, 2012

Taney County, Missouri
Summary of Findings
Year Ended December 31, 2011

A. Summary of Audit Results

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements.
2. A significant deficiency disclosed during the audit of the financial statements is reported in the Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. This deficiency is reported as a material weakness.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

B. Findings- Financial Statement Audit

10-1 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The County currently has one full time bookkeeper to handle the accounting needs of the County. There are some mitigating controls in place but it is not possible to have segregation on all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendations: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits the segregation of incompatible duties and the County does not have the resources to hire additional accounting personnel.