

Mississippi County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2011

LEGISLATIVE JOINT AUDITING COMMITTEE



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Rep. Kim Hammer
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Sen. Linda Chesterfield
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Rep. John W. Walker
House Vice Chair



Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Mississippi County, Arkansas Officials and Quorum Court Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Mississippi County, Arkansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1(B and C), the County has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Mississippi County, Arkansas, as of December 31, 2011, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended.

The Mississippi County Library and County Hospital Board Funds have not been included in the County's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Arkansas Code, requires the Mississippi County Library and County Hospital Board Funds to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, revenues, and expenditures. The amount by which this departure would affect the assets, liabilities, revenues, and expenditures of the other funds in the aggregate column is not reasonably determinable. The County's regulatory basis financial statements also do not disclose all the required information concerning deposit risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

Further, in our opinion, because of the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective regulatory basis financial position of the other funds in the aggregate of Mississippi County, Arkansas, as of December 31, 2011, and the respective changes in the regulatory basis financial position for the year then ended on the basis of accounting as described in Note 1(C).

Further, in our opinion, except for the effects of not disclosing all required information concerning deposit risks, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund and road fund of Mississippi County, Arkansas, as of December 31, 2011 and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and road fund for the year then ended on the basis of accounting as described in Note 1(C).

As discussed in Note 1 to the financial statements, the County changed the classifications of its governmental fund balances on January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The other information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

DIVISION OF LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
February 28, 2013
LOCO04711

Sen. Bryan B. King
Senate Chair
Rep. Kim Hammer
House Chair
Sen. Linda Chesterfield
Senate Vice Chair
Rep. John W. Walker
House Vice Chair

Arkansas



Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

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

Mississippi County, Arkansas Officials and Quorum Court Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Mississippi County, Arkansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated February 28, 2013. We issued an adverse opinion because the County prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Mississippi County Library and County Hospital Board Funds, which are material to the other funds in the aggregate, and our opinions on the general fund and road fund were qualified because required disclosures were not made concerning deposit risks. 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 discussed below, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

2011-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

The County officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording transactions to the extent possible with the current staffing levels.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the state constitution, laws, regulations, and 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*.

The County's response to the finding identified in our audit is described above. We did not audit the County's response and, accordingly, we express no opinion on it.

Other Issues

The commentary contained in this section relates to the following officials that held office during 2011:

County Judge: Randy Carney
Treasurer: Peggy Meatte
Sheriff: Dale Cook
Tax Collector: Patricia Caldwell
County Clerk: Lib Shippen
Circuit Clerk: Donna Bray
Assessor: Harley Bradley

Our audit procedures indicated that the Offices of **County Judge, Treasurer, Sheriff, Tax Collector, County Clerk, Circuit Clerk, and Assessor** were in substantial compliance with Arkansas fiscal and financial laws.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County government, state executive and oversight management, the federal awarding agencies, and pass-through entities, if applicable, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT



June M. Barron, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
February 28, 2013

MISSISSIPPI COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2011

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,124,388	\$ 1,556,741	\$ 10,976,842
Accounts receivable	488,384	108,835	645,194
TOTAL ASSETS	\$ 1,612,772	\$ 1,665,576	\$ 11,622,036
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 300,366	\$ 49,435	\$ 515,594
Settlements pending		991	1,373,363
Total Liabilities	300,366	50,426	1,888,957
Fund Balances: (Note 7)			
Restricted		1,615,150	9,502,609
Committed			27,934
Assigned	391,662		202,786
Unassigned	920,744		(250)
Total Fund Balances	1,312,406	1,615,150	9,733,079
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,612,772	\$ 1,665,576	\$ 11,622,036

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 629,423	\$ 1,354,151	\$ 228,061
Federal aid	23,255	69,720	4,686,242
Property taxes	1,132,929	810,204	484,022
Sales taxes	2,143,404		4,947,569
Fines, forfeitures, and costs	865,433		110,876
Interest	24,017	31,137	138,748
Officers' fees	194,487		340,326
Jail fees			599,928
Emergency 911 fees			396,121
Landfill fees	2,460,828		
Treasurer's commission	168,717		32,106
Collector's commission	269,553		75,832
Taxes apportioned - Assessor's salary and expense	523,164		
Other	529,676	25,591	217,192
TOTAL REVENUES	8,964,886	2,290,803	12,257,023
Less: Treasurer's commission	100,300	27,738	5,879
NET REVENUES	8,864,586	2,263,065	12,251,144
EXPENDITURES			
Current:			
General government	2,765,818		9,478,065
Law enforcement	3,046,877		3,260,845
Highways and streets	8,278	2,604,634	
Public safety	54,286		496,493
Sanitation	2,117,390		
Health	763,480		490,761
Social services	122,107		793,729
Total Current	8,878,236	2,604,634	14,519,893
Debt Service:			
Lease principal		24,252	
Lease interest		10,710	
Notes payable - principal	322,896		
Notes payable - interest	17,120		
TOTAL EXPENDITURES	9,218,252	2,639,596	14,519,893
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(353,666)	(376,531)	(2,268,749)
OTHER FINANCING SOURCES (USES)			
Transfers in	197,367	84,508	999,416
Transfers out	(814,680)	(57,701)	(408,910)
Contribution to county hospital board	(330,000)		(1,355,914)
Contribution from county hospital board	330,000		1,355,914
TOTAL OTHER FINANCING SOURCES (USES)	(617,313)	26,807	590,506
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(970,979)	(349,724)	(1,678,243)
FUND BALANCES - JANUARY 1	2,283,385	1,964,874	11,411,322
FUND BALANCES - DECEMBER 31	\$ 1,312,406	\$ 1,615,150	\$ 9,733,079

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 679,606	\$ 629,423	\$ (50,183)	\$ 1,428,295	\$ 1,354,151	\$ (74,144)
Federal aid	23,255	23,255			69,720	69,720
Property taxes	974,227	1,132,929	158,702	740,449	810,204	69,755
Sales taxes	2,126,871	2,143,404	16,533			
Fines, forfeitures, and costs	840,064	865,433	25,369			
Interest	2,550	24,017	21,467	8,281	31,137	22,856
Officers' fees	194,779	194,487	(292)			
Landfill fees	2,641,523	2,460,828	(180,695)			
Treasurer's commission	181,582	168,717	(12,865)			
Collector's commission	307,728	269,553	(38,175)			
Taxes apportioned - Assessor's salary and expense	533,140	523,164	(9,976)			
Other	367,310	529,676	162,366	95,310	25,591	(69,719)
TOTAL REVENUES	8,872,635	8,964,886	92,251	2,272,335	2,290,803	18,468
Less: Treasurer's commission	154,151	100,300	53,851	27,588	27,738	(150)
NET REVENUES	8,718,484	8,864,586	146,102	2,244,747	2,263,065	18,318
EXPENDITURES						
Current:						
General government	2,908,919	2,765,818	143,101			
Law enforcement	3,086,941	3,046,877	40,064			
Highways and streets		8,278	(8,278)	2,960,158	2,604,634	355,524
Public safety	51,043	54,286	(3,243)			
Sanitation	2,270,585	2,117,390	153,195			
Health	763,480	763,480				
Social services	120,306	122,107	(1,801)			
Total Current	9,201,274	8,878,236	323,038	2,960,158	2,604,634	355,524
Debt Service:						
Lease principal					24,252	(24,252)
Lease interest					10,710	(10,710)
Notes payable - principal		322,896	(322,896)			
Notes payable - interest		17,120	(17,120)			
TOTAL EXPENDITURES	9,201,274	9,218,252	(16,978)	2,960,158	2,639,596	320,562

MISSISSIPPI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (482,790)	\$ (353,666)	\$ 129,124	\$ (715,411)	\$ (376,531)	\$ 338,880
OTHER FINANCING SOURCES (USES)						
Transfers in	1,079,783	197,367	(882,416)	1,070,016	84,508	(985,508)
Transfers out	(811,062)	(814,680)	(3,618)	(125)	(57,701)	(57,576)
Contribution to county hospital board	(330,000)	(330,000)				
Contribution from county hospital board	330,000	330,000				
TOTAL OTHER FINANCING SOURCES (USES)	268,721	(617,313)	(886,034)	1,069,891	26,807	(1,043,084)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(214,069)	(970,979)	(756,910)	354,480	(349,724)	(704,204)
FUND BALANCES - JANUARY 1		2,283,385	2,283,385		1,964,874	1,964,874
FUND BALANCES - DECEMBER 31	\$ (214,069)	\$ 1,312,406	\$ 1,526,475	\$ 354,480	\$ 1,615,150	\$ 1,260,670

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The County is a political subdivision of the state governed by an elected quorum court. The reporting entity includes all the funds of the County. The following funds of the County are not presented in this report: Mississippi County Library and County Hospital Board.

B. Basis of Presentation - Regulatory Fund Accounting

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Arkansas Code. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to actual expenditures for the general and road funds; notes to financial statements; and a supplemental schedule of capital assets.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Landfill, Sheriff's Emergency Operations, and Employee Insurance.

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, and federal aid that are restricted for maintaining and constructing roads.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Road Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: County Recorder's Cost, County Jail Sales Tax, Boating Safety (Act 122), Economic Development, Detention Center (Act 1188), Sheriff's Communication, Facility, and Equipment, Child Support Collection Costs, Juvenile Fees, Officers' Protection Equipment, Sheriff's Commissary, Sheriff's Firing Range, Sheriff's Helicopter, Historical Preservation Grant, Senior Citizens, Emergency 911, Local Emergency Response Grant, County Clerk's Marriage License, Court Automation, Collector's Automation, County Clerk's Automation, Juvenile Detention, Pandemic Grant, West Nile Virus, Treasurer's Automation, Homeland Security Grants, Game Protection, Assessor's Amendment no. 79, Interoperable Emergency Communications Grant, National Diesel Emissions Reduction Grant, County Hospital, Local Law Enforcement Block Grant, and Justice Assistance Grant.

Agency Funds - Agency Funds are used to account for assets held by the entity as an agent for individuals, private organizations, other governmental units, and other funds. The following Agency Funds are reported with other funds in the aggregate: County Treasurer: Treasurer's Interest, Cash Bond, Common Schools, Arkansas Game and Fish, State Highway Department, Investment and Saving Interest, Public Defender User Fee, Justice Fund (Act 1256), Justice Enhancement, Rural Fire Department, State Land Commissioner, and Mississippi County Right-of-Way; State Treasurer: (Acts 65, 431, and 2246), Liability Insurance - Sheriff's Report, Child Passenger, Drug Crime Special Assessment, Law Library, School District Coordinator, Schools, and Change; Tax Collector: Current Tax, Delinquent Tax, and Change; Sheriff: Bond and Fee, Inmate Commissary, Petty Cash, and Change; County Clerk: Fee, Payroll, and Change; Circuit Clerk: Fee, Direct Deposit, Trust, and Change; County Judge: Landfill and Change; Senior Citizens; and Juvenile Probation.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Arkansas Code. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, interest, fees, and tax settlements that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Quorum Court.
3. Assigned fund balance – amounts that are constrained by the Quorum Court's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15.

F. Budget Law

1. Legal Requirements

State law requires that the Quorum Court, before the end of each fiscal year, make appropriations, by ordinance, for the expenditures of County government for the following year. The Quorum Court may make appropriation amendments at any time during the current fiscal year. Appropriations lapse at the end of each year. Under certain conditions, the budget may be amended subsequent to the year-end.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law (Continued)

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other Special Revenue Funds.

G. Fund Balance Classification Policies and Procedures

The County's highest level of decision-making authority is its Quorum Court. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the Quorum Court through passage of an ordinance. The Quorum Court is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The County does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The County does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

H. Change in Regulatory Basis

The County adopted Governmental Accounting Standards Board (GASB) Statement no. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on January 1, 2011. GASB Statement no. 54 changed the classifications of governmental fund balances from reserved and unreserved to nonspendable, restricted, committed, assigned, and unassigned.

NOTE 2: Cash

Deposit risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk have not been provided as required by Governmental Accounting Standards Board Statement no. 40.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2011 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 65,516	\$ 107,718	\$ 19,465
Federal aid			120,664
Property taxes	753		
Sales taxes	173,077		399,461
Fines, forfeitures, and costs	45,406		10,239
Interest	847	1,117	3,055
Officers' fees	2,603		24,507
Jail fees			46,775
Emergency 911 fees			13,103
Landfill fees	4,334		
Taxes apportioned - Assessor's salary and expense	25,378		
Other	170,470		7,925
Totals	<u>\$ 488,384</u>	<u>\$ 108,835</u>	<u>\$ 645,194</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2011 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 300,366</u>	<u>\$ 49,435</u>	<u>\$ 515,594</u>

NOTE 6: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2011, the legal debt limit for bonded debt was \$45,825,073. There were no property tax secured bond issues.

B. Short-Term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2011, the legal debt limit for short-term financing obligations was \$12,577,762. The amount of short-term financing obligations was \$655,027, leaving a legal debt margin of \$11,922,735.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2011 are composed of the following:

<u>Description</u>	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
Fund Balances			
Restricted for:			
General government			\$ 9,155,083
Law enforcement			127,881
Highways and streets		\$ 1,615,150	
Public safety			219,644
Health			1
Total Restricted		<u>1,615,150</u>	<u>9,502,609</u>
Committed for:			
Law enforcement			<u>27,934</u>
Assigned to:			
General government	\$ 777		
Law enforcement	3,141		155,706
Sanitation	387,744		
Social services			47,080
Total Assigned	<u>391,662</u>		<u>202,786</u>
Unassigned	<u>920,744</u>		<u>(250)</u>
Totals	<u>\$ 1,312,406</u>	<u>\$ 1,615,150</u>	<u>\$ 9,733,079</u>

NOTE 8: Deficit Fund Balances

The following fund has a deficit fund balance as of December 31, 2011:

	<u>December 31, 2011</u>
<u>Other Funds in the Aggregate</u>	
Special Revenue:	
County Hospital	<u>\$ (250)</u>

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2011:

	<u>December 31, 2011</u>
Long-Term liabilities	\$ 2,856,138
Noncancellable leases	238,486
Service contracts	<u>307,985</u>
Total Commitments	<u>\$ 3,402,609</u>

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9: Commitments (Continued)

Long-Term Liabilities

Long-Term liabilities at December 31, 2011 are comprised of the following:

	December 31, 2011
Compensated Absences	\$ 188,616
Estimated liability for landfill closure and postclosure care costs.	2,012,495
Note payable entered on April 16, 2008 with First National Bank of Blytheville for the purchase of a Terex Model TC400 compactor, interest at 3.98%; monthly installments of \$7,726 for 60 months. Payments are to be made from the General Fund.	113,427
Note payable entered on May 29, 2009 with Southern Bancorp for the purchase of a maintenance building, dozer, and backhoe, interest at 3.75%; monthly installments of \$4,577 for 60 months. Payments are to be made from the General Fund.	126,639
Note payable entered on June 1, 2011 with Farmers Bank and Trust for the purchase of five Dodge Chargers and six Dodge Nitros, interest at 3.45%; six monthly payments of \$22,533, 12 monthly payments of \$11,267, and one monthly payment of \$6,486. Payments are to be made from the General Fund.	128,053
Lease-purchase agreement entered on January 5, 2010 with Caterpillar Financial Services for the purchase of a Caterpillar motor grader, interest at 3.60%; monthly installments of \$1,457 for 34 months and one payment of \$131,457. Payments are to be made from the Road Fund.	142,925
Lease-purchase agreement entered on January 5, 2010 with Caterpillar Financial Services for the purchase of a Caterpillar motor grader, interest at 3.60%; monthly installments of \$1,457 for 34 months and one payment of \$131,457. Payments are to be made from the Road Fund.	143,983
	\$ 2,856,138
Total Long-Term Liabilities	

Due to the County's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

Closure and Postclosure Care Costs

State and federal laws require that Mississippi County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting waste, the County is required to recognize a portion of these closure and postclosure care costs each year based on the landfills' capacity used as of each balance sheet date. The estimated liability for landfill closure and postclosure care costs has a balance of \$2,012,495 as of December 31, 2011, which is based on 68 percent use of the class-one landfill and 100 percent use of the class-four landfill's capacity. The class-four landfill is closed and is awaiting acceptance of the final cover closure certification report. The County will recognize the remaining estimated cost of closure and postclosure care of \$765,852 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has set aside \$387,744 as an assigned fund balance in the General Fund intended for closure and postclosure care costs. Also, a letter of credit from Southern Bancorp in the amount not to exceed \$1,936,997 has been issued.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9: Commitments (Continued)

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2011:

Years Ending December 31,	Notes	Leases	Total
2012	\$ 271,561	\$ 32,476	\$ 304,037
2013	85,565	264,370	349,935
2014	<u>22,887</u>	<u> </u>	<u>22,887</u>
Total Obligations	380,013	296,846	676,859
Less Interest	<u>11,894</u>	<u>9,938</u>	<u>21,832</u>
Total Principal	<u>\$ 368,119</u>	<u>\$ 286,908</u>	<u>\$ 655,027</u>

Noncancellable Leases

The County entered into a noncancellable lease agreement for a copier on August 27, 2009. Terms of the lease are monthly rental payments of \$192 for 60 months. At the end of the lease term, the County will return the copier.

The County entered into a noncancellable lease agreement for a copier on August 27, 2009. Terms of the lease are monthly rental payments of \$192 for 60 months. At the end of the lease term, the County will return the copier.

The County entered into a noncancellable lease agreement for a copier on December 7, 2007. Terms of the lease are monthly rental payments of \$322 for 60 months. At the end of the lease term, the County will return the copier.

The County entered into a noncancellable lease agreement for a copier on December 7, 2007. Terms of the lease are monthly rental payments of \$298 for 60 months. At the end of the lease term, the County will return the copier.

The County entered into a noncancellable lease agreement with the Blytheville-Gosnell Regional Airport Authority on March 19, 2008. Terms of the lease are monthly rental payments of \$14,583 for 60 months. At the end of the lease term, the County has three two-year extension options.

Year	December 31, 2011
2012	\$ 187,046
2013	48,364
2014	<u>3,076</u>
Total	<u>\$ 238,486</u>

Rental expense for 2011 was \$187,046.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9: Commitments (Continued)

Service Contracts

The County was contractually obligated for the following service contracts at December 31, 2011:

Project Name	Estimated or Completion Date	Contract Balance December 31, 2011
Records Digitization Project	December 2012	\$ 182,315
Index of Land Records Project	July 2013	125,670
Total		\$ 307,985

NOTE 10: Interfund Transfers

The General Fund transferred \$814,680 to Other Funds in the Aggregate for operating purposes. The Road Fund transferred \$57,701 to the General Fund for reimbursement purposes. Other Funds in the Aggregate transferred \$139,666 to the General Fund, \$84,508 to the Road Fund, and \$184,736 within Other Funds in the Aggregate for reimbursement purposes.

NOTE 11: Contributions to/from the County Hospital Board

The County issued court orders throughout the year to lend money to the County Hospital Board in the amount of \$1,685,914 and subsequent repayments were made in 2011. This activity is noted as other financing sources (uses) Contribution to/from County Hospital Board on Exhibit B.

NOTE 12: Subsequent Events

On May 9, 2012, the County entered into a loan of \$750,000 for five years at 3.5% to cover cell construction costs at the County Landfill.

NOTE 13: Joint Venture: Regional Library

Mississippi and Crittenden Counties entered into an agreement in July 1991 in accordance with Ark. Code Ann. § 13-2-401 to establish the Mississippi County/Crittenden County Regional Library. The agreement states that the purpose for forming the regional library is "...providing improved library services to the people of the two counties. Each county shall provide its own library facilities and exercise exclusive control, ownership, and management thereof, and pay the salaries of regional county library personnel in that county". The business of the Mississippi County/Crittenden County Regional Library is to be conducted by a regional board, composed of the two administrative county boards (ten members) which boards shall continue to function over their respective systems. The Regional Library Board shall approve the employment and termination of regional library personnel, the regional budget and expenditures, and regional library policies. The system headquarters shall be in Mississippi County, Arkansas. Separate financial statements of the Regional Library are not available. The County made no payments to the Regional Library in 2011.

NOTE 14: 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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The County participates in the Association of Arkansas Counties Program (public entity risk pools) for coverage in the following areas:

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 14: Risk Management (Continued)

Workers' Compensation - This program provides statutory benefits for losses incurred by County officials, employees, and volunteer fire fighters while performing work for the County. Rates for counties participating in this program are revised annually based on the cost experience of the particular county or group as determined by the Workers' Compensation Commission.

Vehicle Program

- A. Liability - This program may pay all sums the County legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered county vehicle and for which the County is liable. The limit of payment by the program is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county vehicles owned or leased by the County.
- B. Physical Damage - This program covers vehicles (excluding mobile equipment) which are the property of the participating county. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$500 per occurrence. The County agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the county government of a participating county and pay judgments imposed on County officials and employees and the county government and county-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$500,000. The County agrees to pay into the program each year a rate established by the Risk Management Fund Board. Each county also agrees to pay the first \$500 of the aggregate cost for all expenses on each lawsuit.

The County also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the County Aid Fund. There is a \$1,000 deductible per occurrence.

NOTE 15: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation.

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS								
	County Recorder's Cost	County Jail Sales Tax	Boating Safety (Act 122)	Economic Development	Detention Center (Act 1188)	Sheriff's Communication, Facility, and Equipment	Child Support Collection Costs	Juvenile Fees	Officers' Protection Equipment
ASSETS									
Cash and cash equivalents	\$ 209,011		\$ 2	\$ 8,819,847	\$ 9,910	\$ 49,571	\$ 37	\$ 11,573	\$ 2,497
Accounts receivable	20,798	\$ 182,155	518	272,002	9,590	3,762			
TOTAL ASSETS	<u>\$ 229,809</u>	<u>\$ 182,155</u>	<u>\$ 520</u>	<u>\$ 9,091,849</u>	<u>\$ 19,500</u>	<u>\$ 53,333</u>	<u>\$ 37</u>	<u>\$ 11,573</u>	<u>\$ 2,497</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 374	\$ 26,449		\$ 380,110		\$ 1,354			
Settlements pending									
Total Liabilities	<u>374</u>	<u>26,449</u>		<u>380,110</u>		<u>1,354</u>			
Fund Balances:									
Restricted	229,435		\$ 520	8,711,739	\$ 19,500	51,979	\$ 37	\$ 11,573	\$ 2,497
Committed									
Assigned		155,706							
Unassigned									
Total Fund Balances	<u>229,435</u>	<u>155,706</u>	<u>520</u>	<u>8,711,739</u>	<u>19,500</u>	<u>51,979</u>	<u>37</u>	<u>11,573</u>	<u>2,497</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 229,809</u>	<u>\$ 182,155</u>	<u>\$ 520</u>	<u>\$ 9,091,849</u>	<u>\$ 19,500</u>	<u>\$ 53,333</u>	<u>\$ 37</u>	<u>\$ 11,573</u>	<u>\$ 2,497</u>

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

	SPECIAL REVENUE FUNDS									
	Sheriff's Commissary	Sheriff's Firing Range	Sheriff's Helicopter	Senior Citizens	Emergency 911	Local Emergency Response Grant	County Clerk's Marriage License	Court Automation	Collector's Automation	County Clerk's Automation
ASSETS										
Cash and cash equivalents	\$ 20,474	\$ 1,810	\$ 26,058	\$ 28,810	\$ 176,994	\$ 1,944	\$ 494	\$ 17,766	\$ 139,224	\$ 10,636
Accounts receivable	2,577	4	62	42,830	13,436	5	71	710	246	566
TOTAL ASSETS	<u>\$ 23,051</u>	<u>\$ 1,814</u>	<u>\$ 26,120</u>	<u>\$ 71,640</u>	<u>\$ 190,430</u>	<u>\$ 1,949</u>	<u>\$ 565</u>	<u>\$ 18,476</u>	<u>\$ 139,470</u>	<u>\$ 11,202</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable				\$ 24,560	\$ 28,021	\$ 967		\$ 291	\$ 5,152	\$ 331
Settlements pending										
Total Liabilities				<u>24,560</u>	<u>28,021</u>	<u>967</u>		<u>291</u>	<u>5,152</u>	<u>331</u>
Fund Balances:										
Restricted	\$ 23,051				162,409	982	\$ 565	18,185	134,318	10,871
Committed		\$ 1,814	\$ 26,120							
Assigned				47,080						
Unassigned										
Total Fund Balances	<u>23,051</u>	<u>1,814</u>	<u>26,120</u>	<u>47,080</u>	<u>162,409</u>	<u>982</u>	<u>565</u>	<u>18,185</u>	<u>134,318</u>	<u>10,871</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,051</u>	<u>\$ 1,814</u>	<u>\$ 26,120</u>	<u>\$ 71,640</u>	<u>\$ 190,430</u>	<u>\$ 1,949</u>	<u>\$ 565</u>	<u>\$ 18,476</u>	<u>\$ 139,470</u>	<u>\$ 11,202</u>

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

SPECIAL REVENUE FUNDS

	Juvenile Detention	West Nile Virus	Treasurer's Automation	Homeland Security Grants	Game Protection	Assessor's Amendment no. 79	County Hospital	Local Law Enforcement Block Grant	Justice Assistance Grant
ASSETS									
Cash and cash equivalents	\$ 1,049	\$ 1	\$ 57,666		\$ 4,338	\$ 13		\$ 46	\$ 14,302
Accounts receivable			134	\$ 89,352		6,031	\$ 344	1	
TOTAL ASSETS	<u>\$ 1,049</u>	<u>\$ 1</u>	<u>\$ 57,800</u>	<u>\$ 89,352</u>	<u>\$ 4,338</u>	<u>\$ 6,044</u>	<u>\$ 344</u>	<u>\$ 47</u>	<u>\$ 14,302</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 64	\$ 47,921					
Settlements pending							\$ 594		
Total Liabilities			<u>64</u>	<u>47,921</u>			<u>594</u>		
Fund Balances:									
Restricted	\$ 1,049	\$ 1	57,736	41,431	\$ 4,338	\$ 6,044		\$ 47	\$ 14,302
Committed									
Assigned							(250)		
Unassigned									
Total Fund Balances	<u>1,049</u>	<u>1</u>	<u>57,736</u>	<u>41,431</u>	<u>4,338</u>	<u>6,044</u>	<u>(250)</u>	<u>47</u>	<u>14,302</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,049</u>	<u>\$ 1</u>	<u>\$ 57,800</u>	<u>\$ 89,352</u>	<u>\$ 4,338</u>	<u>\$ 6,044</u>	<u>\$ 344</u>	<u>\$ 47</u>	<u>\$ 14,302</u>

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2011

Schedule 1

AGENCY FUNDS									
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	County Judge's Accounts	Senior Citizens Accounts	Juvenile Probation Accounts	Totals
ASSETS									
Cash and cash equivalents	\$ 470,761	\$ 211,809	\$ 95,527	\$ 4,793	\$ 578,380	\$ 4,607	\$ 3,462	\$ 3,430	\$ 10,976,842
Accounts receivable									645,194
TOTAL ASSETS	\$ 470,761	\$ 211,809	\$ 95,527	\$ 4,793	\$ 578,380	\$ 4,607	\$ 3,462	\$ 3,430	\$ 11,622,036
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 515,594
Settlements pending	\$ 470,761	\$ 211,809	\$ 95,527	\$ 4,793	\$ 578,380	\$ 4,607	\$ 3,462	\$ 3,430	1,373,363
Total Liabilities	470,761	211,809	95,527	4,793	578,380	4,607	3,462	3,430	1,885,527
Fund Balances:									
Restricted									9,502,609
Committed									27,934
Assigned									202,786
Unassigned									(250)
Total Fund Balances									9,733,079
TOTAL LIABILITIES AND FUND BALANCES	\$ 470,761	\$ 211,809	\$ 95,527	\$ 4,793	\$ 578,380	\$ 4,607	\$ 3,462	\$ 3,430	\$ 11,622,036

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

SPECIAL REVENUE FUNDS

	County Recorder's Cost	County Jail Sales Tax	Boating Safety (Act 122)	Economic Development	Detention Center (Act 1188)	Sheriff's Communication, Facility, and Equipment	Child Support Collection Costs	Juvenile Fees	Officers' Protection Equipment
REVENUES									
State aid			\$ 3,691						
Federal aid				\$ 4,141,817					
Property taxes				3,298,380					
Sales taxes		\$ 1,649,189							
Fines, forfeitures, and costs					\$ 99,301				
Interest	\$ 3,913	453	2	125,962	482	\$ 1,042	\$ 36		
Officers' fees	244,806					69,652	648	\$ 17,156	
Jail fees		599,928							
Emergency 911 fees									
Treasurer's commission									
Collector's commission									
Other		7,651		78,708					\$ 2,210
TOTAL REVENUES	248,719	2,257,221	3,693	7,644,867	99,783	70,694	684	17,156	2,210
Less: Treasurer's commission									
NET REVENUES	248,719	2,257,221	3,693	7,644,867	99,783	70,694	684	17,156	2,210
EXPENDITURES									
Current:									
General government	289,291			9,006,550					
Law enforcement		3,079,044				92,701			
Public safety			4,693						
Health									
Social services									
TOTAL EXPENDITURES	289,291	3,079,044	4,693	9,006,550		92,701			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,572)	(821,823)	(1,000)	(1,361,683)	99,783	(22,007)	684	17,156	2,210
OTHER FINANCING SOURCES (USES)									
Transfers in		834,769							
Transfers out		(70,000)			(111,219)	(12,243)	(5,140)	(11,622)	
Contribution to county hospital board									
Contribution from county hospital board									
TOTAL OTHER FINANCING SOURCES (USES)		764,769			(111,219)	(12,243)	(5,140)	(11,622)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(40,572)	(57,054)	(1,000)	(1,361,683)	(11,436)	(34,250)	(4,456)	5,534	2,210
FUND BALANCES - JANUARY 1	270,007	212,760	1,520	10,073,422	30,936	86,229	4,493	6,039	287
FUND BALANCES - DECEMBER 31	\$ 229,435	\$ 155,706	\$ 520	\$ 8,711,739	\$ 19,500	\$ 51,979	\$ 37	\$ 11,573	\$ 2,497

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

SPECIAL REVENUE FUNDS

	Sheriff's Commissary	Sheriff's Firing Range	Sheriff's Helicopter	Historical Preservation Grant	Senior Citizens	Emergency 911	Local Emergency Response Grant	County Clerk's Marriage License	Court Automation
REVENUES									
State aid				\$ 50,378	\$ 159,045				
Federal aid					339,957				
Property taxes									
Sales taxes									
Fines, forfeitures, and costs									\$ 11,575
Interest	\$ 487	\$ 51	\$ 282		842	\$ 2,160	\$ 30	\$ 5	283
Officers' fees								834	
Jail fees									
Emergency 911 fees						396,121			
Treasurer's commission									
Collector's commission									
Other	36,663		25,000		62,070				
TOTAL REVENUES	37,150	51	25,282	50,378	561,914	398,281	30	839	11,858
Less: Treasurer's commission									
NET REVENUES	37,150	51	25,282	50,378	561,914	398,281	30	839	11,858
EXPENDITURES									
Current:									
General government				58,647				726	
Law enforcement	53,116	5,530	8,299						18,697
Public safety						345,598	967		
Health									
Social services					793,729				
TOTAL EXPENDITURES	53,116	5,530	8,299	58,647	793,729	345,598	967	726	18,697
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,966)	(5,479)	16,983	(8,269)	(231,815)	52,683	(937)	113	(6,839)
OTHER FINANCING SOURCES (USES)									
Transfers in				58,647	106,000				
Transfers out				(50,378)		(61,274)			
Contribution to county hospital board									
Contribution from county hospital board									
TOTAL OTHER FINANCING SOURCES (USES)				8,269	106,000	(61,274)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(15,966)	(5,479)	16,983		(125,815)	(8,591)	(937)	113	(6,839)
FUND BALANCES - JANUARY 1	39,017	7,293	9,137		172,895	171,000	1,919	452	25,024
FUND BALANCES - DECEMBER 31	<u>\$ 23,051</u>	<u>\$ 1,814</u>	<u>\$ 26,120</u>	<u>\$ 0</u>	<u>\$ 47,080</u>	<u>\$ 162,409</u>	<u>\$ 982</u>	<u>\$ 565</u>	<u>\$ 18,185</u>

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

SPECIAL REVENUE FUNDS

	Collector's Automation	County Clerk's Automation	Juvenile Detention	Pandemic Grant	West Nile Virus	Treasurer's Automation	Homeland Security Grants	Game Protection	Assessor's Amendment no. 79
REVENUES									
State aid								\$ 3,864	\$ 6,031
Federal aid							\$ 154,008		
Property taxes									
Sales taxes									
Fines, forfeitures, and costs									
Interest	\$ 1,617	\$ 152			\$ 25	\$ 766			52
Officers' fees		7,230							
Jail fees									
Emergency 911 fees									
Treasurer's commission						32,106			
Collector's commission	75,832								
Other									
TOTAL REVENUES	77,449	7,382			25	32,872	154,008	3,864	6,083
Less: Treasurer's commission								48	
NET REVENUES	77,449	7,382			25	32,872	154,008	3,816	6,083
EXPENDITURES									
Current:									
General government	80,404	5,446	\$ 2,669			20,997		5,000	8,335
Law enforcement									
Public safety							112,577		
Health					2,271				
Social services									
TOTAL EXPENDITURES	80,404	5,446	2,669		2,271	20,997	112,577	5,000	8,335
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,955)	1,936	(2,669)		(2,246)	11,875	41,431	(1,184)	(2,252)
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out				\$ (1,185)	(1,341)				
Contribution to county hospital board									
Contribution from county hospital board									
TOTAL OTHER FINANCING SOURCES (USES)				(1,185)	(1,341)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,955)	1,936	(2,669)	(1,185)	(3,587)	11,875	41,431	(1,184)	(2,252)
FUND BALANCES - JANUARY 1	137,273	8,935	3,718	1,185	3,588	45,861		5,522	8,296
FUND BALANCES - DECEMBER 31	\$ 134,318	\$ 10,871	\$ 1,049	\$ 0	\$ 1	\$ 57,736	\$ 41,431	\$ 4,338	\$ 6,044

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	SPECIAL REVENUE FUNDS					Totals
	Interoperable Emergency Communications Grant	National Diesel Emissions Reduction Grant	County Hospital	Local Law Enforcement Block Grant	Justice Assistance Grant	
REVENUES						
State aid			\$ 5,052			\$ 228,061
Federal aid	\$ 4,054			\$ 3,500	\$ 42,906	4,686,242
Property taxes			484,022			484,022
Sales taxes						4,947,569
Fines, forfeitures, and costs						110,876
Interest			101	5		138,748
Officers' fees						340,326
Jail fees						599,928
Emergency 911 fees						396,121
Treasurer's commission						32,106
Collector's commission						75,832
Other			4,890			217,192
TOTAL REVENUES	4,054		494,065	3,505	42,906	12,257,023
Less: Treasurer's commission			5,831			5,879
NET REVENUES	4,054		488,234	3,505	42,906	12,251,144
EXPENDITURES						
Current:						
General government						9,478,065
Law enforcement				3,458		3,260,845
Public safety	4,054				28,604	496,493
Health			488,490			490,761
Social services						793,729
TOTAL EXPENDITURES	4,054		488,490	3,458	28,604	14,519,893
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			(256)	47	14,302	(2,268,749)
OTHER FINANCING SOURCES (USES)						
Transfers in						999,416
Transfers out		\$ (84,508)				(408,910)
Contribution to county hospital board			(1,355,914)			(1,355,914)
Contribution from county hospital board			1,355,914			1,355,914
TOTAL OTHER FINANCING SOURCES (USES)		(84,508)	0			590,506
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(84,508)	(256)	47	14,302	(1,678,243)
FUND BALANCES - JANUARY 1		84,508	6			11,411,322
FUND BALANCES - DECEMBER 31	\$ 0	\$ 0	\$ (250)	\$ 47	\$ 14,302	\$ 9,733,079

MISSISSIPPI COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2011

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems.
County Jail Sales Tax	Mississippi County Ordinance no. O-98-11 (July 28, 1998) provided for a one-eighth of one percent sales and use tax as decided by the voters to be designated for the purpose of financing the operation and maintenance of court facilities, jails, juvenile facilities, and sheriff's stations.
Boating Safety (Act 122)	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Economic Development	Mississippi County Ordinance no. 2003-6 (March 25, 2003) provided for the levy of a one-half percent sales tax as decided by the voters for economic development purposes.
Detention Center (Act 1188)	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.
Sheriff's Communication, Facility, and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Child Support Collection Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Juvenile Fees	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of Circuit Court.
Officers' Protection Equipment	Mississippi County Ordinance no. 2010-12 (July 27, 2010) established fund to receive donations for the purchase of police firearms and ammunition.
Sheriff's Commissary	Ark. Code Ann. § 12-41-105 established fund to receive up to 50% of the commissions on prisoner telephone services to be used for jail maintenance and operation and communications equipment.
Sheriff's Firing Range	Mississippi County Ordinance no. 2002-3 (February 26, 2002) established this fund to maintain the firing range.
Sheriff's Helicopter	Mississippi County Ordinance no. 2002-3 (February 26, 2002) established this fund to be used for Sheriff's helicopter expenses.
Historical Preservation Grant	Fund established to account for state grant received from the Arkansas Historic Preservation Program to be used to maintain the Historical Osceola Courthouse.

MISSISSIPPI COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2011

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Senior Citizens	Fund established to account for federal and state funds received to maintain the Senior Citizens Center and provide services to seniors.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Local Emergency Response Grant	Mississippi County Ordinance no. 2002-3 (February 26, 2002) established this fund for grants to be used for the office of emergency services.
County Clerk's Marriage License	Ark. Code Ann. § 16-20-407 established a \$2 marriage license fee to be used for County Clerk's costs.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court related technology.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of Collector's gross commissions to operate the Collector's office and to purchase, maintain, and operate an automated record keeping system.
County Clerk's Automation	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems.
Juvenile Detention	Fund established to account for state grant received from the Arkansas Department of Finance and Administration to supplement juvenile detention facilities operations.
Pandemic Grant	Fund established to account for federal grant received to prepare for the flu pandemic.
West Nile Virus	Fund established to account for state grant received from the Arkansas Department of Emergency Management to be used for mosquito control.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated record keeping system.
Homeland Security Grants	Fund established to account for grants received from the Arkansas Department of Emergency Management for the purpose of purchasing equipment.
Game Protection	Ark. Code Ann. § 15-41-209 provides for funds received from the Arkansas Game and Fish Commission to be distributed to local school districts to promote fish and wildlife conservation programs.

MISSISSIPPI COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2011

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that one percent of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Arkansas Constitution, Amendment no. 79.
Interoperable Emergency Communications Grant	Fund established to account for federal grant through the Department of Emergency Management used for development of standardized interoperable communication operation procedures and training and exercise of such procedures.
National Diesel Emissions Reduction Grant	Fund established to account for federal grant through the National Diesel Emissions Reduction Program used for engine upgrades and replacement.
County Hospital	Mississippi County Ordinance no. 2006-12 (November 28, 2006) established a four-mill real and personal property tax per an election by the voters for hospital purposes.
Local Law Enforcement Block Grant	A federal block grant received for law enforcement purposes.
Justice Assistance Grant	Fund established to account for grant to provide local governments with funding to support a range of program areas including law enforcement, prosecution and courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives.

Treasurer's accounts consist primarily of schools and other entities awaiting settlements.

Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.

Sheriff's accounts consist primarily of fees settlement, bond, evidence, and inmate trust money.

County Clerk's accounts consist primarily of fee money to be settled with Treasurer.

Circuit Clerk's accounts consist of trust money and settlements due to Treasurer.

County Judge's accounts consist primarily of landfill monies and other fees due to Treasurer.

Juvenile Probation accounts consist primarily of probation fees awaiting disposition to the County.

Senior Citizens accounts consist of program income awaiting disposition to the County.

MISSISSIPPI COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2011
(Unaudited)

Schedule 3

	<u>December 31, 2011</u>
Land	\$ 2,857,018
Buildings	18,303,159
Equipment	<u>9,211,419</u>
Total	<u>\$ 30,371,596</u>

MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2011
(Unaudited)

Schedule 4

<u>General</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Assets	\$ 1,612,772	\$ 2,791,456	\$ 4,390,578	\$ 8,571,262	\$ 6,694,932
Total Liabilities	300,366	508,071	339,213	95,525	
Total Fund Balances	1,312,406	2,283,385	4,051,365	8,475,737	6,694,932
Net Revenues	8,864,586	9,170,765	9,269,651	9,609,962	9,503,541
Total Expenditures	9,218,252	9,796,886	13,522,901	7,868,339	7,344,159
Total Other Financing Sources/Uses	(617,313)	(967,974)	(171,122)	(306,274)	(643,514)
 <u>Road</u>					
Total Assets	\$ 1,665,576	\$ 2,008,910	\$ 2,117,729	\$ 2,254,556	\$ 2,098,849
Total Liabilities	50,426	44,036	94,157	244,949	
Total Fund Balances	1,615,150	1,964,874	2,023,572	2,009,607	2,098,849
Net Revenues	2,263,065	2,515,961	2,106,181	2,382,618	2,226,659
Total Expenditures	2,639,596	2,439,551	2,092,216	2,493,040	1,662,183
Total Other Financing Sources/Uses	26,807	(135,108)			
 <u>Other Funds in the Aggregate</u>					
Total Assets	\$ 11,622,036	\$ 12,797,341	\$ 13,060,834	\$ 12,224,318	\$ 10,046,893
Total Liabilities	1,888,957	1,386,019	3,739,411	3,444,044	3,632,132
Total Fund Balances	9,733,079	11,411,322	9,321,423	8,780,274	6,414,761
Net Revenues	12,251,144	7,916,591	7,605,467	9,194,481	7,308,761
Total Expenditures	14,519,893	6,929,774	7,485,440	8,026,896	7,312,742
Total Other Financing Sources/Uses	590,506	1,103,082	421,122	726,020	643,514

The financial statements are prepared on the regulatory basis of accounting as reported in Note 1(C) of the audit reports.