

Mississippi County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2012

LEGISLATIVE JOINT AUDITING COMMITTEE



MISSISSIPPI COUNTY, ARKANSAS
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Rep. Kim Hammer
House Chair
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Arkansas



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

Report on the Financial Statements

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, 2012, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Arkansas Code, as described in Note 1, to meet the requirements permitted by the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements permitted by the State of Arkansas, the financial statements are prepared by the County on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Mississippi County, Arkansas, as of December 31, 2012, or the revenues, expenditures, and changes in net position and when applicable, cash flows, thereof for the year then ended.

Basis for Adverse Opinion on Regulatory Basis of Accounting

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 financial statements also do not disclose all the required information concerning deposit risks. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1.

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, because of the omissions described in the Basis for Adverse Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above do not present fairly, in conformity with the regulatory basis of accounting, as described in Note 1, the financial position of the other funds in the aggregate of Mississippi County, Arkansas, as of December 31, 2012, and the regulatory basis revenues, expenditures, and changes in net position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The County's financial statements do not disclose all the required information concerning deposit risks. In our opinion, disclosure of this information is required by the regulatory basis of accounting described in Note 1.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund and road fund of Mississippi County, Arkansas, as of December 31, 2012, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and road fund for the year then ended in accordance with the financial reporting provisions of the Arkansas Code described in Note 1.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

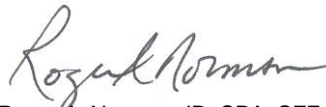
Because of the omissions described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The other 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 such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2014 on our consideration of the County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas
February 10, 2014
LOCO04712

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited 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, 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, 2012, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2014. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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 regulatory basis of accounting described in Note 1, 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 other funds in the aggregate. Our opinions on the general fund and road fund were qualified because required disclosures were not made concerning deposit risks.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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:

2012-1 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 from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, 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*.

Entity's Response to Findings

The County's response to the findings identified in our audit is described above. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Other Issues

The following issues are not significant deficiencies, material weaknesses, or material instances of noncompliance, but are issues that are presented to assist in the efficient operation of the County.

The commentary contained in this section relates to the following officials that held office during 2012:

- 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 **Treasurer, Sheriff, Tax Collector, County Clerk, Circuit Clerk, and Assessor** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the Office of **County Judge**.

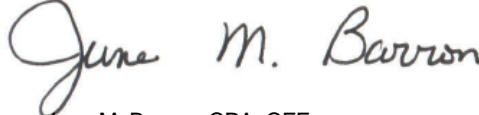
County Judge

The County performed hauling and backhoe services for a business in which the County Judge has financial interest, in apparent conflict with Ark. Const. art. 12, § 5. For performing these services, the County issued an invoice for \$1,694 on June 12, 2013, and received this amount the next day.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 10, 2014

MISSISSIPPI COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,991,554	\$ 1,007,436	\$ 13,160,364
Accounts receivable	987,483	59,514	502,290
TOTAL ASSETS	\$ 2,979,037	\$ 1,066,950	\$ 13,662,654
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 217,798	\$ 47,826	\$ 370,574
Settlements pending		2,477	2,798,588
Total Liabilities	217,798	50,303	3,169,162
Fund Balances:			
Restricted		1,016,647	10,361,133
Assigned	452,071		132,359
Unassigned	2,309,168		
Total Fund Balances	2,761,239	1,016,647	10,493,492
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,979,037	\$ 1,066,950	\$ 13,662,654

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, 2012

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 807,978	\$ 1,348,441	\$ 1,104,580
Federal aid	29,874	1,571	1,141,403
Property taxes	2,960,707	748,126	470,019
Sales taxes	2,196,228		5,069,956
Fines, forfeitures, and costs	802,788		158,956
Interest	12,494	13,151	121,208
Officers' fees	188,542		295,887
Jail fees			156,234
Emergency 911 fees			413,284
Landfill fees	3,536,727		
Treasurer's commission	155,332		35,655
Collector's commission	266,651		83,578
Taxes apportioned - Assessor's salary and expense	560,075		
Other	209,922	37,055	192,300
TOTAL REVENUES	11,727,318	2,148,344	9,243,060
Less: Treasurer's commission	103,975	21,855	5,137
NET REVENUES	11,623,343	2,126,489	9,237,923
EXPENDITURES			
Current:			
General government	3,180,425		4,431,507
Law enforcement	3,014,186		3,219,590
Highways and streets		2,572,161	
Public safety	28,524		555,911
Sanitation	2,550,703		
Health	653,159		500,780
Social services	107,644		758,619
Total Current	9,534,641	2,572,161	9,466,407
Debt Service:			
Lease principal		34,381	
Lease interest		13,047	
Notes payable-principal	469,582		
Notes payable-interest	40,311		
TOTAL EXPENDITURES	10,044,534	2,619,589	9,466,407

MISSISSIPPI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,578,809</u>	<u>\$ (493,100)</u>	<u>\$ (228,484)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	42,673		1,299,182
Transfers out	(899,430)	(15,710)	(426,715)
Contribution to County Hospital Board			(1,066,608)
Contribution from County Hospital Board			1,066,608
Loan proceeds	750,000		
Refund of prior year overpayments			146,030
TOTAL OTHER FINANCING SOURCES (USES)	<u>(106,757)</u>	<u>(15,710)</u>	<u>1,018,497</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,472,052	(508,810)	790,013
FUND BALANCES - JANUARY 1	<u>1,289,187</u>	<u>1,525,457</u>	<u>9,703,479</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,761,239</u>	<u>\$ 1,016,647</u>	<u>\$ 10,493,492</u>

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, 2012

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 762,757	\$ 807,978	\$ 45,221	\$ 1,348,443	\$ 1,348,441	\$ (2)
Federal aid	34,752	29,874	(4,878)		1,571	1,571
Property taxes	2,205,786	2,960,707	754,921	710,393	748,126	37,733
Sales taxes	2,206,363	2,196,228	(10,135)			
Fines, forfeitures, and costs	823,683	802,788	(20,895)			
Interest	1,839	12,494	10,655	1,830	13,151	11,321
Officers' fees	186,887	188,542	1,655			
Landfill fees	3,181,285	3,536,727	355,442			
Treasurer's commission	212,880	155,332	(57,548)			
Collector's commission	542,363	266,651	(275,712)			
Taxes apportioned - Assessor's salary and expense	331,679	560,075	228,396			
Other	615,563	209,922	(405,641)	6,177	37,055	30,878
TOTAL REVENUES	11,105,837	11,727,318	621,481	2,066,843	2,148,344	81,501
Less: Treasurer's commission	195,340	103,975	91,365	21,688	21,855	(167)
NET REVENUES	10,910,497	11,623,343	712,846	2,045,155	2,126,489	81,334
EXPENDITURES						
Current:						
General government	3,175,049	3,180,425	(5,376)			
Law enforcement	3,116,823	3,014,186	102,637			
Highways and streets				2,839,456	2,572,161	267,295
Public safety	28,524	28,524				
Sanitation	2,933,336	2,550,703	382,633			
Health	653,160	653,159	1			
Social services	107,645	107,644	1			
Total Current	10,014,537	9,534,641	479,896	2,839,456	2,572,161	267,295
Debt Service:						
Lease principal					34,381	(34,381)
Lease interest					13,047	(13,047)
Notes payable-principal		469,582	(469,582)			
Notes payable-interest		40,311	(40,311)			
TOTAL EXPENDITURES	10,014,537	10,044,534	(29,997)	2,839,456	2,619,589	219,867

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, 2012

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 895,960	\$ 1,578,809	\$ 682,849	\$ (794,301)	\$ (493,100)	\$ 301,201
OTHER FINANCING SOURCES (USES)						
Transfers in	779,639	42,673	(736,966)	239,454		(239,454)
Transfers out	(1,350,652)	(899,430)	451,222		(15,710)	(15,710)
Loan proceeds	750,000	750,000				
TOTAL OTHER FINANCING SOURCES (USES)	178,987	(106,757)	(285,744)	239,454	(15,710)	(255,164)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,074,947	1,472,052	397,105	(554,847)	(508,810)	46,037
FUND BALANCES - JANUARY 1		1,289,187	1,289,187		1,525,457	1,525,457
FUND BALANCES - DECEMBER 31	\$ 1,074,947	\$ 2,761,239	\$ 1,686,292	\$ (554,847)	\$ 1,016,647	\$ 1,571,494

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

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, Emergency Operations, Sheriff's Commissary, 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 Firing Range, Sheriff's Helicopter, Senior Citizens, Emergency 911, Local Emergency Response Grant, County Clerk Marriage License, Court Automation, Collector's Automation, County Clerk's Automation, 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 2011, and Competitive 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 Savings Interest, Justice Fund Act 1256, Justice Enhancement Fund Act 1809, City of Etowah, Acts 65, 431, and 2246, Liability Insurance Sheriff Report, Child Passenger Sheriff Report, Drug Crime Special Assessment, Law Library, School District Coordinator, and Change; Tax Collector: Current Tax, Delinquent Tax, and Change; Sheriff: Bond and Fee, Commissary, Petty Cash, and Change; County Clerk: Fee, Payroll, and Change; Circuit Clerk: Fee, Trust, Direct Deposit, and Change; County Judge: Landfill and Change; Senior Citizens; and Juvenile Probation.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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" includes 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. 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.
3. 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.

2. Accounting

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

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

There were no committed fund balances at December 31, 2012.

NOTE 2: Cash

Deposit risk 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.

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2012 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid			\$ 12,444
Federal aid	\$ 16,084		22,675
Property taxes	310,932	\$ 59,360	25,472
Sales taxes	162,742		375,607
Fines, forfeitures, and costs	18,312		1,957
Interest	316	154	1,386
Officers' fees	4,258		23,285
Jail fees			8,736
Emergency 911 fees			16,903
Landfill fees	382,789		
Taxes apportioned-Assessor's salary and expense	67,804		
Other	24,246		13,825
Totals	<u>\$ 987,483</u>	<u>\$ 59,514</u>	<u>\$ 502,290</u>

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2012 is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 217,798	\$ 47,826	\$ 370,574

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, 2012, the legal debt limit for bonded debt was \$42,983,774. 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, 2012, the legal debt limit for short-term financing obligations was \$13,421,532. The amount of short-term financing obligations was \$1,644,165 leaving a legal debt margin of \$11,777,367.

NOTE 7: Federal Funds Program Compliance

A separate report was issued for Mississippi County, Arkansas Federal Awards. The following material instance of noncompliance was reported: The Data Collection Form was not submitted within the required time limit for the Community Development Block Grant CFDA 14.219.

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2012 are composed of the following:

Description	General	Road	Other Funds in the Aggregate
Restricted for:			
General government			\$ 10,139,166
Law enforcement			116,395
Highways and streets		\$ 1,016,647	
Public safety			81,679
Health			23,893
Total Restricted		<u>1,016,647</u>	<u>10,361,133</u>
Assigned to:			
General government	\$ 2,217		
Law enforcement	3,050		91,613
Landfill	446,804		
Social services			40,746
Total Assigned	<u>452,071</u>		<u>132,359</u>
Unassigned	<u>2,309,168</u>		
Totals	<u>\$ 2,761,239</u>	<u>\$ 1,016,647</u>	<u>\$ 10,493,492</u>

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2012:

	December 31, 2012
Long-term liabilities	\$ 3,688,371
Noncancellable leases	51,440
Service contract	44,354
Total Commitments	\$ 3,784,165

Long-term Liabilities

Long-term liabilities at December 31, 2012 are comprised of the following:

	December 31, 2012
Compensated Absences	\$ 185,060
Estimated liability for landfill closure and postclosure care costs	1,859,146
Note payable entered on April 16, 2008 with Southern Bancorp for the purchase of a Terex Model TC400 compactor, interest at 3.98%; monthly installments of \$7,226 for 60 months. Payments are to be made from the General Fund.	23,896
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.	75,596
Note payable entered into on June 1, 2011 with Farmers Bank and Trust for the purchase of 5 Dodge Chargers and 6 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.	6,467
Lease-purchase agreement entered on February 3, 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.	131,404
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.	132,494
Note payable entered into on May 9, 2012 with Farmers Bank and Trust to cover cell construction costs at County Landfill; interest at 3.50%; monthly installments of \$13,662 for 60 months. Payments are to be made from the General Fund. The County paid this note payable off in October 2013.	669,600
Note payable entered into on December 1, 2011 with Caterpillar Financial Services to rebuild a Caterpillar motor grader; interest at 4.60%; monthly installments of \$6,077 for 36 months. Payments are to be made from the General Fund.	133,551
Note payable entered into on November 7, 2011 with Caterpillar Financial Services to rebuild a Caterpillar motor grader; interest at 4.60%; monthly installments of \$5,790 for 36 months. Payments are to be made from the General Fund.	137,788
Lease payable entered into on August 28, 2012 with Bancorp South Finance to purchase a John Deere motor grader; interest at 2.24%; monthly installments of \$1,162 for 36 months and one payment of \$115,000. Payments are to be made from the Road Fund.	159,711
Lease payable entered into on August 26, 2012 with Caterpillar Financial Services to purchase a Caterpillar motor grader; interest at 3.20%; monthly installments of \$1,661 for 36 months and one payment of \$136,661. Payments are to be made from the Road Fund.	173,658
Total Long-term liabilities	\$ 3,688,371

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9: Commitments (Continued)

Long-term Liabilities (Continued)

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 \$1,859,146 as of December 31, 2012, which is based on 74 percent use of the class one landfill and 6 percent use of the class four landfill's capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,213,875 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has set aside \$446,804 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 \$1,501,773 has been issued.

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2012:

<u>Years Ending December 31,</u>	<u>Notes</u>	<u>Leases</u>	<u>Total</u>
2013	\$ 908,238	\$ 304,244	\$ 1,212,482
2014	159,224	39,873	199,097
2015	6,082	274,921	281,003
Total Obligations	<u>1,073,544</u>	<u>619,038</u>	<u>1,692,582</u>
Less Interest	<u>26,646</u>	<u>21,771</u>	<u>48,417</u>
Total Principal	<u>\$ 1,046,898</u>	<u>\$ 597,267</u>	<u>\$ 1,644,165</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 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, the County has three two-year extension options. The County is obligated for the following amounts the next two years:

<u>Year</u>	<u>December 31, 2012</u>
2013	\$ 48,364
2014	<u>3,076</u>
Total	<u>\$ 51,440</u>

Rental expense for 2012 was \$187,046.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9: Commitments (Continued)

Service Contract

The County was contractually obligated for the following service contract at December 31, 2012:

Project Name	Completion Date	Contract Balance December 31, 2012
Index of Land Records Project	July 2013	\$ 44,354

NOTE 10: Interfund Transfers

The General Fund transferred \$899,430 to Other Funds in the Aggregate for operating purposes. The Road Fund transferred \$15,710 to the General Fund for reimbursements of expenditures. Other Funds in the Aggregate transferred \$26,963 to General Fund and \$399,752 within Other Funds in the Aggregate for operating purposes.

NOTE 11: Contributions to/from the County Hospital Board

The County issued court orders throughout the year to loan money to the County Hospital Board in the amount of \$1,066,608 and subsequent repayments were made in 2012. This activity is noted as other financing sources (uses) Contribution to/from County Hospital Board on Exhibit B.

NOTE 12: 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 2012.

NOTE 13: 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:

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.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 13: Risk Management (Continued)

Vehicle Program (Continued)

- 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 \$2,500 deductible per occurrence.

NOTE 14: 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.

NOTE 15: Subsequent Events

The Quorum Court adopted Mississippi County Ordinance no. 2013-03 (March 26, 2013) which amended the 2013 budget to commit \$14,500,000 from the Economic Development Fund to Big River Steel. This will be funded through the state economic development grants.

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

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
ASSETS								
Cash and cash equivalents	\$ 181,758	\$ 6,180	\$ 705	\$ 9,691,219		\$ 6,854	\$ 807	\$ 31,258
Accounts receivable	19,924	134,242		251,516	\$ 1,231	2,797		
TOTAL ASSETS	\$ 201,682	\$ 140,422	\$ 705	\$ 9,942,735	\$ 1,231	\$ 9,651	\$ 807	\$ 31,258
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 516	\$ 48,809		\$ 204,809		\$ 458		
Settlements pending								
Total Liabilities	<u>516</u>	<u>48,809</u>		<u>204,809</u>		<u>458</u>		
Fund Balances:								
Restricted	201,166		\$ 705	9,737,926	\$ 1,231	9,193	\$ 807	\$ 31,258
Assigned		91,613						
Total Fund Balances	<u>201,166</u>	<u>91,613</u>	<u>705</u>	<u>9,737,926</u>	<u>1,231</u>	<u>9,193</u>	<u>807</u>	<u>31,258</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 201,682	\$ 140,422	\$ 705	\$ 9,942,735	\$ 1,231	\$ 9,651	\$ 807	\$ 31,258

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

Schedule 1

	SPECIAL REVENUE FUNDS							
	Officers' Protection Equipment	Sheriff's Firing Range	Sheriff's Helicopter	Senior Citizens	Emergency 911	Local Emergency Response Grant	Court Automation	Collector's Automation
ASSETS								
Cash and cash equivalents	\$ 3,371	\$ 1,031	\$ 22,848	\$ 7,354	\$ 157,268	\$ 986	\$ 24,782	\$ 117,462
Accounts receivable		1	11	48,947	16,960		464	27
TOTAL ASSETS	\$ 3,371	\$ 1,032	\$ 22,859	\$ 56,301	\$ 174,228	\$ 986	\$ 25,246	\$ 117,489
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 106			\$ 15,555	\$ 98,165			
Settlements pending								
Total Liabilities	106			15,555	98,165			
Fund Balances:								
Restricted	3,265	\$ 1,032	\$ 22,859		76,063	\$ 986	\$ 25,246	\$ 117,489
Assigned				40,746				
Total Fund Balances	3,265	1,032	22,859	40,746	76,063	986	25,246	117,489
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,371	\$ 1,032	\$ 22,859	\$ 56,301	\$ 174,228	\$ 986	\$ 25,246	\$ 117,489

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

Schedule 1

	SPECIAL REVENUE FUNDS						
	County Clerk's Automation	Juvenile Detention	Treasurer's Automation	Homeland Security Grants	Game Protection	County Hospital	Local Law Enforcement Block Grant
ASSETS							
Cash and cash equivalents	\$ 6,954	\$ 24,003	\$ 70,767	\$ 3,925	\$ 3,667		\$ 157
Accounts receivable	663		33			\$ 25,473	1
TOTAL ASSETS	\$ 7,617	\$ 24,003	\$ 70,800	\$ 3,925	\$ 3,667	\$ 25,473	\$ 158
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable		\$ 1,850	\$ 306				
Settlements pending						\$ 1,580	
Total Liabilities		1,850	306			1,580	
Fund Balances:							
Restricted	\$ 7,617	22,153	70,494	\$ 3,925	\$ 3,667	23,893	\$ 158
Assigned							
Total Fund Balances	7,617	22,153	70,494	3,925	3,667	23,893	158
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,617	\$ 24,003	\$ 70,800	\$ 3,925	\$ 3,667	\$ 25,473	\$ 158

MISSISSIPPI COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2012

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	\$ 515,034	\$ 1,370,514	\$ 79,725	\$ 167,371	\$ 252,430	\$ 406,912	\$ 5,006	\$ 16	\$ 13,160,364
Accounts receivable									502,290
TOTAL ASSETS	<u>\$ 515,034</u>	<u>\$ 1,370,514</u>	<u>\$ 79,725</u>	<u>\$ 167,371</u>	<u>\$ 252,430</u>	<u>\$ 406,912</u>	<u>\$ 5,006</u>	<u>\$ 16</u>	<u>\$ 13,662,654</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 370,574
Settlements pending	\$ 515,034	\$ 1,370,514	\$ 79,725	\$ 167,371	\$ 252,430	\$ 406,912	\$ 5,006	\$ 16	2,798,588
Total Liabilities	<u>515,034</u>	<u>1,370,514</u>	<u>79,725</u>	<u>167,371</u>	<u>252,430</u>	<u>406,912</u>	<u>5,006</u>	<u>16</u>	<u>3,169,162</u>
Fund Balances:									
Restricted									10,361,133
Assigned									132,359
Total Fund Balances									<u>10,493,492</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 515,034</u>	<u>\$ 1,370,514</u>	<u>\$ 79,725</u>	<u>\$ 167,371</u>	<u>\$ 252,430</u>	<u>\$ 406,912</u>	<u>\$ 5,006</u>	<u>\$ 16</u>	<u>\$ 13,662,654</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, 2012

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
REVENUES								
State aid			\$ 3,559	\$ 847,173				
Federal aid				683,721				
Property taxes								
Sales taxes		\$ 1,689,985		3,379,971				
Fines, forfeitures, and costs					\$ 144,827			
Interest	\$ 1,091	156	1	118,062	22	\$ 131	\$ 2	
Officers' fees	252,878					11,369	768	\$ 22,620
Jail fees		156,234						
Emergency 911 fees								
Treasurer's commission								
Collector's commission								
Other		22,508				40,746		
TOTAL REVENUES	253,969	1,868,883	3,560	5,028,927	144,849	52,246	770	22,620
Less: Treasurer's commission								
NET REVENUES	253,969	1,868,883	3,560	5,028,927	144,849	52,246	770	22,620
EXPENDITURES								
Current:								
General government	282,238			4,002,740				
Law enforcement		3,051,969				95,032		2,935
Public safety			2,857					
Health								
Social services								
TOTAL EXPENDITURES	282,238	3,051,969	2,857	4,002,740		95,032		2,935
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(28,269)	(1,183,086)	703	1,026,187	144,849	(42,786)	770	19,685
OTHER FINANCING SOURCES (USES)								
Transfers in		1,118,993						
Transfers out					(309,148)			
Contribution to County Hospital Board								
Contribution from County Hospital Board								
Refund of prior year overpayments					146,030			
TOTAL OTHER FINANCING SOURCES (USES)		1,118,993			(163,118)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(28,269)	(64,093)	703	1,026,187	(18,269)	(42,786)	770	19,685
FUND BALANCES - JANUARY 1	229,435	155,706	2	8,711,739	19,500	51,979	37	11,573
FUND BALANCES - DECEMBER 31	\$ 201,166	\$ 91,613	\$ 705	\$ 9,737,926	\$ 1,231	\$ 9,193	\$ 807	\$ 31,258

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, 2012

Schedule 2

	SPECIAL REVENUE FUNDS							
	Officers' Protection Equipment	Sheriff's Firing Range	Sheriff's Helicopter	Senior Citizens	Emergency 911	Local Emergency Response Grant	County Clerk Marriage License	Court Automation
REVENUES								
State aid				\$ 151,751				
Federal aid				307,981				
Property taxes								
Sales taxes								
Fines, forfeitures, and costs								\$ 14,129
Interest		\$ 7	\$ 122	34	\$ 674	\$ 4	\$ 1	108
Officers' fees							38	
Jail fees								
Emergency 911 fees					413,284			
Treasurer's commission								
Collector's commission								
Other	\$ 8,000			112,934				
TOTAL REVENUES	8,000	7	122	572,700	413,958	4	39	14,237
Less: Treasurer's commission	16							
NET REVENUES	7,984	7	122	572,700	413,958	4	39	14,237
EXPENDITURES								
Current:								
General government								
Law enforcement	7,216	789	3,383					7,176
Public safety					410,304			
Health								
Social services				758,619				
TOTAL EXPENDITURES	7,216	789	3,383	758,619	410,304			7,176
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	768	(782)	(3,261)	(185,919)	3,654	4	39	7,061
OTHER FINANCING SOURCES (USES)								
Transfers in				179,585				
Transfers out					(90,000)		(604)	
Contribution to County Hospital Board								
Contribution from County Hospital Board								
Refund of prior year overpayments								
TOTAL OTHER FINANCING SOURCES (USES)				179,585	(90,000)		(604)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	768	(782)	(3,261)	(6,334)	(86,346)	4	(565)	7,061
FUND BALANCES - JANUARY 1	2,497	1,814	26,120	47,080	162,409	982	565	18,185
FUND BALANCES - DECEMBER 31	\$ 3,265	\$ 1,032	\$ 22,859	\$ 40,746	\$ 76,063	\$ 986	\$ 0	\$ 25,246

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, 2012

Schedule 2

	SPECIAL REVENUE FUNDS							
	Collector's Automation	County Clerk's Automation	Juvenile Detention	West Nile Virus	Treasurer's Automation	Homeland Security Grants	Game Protection	Assessor's Amendment no. 79
REVENUES								
State aid			\$ 33,782				\$ 3,715	\$ 6,031
Federal aid						\$ 98,519		
Property taxes								
Sales taxes								
Fines, forfeitures, and costs								
Interest	\$ 384	\$ 40			\$ 287			12
Officers' fees		8,214						
Jail fees								
Emergency 911 fees								
Treasurer's commission					35,655			
Collector's commission	83,578							
Other						6,725		
TOTAL REVENUES	83,962	8,254	33,782		35,942	105,244	3,715	6,043
Less: Treasurer's commission								
NET REVENUES	83,962	8,254	33,782		35,942	105,244	3,715	6,043
EXPENDITURES								
Current:								
General government	100,791	12,112			23,184		4,386	6,056
Law enforcement			12,678					
Public safety						142,750		
Health				\$ 1				
Social services								
TOTAL EXPENDITURES	100,791	12,112	12,678	1	23,184	142,750	4,386	6,056
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,829)	(3,858)	21,104	(1)	12,758	(37,506)	(671)	(13)
OTHER FINANCING SOURCES (USES)								
Transfers in		604						
Transfers out								
Contribution to County Hospital Board								
Contribution from County Hospital Board								
Refund of prior year overpayments								
TOTAL OTHER FINANCING SOURCES (USES)		604						
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(16,829)	(3,254)	21,104	(1)	12,758	(37,506)	(671)	(13)
FUND BALANCES - JANUARY 1	134,318	10,871	1,049	1	57,736	41,431	4,338	13
FUND BALANCES - DECEMBER 31	<u>\$ 117,489</u>	<u>\$ 7,617</u>	<u>\$ 22,153</u>	<u>\$ 0</u>	<u>\$ 70,494</u>	<u>\$ 3,925</u>	<u>\$ 3,667</u>	<u>\$ 0</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, 2012

Schedule 2

	SPECIAL REVENUE FUNDS				Totals
	County Hospital	Local Law Enforcement Block Grant	Justice Assistance Grant 2011	Competitive Justice Assistance Grant	
REVENUES					
State aid	\$ 58,569				\$ 1,104,580
Federal aid		\$ 4,200	\$ 37,982	\$ 9,000	1,141,403
Property taxes	470,019				470,019
Sales taxes					5,069,956
Fines, forfeitures, and costs					158,956
Interest	68	2			121,208
Officers' fees					295,887
Jail fees					156,234
Emergency 911 fees					413,284
Treasurer's commission					35,655
Collector's commission					83,578
Other	1,387				192,300
	530,043	4,202	37,982	9,000	9,243,060
TOTAL REVENUES					
Less: Treasurer's commission	5,121				5,137
	524,922	4,202	37,982	9,000	9,237,923
NET REVENUES					
EXPENDITURES					
Current:					
General government					4,431,507
Law enforcement		4,091	25,321	9,000	3,219,590
Public safety					555,911
Health	500,779				500,780
Social services					758,619
	500,779	4,091	25,321	9,000	9,466,407
TOTAL EXPENDITURES					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,143	111	12,661	0	(228,484)
OTHER FINANCING SOURCES (USES)					
Transfers in					1,299,182
Transfers out			(26,963)		(426,715)
Contribution to County Hospital Board	(1,066,608)				(1,066,608)
Contribution from County Hospital Board	1,066,608				1,066,608
Refund of prior year overpayments					146,030
	0		(26,963)		1,018,497
TOTAL OTHER FINANCING SOURCES (USES)					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,143	111	(14,302)		790,013
FUND BALANCES - JANUARY 1	(250)	47	14,302		9,703,479
FUND BALANCES - DECEMBER 31	\$ 23,893	\$ 158	\$ 0	\$ 0	\$ 10,493,492

MISSISSIPPI COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2012

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 receive juvenile fees to 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 Firing Range	Fund established to account for donations to be used for the firing range.
Sheriff's Helicopter	Fund established to account for donations to be used for Sheriff and helicopter expenses.

MISSISSIPPI COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2012

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 telephone 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 Marriage License	Ark. Code Ann. § 16-20-407 established a \$2 marriage license fee to be used for County Clerk 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 Arkansas Department of Finance and Administration to supplement juvenile detention facilities operations.
West Nile Virus	Fund established to account for State grant received from 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 Arkansas Department of Emergency Management for the purpose of purchasing equipment.

MISSISSIPPI COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2012

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

<u>Fund Name</u>	<u>Fund Description</u>
Game Protection	Ark. Code Ann. § 15-41-209 provides for funds received from Arkansas Game and Fish Commission to be distributed to local school districts to promote fish and wildlife conservation programs.
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.
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	Fund established to account for federal block grant received for law enforcement purposes.
Justice Assistance Grant 2011	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.
Competitive 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 funds due to schools and other entities.

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 and payroll related withholdings.

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

County Judge's accounts consists primarily of Landfill monies.

Juvenile Probation account consists primarily of probation fees awaiting disposition to the County.

Senior Citizens account consists of program income awaiting disposition to the County.

MISSISSIPPI COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2012
(Unaudited)

Schedule 3

	<u>December 31, 2012</u>
Land	\$ 2,857,018
Buildings	18,303,159
Equipment	<u>9,516,958</u>
Total	<u>\$ 30,677,135</u>

MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2012
(Unaudited)

Schedule 4

<u>General</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Assets	\$ 2,979,037	\$ 1,612,772	\$ 2,791,456	\$ 4,390,578	\$ 8,571,262
Total Liabilities	217,798	300,366	508,071	339,213	95,525
Total Fund Balances	2,761,239	1,312,406	2,283,385	4,051,365	8,475,737
Net Revenues	11,623,343	8,864,586	9,170,765	9,269,651	9,609,962
Total Expenditures	10,044,534	9,218,252	9,796,886	13,522,901	7,868,339
Total Other Financing Sources/Uses	(106,757)	(617,313)	(967,974)	(171,122)	(306,274)
 <u>Road</u>					
Total Assets	\$ 1,066,950	\$ 1,665,576	\$ 2,008,910	\$ 2,117,729	\$ 2,254,556
Total Liabilities	50,303	50,426	44,036	94,157	244,949
Total Fund Balances	1,016,647	1,615,150	1,964,874	2,023,572	2,009,607
Net Revenues	2,126,489	2,263,065	2,515,961	2,106,181	2,382,618
Total Expenditures	2,619,589	2,639,596	2,439,551	2,092,216	2,493,040
Total Other Financing Sources/Uses	(15,710)	26,807	(135,108)		
 <u>Other Funds in the Aggregate</u>					
Total Assets	\$ 13,662,654	\$ 11,622,036	\$ 12,797,341	\$ 13,060,834	\$ 12,224,318
Total Liabilities	3,169,162	1,888,957	1,386,019	3,739,411	3,444,044
Total Fund Balances	10,493,492	9,733,079	11,411,322	9,321,423	8,780,274
Net Revenues	9,237,923	12,251,144	7,916,591	7,605,467	9,194,481
Total Expenditures	9,466,407	14,519,893	6,929,774	7,485,440	8,026,896
Total Other Financing Sources/Uses	1,018,497	590,506	1,103,082	421,122	726,020