

Clay County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2011

LEGISLATIVE JOINT AUDITING COMMITTEE



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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

INDEPENDENT AUDITOR'S REPORT

Clay 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 Clay 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 Clay 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 financial statements referred to above 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, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Clay 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 May 15, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the omission described above, the information is fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
May 15, 2013
LOCO01111

Arkansas

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



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

Clay 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 Clay County, Arkansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 15, 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 opinions on the general fund, road fund, and other funds in the aggregate 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 findings 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: Gary Howell
Treasurer: Carolyn Morrisett
Sheriff and Tax Collector: Gerald McClung
County Clerk: Pat Poole
Circuit Clerk: Janet Kilbreath
Assessor: Tracy Gurley

Our audit procedures indicated that the Offices of **County Judge, Treasurer, Sheriff and 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
May 15, 2013

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

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 926,831	\$ 489,908	\$ 1,200,628
Accounts receivable	166,022	113,948	81,170
TOTAL ASSETS	\$ 1,092,853	\$ 603,856	\$ 1,281,798
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 77,317	\$ 27,003	\$ 12,516
Settlements pending	2,491		186,523
Total Liabilities	79,808	27,003	199,039
Fund Balances:			
Restricted		554,853	1,081,229
Committed			1,530
Assigned	23,613	22,000	
Unassigned	989,432		
Total Fund Balances	1,013,045	576,853	1,082,759
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,092,853	\$ 603,856	\$ 1,281,798

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

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

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 511,809	\$ 891,028	\$ 92,326
Federal aid	6,431	94,857	88,699
Property taxes	768,320	319,088	280,212
Sales taxes		597,886	
Fines, forfeitures, and costs	266,948		102,854
Interest	8,725	6,504	9,106
Officers' fees	184,882		48,121
Jail fees	410,274		
Emergency 911 fees			128,582
Treasurer's commission	76,112		11,861
Collector's commission	99,050		32,787
Taxes apportioned - Assessor's salary and expense	210,760		
Other	<u>227,437</u>	<u>38,881</u>	<u>91,570</u>
 TOTAL REVENUES	 <u>2,770,748</u>	 <u>1,948,244</u>	 <u>886,118</u>
 Less: Treasurer's commission	 <u>21,259</u>	 <u>26,536</u>	 <u>8,135</u>
 NET REVENUES	 <u>2,749,489</u>	 <u>1,921,708</u>	 <u>877,983</u>
 EXPENDITURES			
Current:			
General government	1,145,860		146,247
Law enforcement	1,569,235		182,237
Highways and streets		1,829,375	431
Public safety	25,180		77,974
Health	44,880		
Recreation and culture	5,272		380,758
Social services	117,142		
Total Current	<u>2,907,569</u>	<u>1,829,375</u>	<u>787,647</u>
 Debt Service:			
Note principal	7,670		
Note interest	481		
 TOTAL EXPENDITURES	 <u>2,915,720</u>	 <u>1,829,375</u>	 <u>787,647</u>

CLAY 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
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (166,231)	\$ 92,333	\$ 90,336
OTHER FINANCING SOURCES (USES)			
Transfers in	50,099	22,000	1,530
Transfers out	(23,530)		(50,099)
TOTAL OTHER FINANCING SOURCES (USES)	26,569	22,000	(48,569)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(139,662)	114,333	41,767
FUND BALANCES - JANUARY 1	1,152,707	462,520	1,040,992
FUND BALANCES - DECEMBER 31	\$ 1,013,045	\$ 576,853	\$ 1,082,759

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

CLAY 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	\$ 642,600	\$ 511,809	\$ (130,791)	\$ 968,913	\$ 891,028	\$ (77,885)
Federal aid		6,431	6,431	6,000	94,857	88,857
Property taxes	663,800	768,320	104,520	295,500	319,088	23,588
Sales taxes				550,000	597,886	47,886
Fines, forfeitures, and costs	260,500	266,948	6,448			
Interest	4,400	8,725	4,325		6,504	6,504
Officers' fees	112,200	184,882	72,682			
Jail fees	150,000	410,274	260,274			
Treasurer's commission	121,000	76,112	(44,888)			
Collector's commission	253,000	99,050	(153,950)			
Taxes apportioned - Assessor's salary and expense	200,000	210,760	10,760			
Other	130,542	227,437	96,895	75	38,881	38,806
TOTAL REVENUES	2,538,042	2,770,748	232,706	1,820,488	1,948,244	127,756
Less: Treasurer's commission		21,259	(21,259)		26,536	(26,536)
NET REVENUES	2,538,042	2,749,489	211,447	1,820,488	1,921,708	101,220
EXPENDITURES						
Current:						
General government	1,343,729	1,145,860	197,869			
Law enforcement	1,637,026	1,569,235	67,791			
Highways and streets				2,069,733	1,829,375	240,358
Public safety	53,279	25,180	28,099			
Health	45,729	44,880	849			
Recreation and culture	19,402	5,272	14,130			
Social services	119,341	117,142	2,199			
Total Current	3,218,506	2,907,569	310,937	2,069,733	1,829,375	240,358
Debt Service:						
Note principal		7,670	(7,670)			
Note interest		481	(481)			
TOTAL EXPENDITURES	3,218,506	2,915,720	302,786	2,069,733	1,829,375	240,358

CLAY 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	\$ (680,464)	\$ (166,231)	\$ 514,233	\$ (249,245)	\$ 92,333	\$ 341,578
OTHER FINANCING SOURCES (USES)						
Transfers in	48,000	50,099	2,099		22,000	22,000
Transfers out		(23,530)	(23,530)			
TOTAL OTHER FINANCING SOURCES (USES)	48,000	26,569	(21,431)		22,000	22,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(632,464)	(139,662)	492,802	(249,245)	114,333	363,578
FUND BALANCES - JANUARY 1	540,000	1,152,707	612,707	8,000	462,520	454,520
FUND BALANCES - DECEMBER 31	<u>\$ (92,464)</u>	<u>\$ 1,013,045</u>	<u>\$ 1,105,509</u>	<u>\$ (241,245)</u>	<u>\$ 576,853</u>	<u>\$ 818,098</u>

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

CLAY 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.

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, Workers' Compensation, and United States Department of Agriculture Reserve.

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 sales taxes that are restricted or committed 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: Treasurer's Automation, Drug Control and Forfeiture, Collector's Automation, County Clerk's Cost, Assessor's Amendment no. 79, Jail Fees Act 1188, Clerk Court Recorder, Child Support, Jail, Sheriff's Communication, Facility, and Equipment, Juvenile Probation Fees, District Court Cost, Emergency 911, County Libraries, Emergency Vehicle Act 988, Emergency Rescue, Public Defender, Chalk Bluff Grant, Office of Emergency Management Homeland Security, Drug Abuse and Resistance Education, West Nile Virus Grant, Clay County Indigent, Game and Fish Education, Act 1809 Circuit Automation, Library Grant, and Pollard Fire Department Grant.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The following Capital Projects Fund is reported with other funds in the aggregate: Black River Area Development Head Start Building 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: Treasurer's: Collector's Unapportioned, Property Tax Relief, Deoxyribonucleic Acid (DNA) Detection, County Law Library, St. Francis Drainage, Game and Fish Commission, Western Clay Drainage, Central Clay Drainage, Big Gum Drainage, Cache River Drainage, Act 1086 Drug Task, Act 65 and Act 431 State Treasury, Administration of Justice, Clay County 4H Voluntary Tax, Voluntary Tax, and Clay County Fair Voluntary Tax; Collector's: Delinquent Tax; Sheriff's: District Court, Circuit, Fee, Drug-Buy, and Inmate Trust; County Clerk's: Fee and Trust; and Circuit Clerk's: Fee, Juvenile Trust, and Trust.

CLAY 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, officers' fees, and property taxes 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.

CLAY 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.

CLAY 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	\$ 70,118	\$ 67,539	\$ 3,160
Federal aid			51,111
Property taxes	13	142	120
Sales taxes		46,047	
Fines, forfeitures, and costs	14,228		4,568
Interest	81		
Officers' fees	18,697		3,083
Jail fees	41,235		
Emergency 911 fees			19,128
Other	21,650	220	
Totals	<u>\$ 166,022</u>	<u>\$ 113,948</u>	<u>\$ 81,170</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>\$ 77,317</u>	<u>\$ 27,003</u>	<u>\$ 12,516</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 \$15,921,639. 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 \$4,445,534. The amount of short-term financing obligations was \$2,675, leaving a legal debt margin of \$4,442,859.

CLAY 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>
Restricted for:			
General government			\$ 212,843
Law enforcement			168,983
Highways and streets		\$ 554,853	
Public safety			189,041
Recreation and culture			510,360
Social services			<u>2</u>
Total Restricted		<u>554,853</u>	<u>1,081,229</u>
Committed for:			
Law enforcement			<u>1,530</u>
Assigned to:			
Highways and streets		22,000	
General government	\$ 23,613		
Total Assigned	<u>23,613</u>	<u>22,000</u>	
Unassigned	<u>989,432</u>		
Totals	<u>\$ 1,013,045</u>	<u>\$ 576,853</u>	<u>\$ 1,082,759</u>

NOTE 8: Commitments

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

	<u>December 31, 2011</u>
Long-Term Liabilities	<u>\$ 93,881</u>

Long-Term Liabilities

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

	<u>December 31, 2011</u>
Note with the Taylor Family Marital Deduction Trust dated April 2, 2007 for Juvenile office building, 60 payments of \$679 at 7% interest. Payments are to be made from the General Fund.	\$ 2,675
Compensated Absences	<u>91,206</u>
Total Long-Term Liabilities	<u>\$ 93,881</u>

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

Post Employment Benefits Other Than Pensions

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

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

NOTE 8: Commitments (Continued)

Debt Service Requirements to Maturity

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

Year Ending December 31,	Notes
2012	\$ 2,714
Total Obligations	2,714
Less Interest	39
Total Principal	\$ 2,675

NOTE 9: Interfund Transfers

The General Fund transferred \$1,530 to the Drug Abuse and Resistance Education Fund which is within the Other Funds in the Aggregate and \$22,000 to the Road Fund for operating purposes. Other Funds in the Aggregate transferred \$50,099 to the General Fund for reimbursement purposes.

NOTE 10: Joint Venture: Regional Library

Clay, Greene, and Randolph Counties entered into an agreement in January 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Northeast Arkansas Regional Library. The agreement states that the purpose is to provide library services supplementary and in addition to those of the County Library in each of said counties. The affairs should be governed, directed, and controlled by a commission known as the Northeast Arkansas Library Commission. The library headquarters shall be the Greene County Library in Paragould. Separate financial statements of the Northeast Arkansas Regional Library are not available. The Clay County Libraries received a total of \$6,481 from the Regional Library for library expenditures.

NOTE 11: 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.

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 \$350,000. 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.

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

NOTE 11: Risk Management (Continued)

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 12: 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.

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Treasurer's Automation	Drug Control and Forfeiture	Collector's Automation	County Clerk's Cost	Assessor's Amendment no. 79	Jail Fees Act 1188	Clerk Court Recorder	Child Support	Jail
ASSETS									
Cash and cash equivalents	\$ 20,503	\$ 5,337	\$ 110,038	\$ 26,004	\$ 22,753	\$ 43,135	\$ 25,711	\$ 2,604	\$ 20,807
Accounts receivable		100		878	3,160	3,205	1,705		256
TOTAL ASSETS	\$ 20,503	\$ 5,437	\$ 110,038	\$ 26,882	\$ 25,913	\$ 46,340	\$ 27,416	\$ 2,604	\$ 21,063
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 28		\$ 44			\$ 5,975	\$ 441		\$ 1,084
Settlements pending									
Total Liabilities	28		44			5,975	441		1,084
Fund Balances:									
Restricted	20,475	\$ 5,437	109,994	\$ 26,882	\$ 25,913	40,365	26,975	\$ 2,604	19,979
Committed									
Total Fund Balances	20,475	5,437	109,994	26,882	25,913	40,365	26,975	2,604	19,979
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,503	\$ 5,437	\$ 110,038	\$ 26,882	\$ 25,913	\$ 46,340	\$ 27,416	\$ 2,604	\$ 21,063

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

Schedule 1

SPECIAL REVENUE FUNDS

	Sheriff's Communication, Facility, and Equipment	Juvenile Probation Fees	District Court Cost	Emergency 911	County Libraries	Emergency Vehicle Act 988	Emergency Rescue	Public Defender
ASSETS								
Cash and cash equivalents	\$ 29,313	\$ 27,902	\$ 1,844	\$ 147,415	\$ 400,758	\$ 11,004	\$ 22,750	\$ 9,833
Accounts receivable	400	60		19,128	120	722		
TOTAL ASSETS	\$ 29,713	\$ 27,962	\$ 1,844	\$ 166,543	\$ 400,878	\$ 11,726	\$ 22,750	\$ 9,833
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 119	\$ 252	\$ 4,573			
Settlements pending								
Total Liabilities			119	252	4,573			
Fund Balances:								
Restricted	\$ 29,713	\$ 27,962	1,725	166,291	396,305	\$ 11,726	\$ 22,750	\$ 9,833
Committed								
Total Fund Balances	29,713	27,962	1,725	166,291	396,305	11,726	22,750	9,833
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,713	\$ 27,962	\$ 1,844	\$ 166,543	\$ 400,878	\$ 11,726	\$ 22,750	\$ 9,833

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

Schedule 1

	SPECIAL REVENUE FUNDS					
	Chalk Bluff Grant	Office of Emergency Management Homeland Security	Drug Abuse and Resistance Education	Clay County Indigent	Game and Fish Education	Act 1809 Circuit Automation
ASSETS						
Cash and cash equivalents	\$ 114,055	\$ (51,111)	\$ 1,813	\$ 2	\$ 7,953	\$ 13,682
Accounts receivable		51,111				325
TOTAL ASSETS	\$ 114,055	\$ 0	\$ 1,813	\$ 2	\$ 7,953	\$ 14,007
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						
Settlements pending						
Total Liabilities						
Fund Balances:						
Restricted	\$ 114,055		\$ 283	\$ 2	\$ 7,953	\$ 14,007
Committed			1,530			
Total Fund Balances	114,055		1,813	2	7,953	14,007
TOTAL LIABILITIES AND FUND BALANCES	\$ 114,055	\$ 0	\$ 1,813	\$ 2	\$ 7,953	\$ 14,007

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

Schedule 1

	AGENCY FUNDS					Totals
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
ASSETS						
Cash and cash equivalents	\$ 28,995	\$ 45,757	\$ 82,667	\$ 4,403	\$ 24,701	\$ 1,200,628
Accounts receivable						81,170
TOTAL ASSETS	<u>\$ 28,995</u>	<u>\$ 45,757</u>	<u>\$ 82,667</u>	<u>\$ 4,403</u>	<u>\$ 24,701</u>	<u>\$ 1,281,798</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 12,516
Settlements pending	\$ 28,995	\$ 45,757	\$ 82,667	\$ 4,403	\$ 24,701	186,523
Total Liabilities	<u>28,995</u>	<u>45,757</u>	<u>82,667</u>	<u>4,403</u>	<u>24,701</u>	<u>199,039</u>
Fund Balances:						
Restricted						1,081,229
Committed						1,530
Total Fund Balances						<u>1,082,759</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,995</u>	<u>\$ 45,757</u>	<u>\$ 82,667</u>	<u>\$ 4,403</u>	<u>\$ 24,701</u>	<u>\$ 1,281,798</u>

CLAY 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

	Treasurer's Automation	Drug Control and Forfeiture	Collector's Automation	County Clerk's Cost	Assessor's Amendment no. 79	Jail Fees Act 1188	Clerk Court Recorder	Child Support	Jail
REVENUES									
State aid					\$ 3,160				
Federal aid									
Property taxes									
Fines, forfeitures, and costs		\$ 100				\$ 33,925			\$ 35,740
Interest	\$ 205	59	\$ 1,271	\$ 308	311		\$ 258	\$ 34	172
Officers' fees				13,357			29,147	1,613	
Emergency 911 fees									
Treasurer's commission	11,861								
Collector's commission			32,787						
Other	433			266					
TOTAL REVENUES	12,499	159	34,058	13,931	3,471	33,925	29,405	1,647	35,912
Less: Treasurer's commission				203		483	429	24	55
NET REVENUES	12,499	159	34,058	13,728	3,471	33,442	28,976	1,623	35,857
EXPENDITURES									
Current:									
General government	14,068		52,242	12,514	2,022	17,502	25,731	2,056	
Law enforcement		782							31,002
Highways and streets									
Public safety									
Recreation and culture									
TOTAL EXPENDITURES	14,068	782	52,242	12,514	2,022	17,502	25,731	2,056	31,002
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,569)	(623)	(18,184)	1,214	1,449	15,940	3,245	(433)	4,855
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,569)	(623)	(18,184)	1,214	1,449	15,940	3,245	(433)	4,855
FUND BALANCES - JANUARY 1	22,044	6,060	128,178	25,668	24,464	24,425	23,730	3,037	15,124
FUND BALANCES - DECEMBER 31	\$ 20,475	\$ 5,437	\$ 109,994	\$ 26,882	\$ 25,913	\$ 40,365	\$ 26,975	\$ 2,604	\$ 19,979

CLAY 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 Communication, Facility, and Equipment	Juvenile Probation Fees	District Court Cost	Emergency 911	County Libraries	Emergency Vehicle Act 988	Emergency Rescue	Public Defender
REVENUES								
State aid					\$ 59,946		\$ 1,951	
Federal aid								
Property taxes					280,212			
Fines, forfeitures, and costs		\$ 5,216	\$ 3,458			\$ 8,472		\$ 12,485
Interest	\$ 78	341	20	\$ 1,694	3,681	182	288	113
Officers' fees	4,004							
Emergency 911 fees				128,582				
Treasurer's commission								
Collector's commission								
Other	10,492				80,279			
TOTAL REVENUES	14,574	5,557	3,478	130,276	424,118	8,654	2,239	12,598
Less: Treasurer's commission		83		2,048	4,573	117	29	40
NET REVENUES	14,574	5,474	3,478	128,228	419,545	8,537	2,210	12,558
EXPENDITURES								
Current:								
General government								
Law enforcement	11,070	5,099	2,893			24,425		14,079
Highways and streets								
Public safety				63,052			380	
Recreation and culture					371,264			
TOTAL EXPENDITURES	11,070	5,099	2,893	63,052	371,264	24,425	380	14,079
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,504	375	585	65,176	48,281	(15,888)	1,830	(1,521)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out				(50,099)				
TOTAL OTHER FINANCING SOURCES (USES)				(50,099)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,504	375	585	15,077	48,281	(15,888)	1,830	(1,521)
FUND BALANCES - JANUARY 1	26,209	27,587	1,140	151,214	348,024	27,614	20,920	11,354
FUND BALANCES - DECEMBER 31	<u>\$ 29,713</u>	<u>\$ 27,962</u>	<u>\$ 1,725</u>	<u>\$ 166,291</u>	<u>\$ 396,305</u>	<u>\$ 11,726</u>	<u>\$ 22,750</u>	<u>\$ 9,833</u>

CLAY 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								
	Chalk Bluff Grant	Office of Emergency Management Homeland Security	Drug Abuse and Resistance Education	West Nile Virus Grant	Clay County Indigent	Game and Fish Education	Act 1809 Circuit Automation	Library Grant	Pollard Fire Department Grant
REVENUES									
State aid	\$ 2,000					\$ 3,627			\$ 14,542
Federal aid		\$ 88,699							
Property taxes									
Fines, forfeitures, and costs							\$ 3,458		
Interest			\$ 12			79			
Officers' fees									
Emergency 911 fees									
Treasurer's commission									
Collector's commission									
Other			100						
TOTAL REVENUES	2,000	88,699	112			3,706	3,458		14,542
Less: Treasurer's commission							51		
NET REVENUES	2,000	88,699	112			3,706	3,407		14,542
EXPENDITURES									
Current:									
General government				\$ 1,233				\$ 16,879	
Law enforcement		88,699				4,184	4		
Highways and streets			431						
Public safety									14,542
Recreation and culture	9,494								
TOTAL EXPENDITURES	9,494	88,699	431	1,233		4,184	4	16,879	14,542
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,494)		(319)	(1,233)		(478)	3,403	(16,879)	
OTHER FINANCING SOURCES (USES)									
Transfers in			1,530						
Transfers out									
TOTAL OTHER FINANCING SOURCES (USES)			1,530						
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,494)		1,211	(1,233)		(478)	3,403	(16,879)	
FUND BALANCES - JANUARY 1	121,549		602	1,233	\$ 2	8,431	10,604	16,879	
FUND BALANCES - DECEMBER 31	<u>\$ 114,055</u>	<u>\$ 0</u>	<u>\$ 1,813</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 7,953</u>	<u>\$ 14,007</u>	<u>\$ 0</u>	<u>\$ 0</u>

CLAY 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

	<u>CAPITAL PROJECTS FUND</u>	
	Black River Area Development Head Start Building Grant	Totals
REVENUES		
State aid	\$ 7,100	\$ 92,326
Federal aid		88,699
Property taxes		280,212
Fines, forfeitures, and costs		102,854
Interest		9,106
Officers' fees		48,121
Emergency 911 fees		128,582
Treasurer's commission		11,861
Collector's commission		32,787
Other		91,570
TOTAL REVENUES	7,100	886,118
Less: Treasurer's commission		8,135
NET REVENUES	7,100	877,983
EXPENDITURES		
Current:		
General government	2,000	146,247
Law enforcement		182,237
Highways and streets		431
Public safety		77,974
Recreation and culture		380,758
TOTAL EXPENDITURES	2,000	787,647
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,100	90,336
OTHER FINANCING SOURCES (USES)		
Transfers in		1,530
Transfers out		(50,099)
TOTAL OTHER FINANCING SOURCES (USES)		(48,569)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,100	41,767
FUND BALANCES - JANUARY 1	(5,100)	1,040,992
FUND BALANCES - DECEMBER 31	\$ 0	\$ 1,082,759

CLAY 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>
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.
Drug Control and Forfeiture	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
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 Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems.
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.
Jail Fees 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.
Clerk Court Recorder	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems.
Child Support	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Jail	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for law enforcement.
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.
Juvenile Probation 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.

CLAY 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>
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District Court.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
County Libraries	Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the Quorum Court.
Emergency Vehicle Act 988	Ark. Code Ann. § 27-22-103 established fund for increasing the fine for failure to license motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles.
Emergency Rescue	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.
Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall all be remitted to the Arkansas Public Defender Commission. Three dollars of each fee is remitted back to the county "Public Defender User Fees" quarterly to be used to defray the operating expenses of the public defender office.
Chalk Bluff Grant	A parks and tourism grant received from the Department of Finance and Administration for operating expenses for facilities at Chalk Bluff Civil War Battlefield Park and for other purposes.
Office of Emergency Management Homeland Security	A grant from the Department of Emergency Management for Law Enforcement Terrorism Prevention Programs.
Drug Abuse and Resistance Education	Fund established to account for donations for education against drug abuse.
West Nile Virus Grant	A grant received from the Department of Emergency Management in 2002 to be used for the West Nile Virus.
Clay County Indigent	A federal grant received from United Way to help defray expenses for indigent persons.
Game and Fish Education	Ark. Code Ann. § 6-16-1101 established fund to receive grants to be used for school fish and wildlife conservation education programs.
Act 1809 Circuit Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees of 1/2 of \$5 per month on each person to be used for court related technology.

CLAY 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>
Library Grant	Grant received from the United States Department of Agriculture to help county libraries purchase equipment.
Pollard Fire Department Grant	A state grant received to purchase equipment for the City of Pollard Fire Department.
Black River Area Development Head Start Building Grant	Grant received from Arkansas Department of Economic Development to construct a new child care center.

Treasurer's Accounts consist primarily of money collected within the County awaiting settlement with outside 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 trust money and fee money to be settled with Treasurer.

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

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

Schedule 3

	<u>December 31, 2011</u>
Land and Buildings	\$ 2,604,876
Equipment	<u>3,730,932</u>
Total	<u><u>\$ 6,335,808</u></u>

CLAY 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	\$ 1,092,853	\$ 1,250,948	\$ 1,274,519	\$ 1,324,302	\$ 1,114,945
Total Liabilities	79,808	98,241	76,408	49,446	
Total Fund Balances	1,013,045	1,152,707	1,198,111	1,274,856	1,114,945
Net Revenues	2,749,489	2,795,673	2,722,445	2,753,033	2,637,951
Total Expenditures	2,915,720	2,808,243	2,785,575	2,641,690	2,328,511
Total Other Financing Sources/Uses	26,569	(32,834)	(13,615)	9,846	49,345
<u>Road</u>					
Total Assets	\$ 603,856	\$ 524,737	\$ 571,903	\$ 559,015	\$ 563,274
Total Liabilities	27,003	62,217	40,822	43,664	
Total Fund Balances	576,853	462,520	531,081	515,351	563,274
Net Revenues	1,921,708	1,916,941	1,991,017	1,771,030	1,874,603
Total Expenditures	1,829,375	2,028,772	2,003,015	1,773,283	1,882,903
Total Other Financing Sources/Uses	22,000	43,270	27,728	25,087	(72)
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 1,281,798	\$ 1,291,630	\$ 1,248,184	\$ 985,371	\$ 947,137
Total Liabilities	199,039	249,247	336,571	218,246	204,979
Total Fund Balances	1,082,759	1,042,383	911,613	767,125	742,158
Net Revenues	877,983	1,385,031	854,293	724,428	760,735
Total Expenditures	787,647	1,383,726	703,912	784,043	677,335
Total Other Financing Sources/Uses	(48,569)	129,464	(14,113)	(34,933)	(49,273)

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