

**Lawrence County, Arkansas**  
**Regulatory Basis Financial Statements**  
**and Other Reports**

**December 31, 2011**

LEGISLATIVE JOINT AUDITING COMMITTEE

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LAWRENCE COUNTY, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Independent Auditor's Report  
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*

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	4

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Senate Chair  
**Rep. Tim Summers**  
House Chair  
**Sen. David Wyatt**  
Senate Vice Chair  
**Rep. Toni Bradford**  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

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

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

Further, in our opinion, except for the effects of not disclosing all required information concerning deposit risks, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund and road fund of Lawrence 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).

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

DIVISION OF LEGISLATIVE AUDIT

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

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

Little Rock, Arkansas  
August 8, 2012  
LOCO03811

**Sen. Bill Pritchard**  
Senate Chair  
**Rep. Tim Summers**  
House Chair  
**Sen. David Wyatt**  
Senate Vice Chair  
**Rep. Toni Bradford**  
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

Lawrence 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 Lawrence County, Arkansas, as of and for the year ended December 31, 2011, and have issued our report thereon dated August 8, 2012. We issued an adverse opinion because the County prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Lawrence Memorial Hospital Fund, which is material to the other funds in the aggregate, and our opinions on the general fund and road fund were qualified because required disclosures were not made concerning deposit risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

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

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

#### Compliance and Other Matters

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

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 2011:

County Judge: Dale Freeman  
Treasurer: Lyda Ann Harris  
Sheriff: Jody Dotson  
Tax Collector: Stephanie Harris  
County Clerk: Tina Stowers  
Circuit Clerk: Michelle Evans

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

The following information system weaknesses were discovered during a review of computer applications:

**County Clerk**

There was no formally documented and approved Business Continuity Plan. Without manual backup procedures, operations could be interrupted and cease to continue after a loss of computer processing ability.

**Sheriff Receipt/Disbursement Journals – Virtual Justice**

The Disaster Recovery Plan in place was inadequate (both technical and end-user) for restoring from short-term or long-term interruptions of computer processing. This situation could cause the entity to be without computer processing for an extended period of time in the event of a disaster or major interruption and could also place a financial and personnel burden on the resources of the entity.

**Sheriff – Commissary**

Password controls did not meet minimum industry standards. A password history file was not maintained to prevent re-use of previous passwords. Failure to establish proper password controls increases the likelihood that an unauthorized person could gain access to the system.

The Disaster Recovery Plan in place was inadequate (both technical and end-user) for restoring from short-term or long-term interruptions of computer processing. This situation could cause the entity to be without computer processing for an extended period of time in the event of a disaster or major interruption and could also place a financial and personnel burden on the resources of the entity.

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  
August 8, 2012

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

Exhibit A

	General	Road	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 658,993	\$ 643,073	\$ 778,485
Accounts receivable	221,508	69,469	215,306
<b>TOTAL ASSETS</b>	<b>\$ 880,501</b>	<b>\$ 712,542</b>	<b>\$ 993,791</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 77,240	\$ 20,176	\$ 10,442
Settlements pending	3,872		497,761
<b>Total Liabilities</b>	<b>81,112</b>	<b>20,176</b>	<b>508,203</b>
Fund Balances:			
Restricted		392,366	658,570
Assigned		300,000	
Unassigned	799,389		(172,982)
<b>Total Fund Balances</b>	<b>799,389</b>	<b>692,366</b>	<b>485,588</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 880,501</b>	<b>\$ 712,542</b>	<b>\$ 993,791</b>

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 591,332	\$ 867,896	\$ 253,943
Federal aid	12,093	80,712	200,887
Property taxes	689,938	196,615	250,817
Sales taxes	761,351		
Fines, forfeitures, and costs	415,171		133,250
Interest	4,349	1,991	999
Officers' fees	24,379		140,671
Emergency 911 fees			201,560
Jail fees	163,541		
Treasurer's commission	83,835		9,564
Collector's commission	119,982		26,814
Taxes apportioned - Assessor's salary and expense	204,979		
Other	98,752	4,901	19,244
 TOTAL REVENUES	 3,169,702	 1,152,115	 1,237,749
 Less: Treasurer's commission	 46,001	 20,415	 11,040
 NET REVENUES	 3,123,701	 1,131,700	 1,226,709
 EXPENDITURES			
Current:			
General government	1,403,463		104,512
Law enforcement	1,575,876		14,895
Highways and streets		1,264,133	
Public safety	76,295		293,699
Sanitation	10,490		
Health	35,028		
Recreation and culture	83,053		341,382
Social services	65,820		
Total Current	3,250,025	1,264,133	754,488



LAWRENCE 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
EXPENDITURES (Continued)			
Debt Service:			
Lease principal		\$ 58,513	\$ 3,467
Lease interest		19,357	
Note principal	\$ 9,147		
Note interest	1,786		
TOTAL EXPENDITURES	3,260,958	1,342,003	757,955
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(137,257)	(210,303)	468,754
OTHER FINANCING SOURCES (USES)			
Transfers in	304,192	300,000	100,000
Transfers out	(400,000)		(304,192)
TOTAL OTHER FINANCING SOURCES (USES)	(95,808)	300,000	(204,192)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(233,065)	89,697	264,562
FUND BALANCES - JANUARY 1	1,032,454	602,669	221,026
FUND BALANCES - DECEMBER 31	\$ 799,389	\$ 692,366	\$ 485,588

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

LAWRENCE 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	\$ 509,276	\$ 591,332	\$ 82,056	\$ 904,000	\$ 867,896	\$ (36,104)
Federal aid	14,900	12,093	(2,807)		80,712	80,712
Property taxes	636,200	689,938	53,738	188,800	196,615	7,815
Sales taxes	680,000	761,351	81,351			
Fines, forfeitures, and costs	380,500	415,171	34,671			
Interest	5,000	4,349	(651)	1,000	1,991	991
Officers' fees	34,000	24,379	(9,621)			
Jail fees	122,000	163,541	41,541			
Treasurer's commission	78,500	83,835	5,335			
Collector's commission	122,600	119,982	(2,618)			
Taxes apportioned - Assessor's salary and expense	327,700	204,979	(122,721)			
Other	390,600	98,752	(291,848)	12,800	4,901	(7,899)
<b>TOTAL REVENUES</b>	<b>3,301,276</b>	<b>3,169,702</b>	<b>(131,574)</b>	<b>1,106,600</b>	<b>1,152,115</b>	<b>45,515</b>
Less: Treasurer's commission		46,001	(46,001)		20,415	(20,415)
<b>NET REVENUES</b>	<b>3,301,276</b>	<b>3,123,701</b>	<b>(177,575)</b>	<b>1,106,600</b>	<b>1,131,700</b>	<b>25,100</b>
EXPENDITURES						
Current:						
General government	1,809,942	1,403,463	406,479			
Law enforcement	1,613,927	1,575,876	38,051			
Highways and streets				1,584,453	1,264,133	320,320
Public safety	78,595	76,295	2,300			
Sanitation	19,500	10,490	9,010			
Health	43,480	35,028	8,452			
Recreation and culture	83,053	83,053				
Social services	52,558	65,820	(13,262)			
Total Current	3,701,055	3,250,025	451,030	1,584,453	1,264,133	320,320

LAWRENCE 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)
EXPENDITURES (Continued)						
Debt Service:						
Lease principal					\$ 58,513	\$ (58,513)
Lease interest					19,357	(19,357)
Note principal		\$ 9,147	\$ (9,147)			
Note interest		1,786	(1,786)			
TOTAL EXPENDITURES	<u>\$ 3,701,055</u>	<u>3,260,958</u>	<u>440,097</u>	<u>\$ 1,584,453</u>	<u>1,342,003</u>	<u>242,450</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(399,779)</u>	<u>(137,257)</u>	<u>262,522</u>	<u>(477,853)</u>	<u>(210,303)</u>	<u>267,550</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	322,658	304,192	(18,466)	300,000	300,000	
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>				
TOTAL OTHER FINANCING SOURCES (USES)	<u>(77,342)</u>	<u>(95,808)</u>	<u>(18,466)</u>	<u>300,000</u>	<u>300,000</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(477,121)</u>	<u>(233,065)</u>	<u>244,056</u>	<u>(177,853)</u>	<u>89,697</u>	<u>267,550</u>
FUND BALANCES - JANUARY 1	<u>500,000</u>	<u>1,032,454</u>	<u>532,454</u>	<u>330,000</u>	<u>602,669</u>	<u>272,669</u>
FUND BALANCES - DECEMBER 31	<u>\$ 22,879</u>	<u>\$ 799,389</u>	<u>\$ 776,510</u>	<u>\$ 152,147</u>	<u>\$ 692,366</u>	<u>\$ 540,219</u>

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

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

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The County is a political subdivision of the state governed by an elected quorum court. The reporting entity includes all the funds of the County. The following fund of the County is not presented in this report: Lawrence Memorial Hospital.

**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 and County Treasurer's Miscellaneous.

**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 aid, federal aid, and property 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: Emergency 911, Boating Safety, County Recorder's Cost, Child Support Collection Cost, Indigent Defense, Treasurer's Automation, Collector's Automation, County Clerk's Automation, Juvenile Probation, Drug Control, Court Automation, Law Enforcement Terrorism Prevention Program, State Homeland Security Grant Program, Rails to Trails, Assessor's Amendment no. 79, County Emergency Response Team, Interoperable Emergency Communications Grant, Jail Booking and Administration, County Jail, Communications Facility and Equipment, County Library, and Arkansas Energy Efficiency Community Block 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 - Treasurer's Bond, Law Library, and Game and Fish; Collector - Delinquent Real, Delinquent Personal, Protest, and Online; Sheriff - Fee, Bond and Fine, Circuit Bond, Virtual Justice, and Commissary; County Clerk - Fee and Trust; and Circuit Clerk - Fee and Trust.

LAWRENCE 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" includes all demand and savings accounts and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, fees, commissions, 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.

LAWRENCE 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 except for the Communications Facility and Equipment Fund.

**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.

LAWRENCE 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	\$ 59,622	\$ 67,571	\$ 68,931
Federal aid			86,045
Property taxes	10,924	1,659	2,197
Sales taxes	61,450		
Fines, forfeitures, and costs	42,953		18,314
Interest	6	239	
Officers' fees	10,950		14,133
Emergency 911 fees			25,686
Jail fees	5,512		
Treasurer's commission	570		
Taxes apportioned - Assessor's salary and expense	5,899		
Other	23,622		
Totals	<u>\$ 221,508</u>	<u>\$ 69,469</u>	<u>\$ 215,306</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>\$ 77,240</u>	<u>\$ 20,176</u>	<u>\$ 10,442</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 \$13,949,006. 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 \$4,129,793. The amount of short-term financing obligations was \$565,301 leaving a legal debt margin of \$3,564,492.

LAWRENCE 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>
<u>Fund Balances</u>			
Restricted for:			
General government			\$ 240,495
Law enforcement			271,223
Highways and streets		\$ 392,366	
Public safety			19,512
Recreation and culture			127,340
Total Restricted		<u>392,366</u>	<u>658,570</u>
Assigned to:			
Highway and streets		<u>300,000</u>	
Unassigned	<u>\$ 799,389</u>		<u>(172,982)</u>
Totals	<u>\$ 799,389</u>	<u>\$ 692,366</u>	<u>\$ 485,588</u>

**NOTE 8: Deficit Fund Balances**

The following funds have deficit fund balances as of December 31, 2011:

	<u>December 31, 2011</u>
<u>Other Funds in the Aggregate</u>	
Special Revenue Fund:	
Emergency 911	<u>\$ (172,982)</u>

**NOTE 9: Commitments**

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

	<u>December 31, 2011</u>
Long-term liabilities	<u>\$ 639,816</u>



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

**NOTE 9: Commitments (Continued)**

Long-term Liabilities

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

	December 31, 2011
Note payable entered July 20, 2010 with First National Bank for purchase of land for the Children's Shelter, monthly installments of \$911 for 49 months at 5.5% interest. Payments are to be made from the General Fund.	\$ 27,029
Lease-purchase agreement entered January 13, 2009 with LBX Financial Services for purchase of an excavator, monthly installments of \$2,235 for 60 months at 5.86% interest. Payments are to be made from the Road Fund.	50,501
Lease-purchase agreement entered May 18, 2009 with Bancorp South for purchase of a Caterpillar 120M motor grader, monthly installments of \$1,496 for 36 months, and a final payment of \$130,000 at 3.45% interest. Payments are to be made from the Road Fund.	136,301
Lease-purchase agreement entered September 22, 2010 with Caterpillar Financial Services for purchase of a Caterpillar 140MH motor grader, monthly installments of \$1,379 for 35 months, and a final payment of \$152,000 at 5% interest. Payments are to be made from the Road Fund.	172,412
Lease-purchase agreement entered September 22, 2010 with Caterpillar Financial Services for purchase of a Caterpillar 140MH motor grader, monthly installments of \$1,379 for 35 months, and a final payment of \$152,000 at 5% interest. Payments are to be made from the Road Fund.	172,412
Lease-purchase agreement entered October 30, 2010 with Batesville Typewriter Company for purchase of a new copier and one used copier, monthly installments of \$289 for 36 months with no interest. Payments are to be made from the Library Fund.	6,646
Arkansas District Judge Retirement unfunded accrued liabilities. Payments are to be made from the General Fund.	74,515
Total Long-term liabilities	\$ 639,816

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.

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

**NOTE 9: Commitments (Continued)**

Debt Service Requirements to Maturity

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

Years Ending December 31,	Notes	Leases	Total
2012	\$ 10,933	\$ 202,360	\$ 213,293
2013	10,933	356,062	366,995
2014	7,288	-	7,288
Total Obligations	29,154	558,422	587,576
Less Interest	2,125	20,150	22,275
Total Principal	<u>\$ 27,029</u>	<u>\$ 538,272</u>	<u>\$ 565,301</u>

**NOTE 10: Interfund Transfers**

The General Fund transferred \$300,000 to the Road Fund and \$100,000 to Emergency 911 Fund (Other Funds in the Aggregate) for operations. The Other Funds in the Aggregate transferred \$304,192 to the General Fund for reimbursement purposes.

**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 area:

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.

The County participates in the Arkansas Public Entities Risk Management Association (APERMA) public entity risk pool for coverage in the following areas:

Building and Contents Program - This program is a blanket policy with coverage up to \$100,000,000 for any one loss with a \$500 deductible. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county property.

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 for in-state claims is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident (\$100,000 respectively for out-of-state claims). 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.

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

**NOTE 11: Risk Management (Continued)**

Vehicle Program (Continued)

B. Physical Damage - This program covers vehicles and mobile equipment which are the property of the participating county. Property is valued at the cost to repair or replace the property after deduction for depreciation. Loss amounts will be reduced by the deductible amount of \$1,000 for Sheriff's Department vehicles and \$500 for all other covered vehicles and mobile equipment. 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 \$350,000. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for this coverage.

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.

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

Schedule 1

SPECIAL REVENUE FUNDS

	Emergency 911	Boating Safety	County Recorder's Cost	Child Support Collection Cost	Indigent Defense	Treasurer's Automation	Collector's Automation	County Clerk's Automation	Juvenile Probation
<b>ASSETS</b>									
Cash and cash equivalents	\$ (197,305)	\$ 4,960	\$ 23,719	\$ 7,071		\$ 24,112	\$ 71,790	\$ 28,091	
Accounts receivable	25,687	210	7,592	180	\$ 292			446	\$ 185
<b>TOTAL ASSETS</b>	<b><u>\$ (171,618)</u></b>	<b><u>\$ 5,170</u></b>	<b><u>\$ 31,311</u></b>	<b><u>\$ 7,251</u></b>	<b><u>\$ 292</u></b>	<b><u>\$ 24,112</u></b>	<b><u>\$ 71,790</u></b>	<b><u>\$ 28,537</u></b>	<b><u>\$ 185</u></b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,364		\$ 198						
Settlements pending									
<b>Total Liabilities</b>	<b><u>1,364</u></b>		<b><u>198</u></b>						
<b>Fund Balances:</b>									
Restricted		\$ 5,170	31,113	\$ 7,251	\$ 292	\$ 24,112	\$ 71,790	\$ 28,537	\$ 185
Unassigned	(172,982)								
<b>Total Fund Balances</b>	<b><u>(172,982)</u></b>	<b><u>5,170</u></b>	<b><u>31,113</u></b>	<b><u>7,251</u></b>	<b><u>292</u></b>	<b><u>24,112</u></b>	<b><u>71,790</u></b>	<b><u>28,537</u></b>	<b><u>185</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ (171,618)</u></b>	<b><u>\$ 5,170</u></b>	<b><u>\$ 31,311</u></b>	<b><u>\$ 7,251</u></b>	<b><u>\$ 292</u></b>	<b><u>\$ 24,112</u></b>	<b><u>\$ 71,790</u></b>	<b><u>\$ 28,537</u></b>	<b><u>\$ 185</u></b>

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

Schedule 1

SPECIAL REVENUE FUNDS

	Drug Control	Court Automation	Law Enforcement Terrorism Prevention Program	State Homeland Security Grant Program	Rails to Trails	Assessor's Amendment no. 79	County Emergency Response Team	Interoperable Emergency Communications Grant	Jail Booking and Administration
ASSETS									
Cash and cash equivalents	\$ 32,358	\$ 2,050			\$ 259	\$ 7,287	\$ 749	\$ 433	\$ 26,214
Accounts receivable		833	\$ 5,384	\$ 13,160	65,816	2,905			1,350
<b>TOTAL ASSETS</b>	<b>\$ 32,358</b>	<b>\$ 2,883</b>	<b>\$ 5,384</b>	<b>\$ 13,160</b>	<b>\$ 66,075</b>	<b>\$ 10,192</b>	<b>\$ 749</b>	<b>\$ 433</b>	<b>\$ 27,564</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									
Settlements pending									
Total Liabilities									
Fund Balances:									
Restricted	\$ 32,358	\$ 2,883	\$ 5,384	\$ 13,160	\$ 66,075	\$ 10,192	\$ 749	\$ 433	\$ 27,564
Unassigned									
Total Fund Balances	<u>32,358</u>	<u>2,883</u>	<u>5,384</u>	<u>13,160</u>	<u>66,075</u>	<u>10,192</u>	<u>749</u>	<u>433</u>	<u>27,564</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,358</b>	<b>\$ 2,883</b>	<b>\$ 5,384</b>	<b>\$ 13,160</b>	<b>\$ 66,075</b>	<b>\$ 10,192</b>	<b>\$ 749</b>	<b>\$ 433</b>	<b>\$ 27,564</b>

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

Schedule 1

	SPECIAL REVENUE FUNDS				AGENCY FUNDS					Totals
	County Jail	Communications Facility and Equipment	County Library	Arkansas Energy Efficiency Community Block Grant	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 160,825	\$ 20,163	\$ 67,948		\$ 231,255	\$ 70,424	\$ 22,278	\$ 48,493	\$ 125,311	\$ 778,485
Accounts receivable	15,839	5,730	2,197	\$ 67,500						215,306
<b>TOTAL ASSETS</b>	<b><u>\$ 176,664</u></b>	<b><u>\$ 25,893</u></b>	<b><u>\$ 70,145</u></b>	<b><u>\$ 67,500</u></b>	<b><u>\$ 231,255</u></b>	<b><u>\$ 70,424</u></b>	<b><u>\$ 22,278</u></b>	<b><u>\$ 48,493</u></b>	<b><u>\$ 125,311</u></b>	<b><u>\$ 993,791</u></b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable			\$ 8,880							\$ 10,442
Settlements pending					\$ 231,255	\$ 70,424	\$ 22,278	\$ 48,493	\$ 125,311	\$ 497,761
Total Liabilities			<u>8,880</u>		<u>231,255</u>	<u>70,424</u>	<u>22,278</u>	<u>48,493</u>	<u>125,311</u>	<u>508,203</u>
Fund Balances:										
Restricted	\$ 176,664	\$ 25,893	61,265	\$ 67,500						658,570
Unassigned										(172,982)
Total Fund Balances	<u>176,664</u>	<u>25,893</u>	<u>61,265</u>	<u>67,500</u>						<u>485,588</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 176,664</u></b>	<b><u>\$ 25,893</u></b>	<b><u>\$ 70,145</u></b>	<b><u>\$ 67,500</u></b>	<b><u>\$ 231,255</u></b>	<b><u>\$ 70,424</u></b>	<b><u>\$ 22,278</u></b>	<b><u>\$ 48,493</u></b>	<b><u>\$ 125,311</u></b>	<b><u>\$ 993,791</u></b>

LAWRENCE 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

	Emergency 911	Boating Safety	County Recorder's Cost	Child Support Collection Cost	Indigent Defense	Treasurer's Automation	Collector's Automation	County Clerk's Automation	Juvenile Probation
REVENUES									
State aid		\$ 2,317			\$ 2,350				
Federal aid									
Property taxes									
Fines, forfeitures, and costs					3,421				
Interest		9	\$ 58	\$ 17	7	\$ 53	\$ 155	\$ 63	\$ 6
Officers' fees			107,678	912				8,671	3,220
Emergency 911 fees	\$ 201,560								
Treasurer's commission						9,564			
Collector's commission							26,814		
Other	4,029								
<b>TOTAL REVENUES</b>	<b>205,589</b>	<b>2,326</b>	<b>107,736</b>	<b>929</b>	<b>5,778</b>	<b>9,617</b>	<b>26,969</b>	<b>8,734</b>	<b>3,226</b>
Less: Treasurer's commission		45	2,143	17	112		2	181	80
<b>NET REVENUES</b>	<b>205,589</b>	<b>2,281</b>	<b>105,593</b>	<b>912</b>	<b>5,666</b>	<b>9,617</b>	<b>26,967</b>	<b>8,553</b>	<b>3,146</b>
EXPENDITURES									
Current:									
General government			104,512						
Law enforcement									
Public safety	293,699								
Recreation and culture									
Total Current	293,699		104,512						
Debt Service:									
Lease principal									
<b>TOTAL EXPENDITURES</b>	<b>293,699</b>		<b>104,512</b>						
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(88,110)</b>	<b>2,281</b>	<b>1,081</b>	<b>912</b>	<b>5,666</b>	<b>9,617</b>	<b>26,967</b>	<b>8,553</b>	<b>3,146</b>
OTHER FINANCING SOURCES (USES)									
Transfers in	100,000								
Transfers out		(91)		(49)	(5,661)	(2,487)	(15,219)	(983)	(3,985)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>100,000</b>	<b>(91)</b>		<b>(49)</b>	<b>(5,661)</b>	<b>(2,487)</b>	<b>(15,219)</b>	<b>(983)</b>	<b>(3,985)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>11,890</b>	<b>2,190</b>	<b>1,081</b>	<b>863</b>	<b>5</b>	<b>7,130</b>	<b>11,748</b>	<b>7,570</b>	<b>(839)</b>
FUND BALANCES - JANUARY 1	(184,872)	2,980	30,032	6,388	287	16,982	60,042	20,967	1,024
FUND BALANCES - DECEMBER 31	\$ (172,982)	\$ 5,170	\$ 31,113	\$ 7,251	\$ 292	\$ 24,112	\$ 71,790	\$ 28,537	\$ 185

LAWRENCE 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							
	Drug Control	Court Automation	Law Enforcement Terrorism Prevention Program	State Homeland Security Grant Program	Rails to Trails	Assessor's Amendment no. 79	County Emergency Response Team	Interoperable Emergency Communications Grant
REVENUES								
State aid								
Federal aid			\$ 19,524	\$ 51,476	\$ 138,151	\$ 2,905		\$ 2,087
Property taxes								
Fines, forfeitures, and costs	\$ 5,999	\$ 2,922						\$ 13,933
Interest		1				61		64
Officers' fees								
Emergency 911 fees								
Treasurer's commission								
Collector's commission								
Other					259			
<b>TOTAL REVENUES</b>	<b>5,999</b>	<b>2,923</b>	<b>19,524</b>	<b>51,476</b>	<b>138,410</b>	<b>2,966</b>	<b>2,087</b>	<b>13,997</b>
Less: Treasurer's commission		40				10		295
<b>NET REVENUES</b>	<b>5,999</b>	<b>2,883</b>	<b>19,524</b>	<b>51,476</b>	<b>138,410</b>	<b>2,956</b>	<b>2,087</b>	<b>13,702</b>
EXPENDITURES								
Current:								
General government								
Law enforcement								
Public safety								
Recreation and culture								
Total Current								
Debt Service:								
Lease principal								
<b>TOTAL EXPENDITURES</b>								
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,999</b>	<b>2,883</b>	<b>19,524</b>	<b>51,476</b>	<b>138,410</b>	<b>2,956</b>	<b>2,087</b>	<b>13,702</b>
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out	(2,336)		(26,594)	(45,051)	(72,878)	(17,139)	(2,059)	(5,974)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,336)</b>		<b>(26,594)</b>	<b>(45,051)</b>	<b>(72,878)</b>	<b>(17,139)</b>	<b>(2,059)</b>	<b>(5,974)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>3,663</b>	<b>2,883</b>	<b>(7,070)</b>	<b>6,425</b>	<b>65,532</b>	<b>(14,183)</b>	<b>28</b>	<b>7,728</b>
FUND BALANCES - JANUARY 1	28,695		12,454	6,735	543	24,375	\$ 749	405
FUND BALANCES - DECEMBER 31	<b>\$ 32,358</b>	<b>\$ 2,883</b>	<b>\$ 5,384</b>	<b>\$ 13,160</b>	<b>\$ 66,075</b>	<b>\$ 10,192</b>	<b>\$ 749</b>	<b>\$ 433</b>



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

Schedule 2

	SPECIAL REVENUE FUNDS				Totals
	County Jail	Communications Facility and Equipment	County Library	Arkansas Energy Efficiency Community Block Grant	
REVENUES					
State aid			\$ 108,220		\$ 253,943
Federal aid				\$ 127,800	200,887
Property taxes			250,817		250,817
Fines, forfeitures, and costs	\$ 106,975				133,250
Interest	385	\$ 53	67		999
Officers' fees		20,190			140,671
Emergency 911 fees					201,560
Treasurer's commission					9,564
Collector's commission					26,814
Other			14,956		19,244
<b>TOTAL REVENUES</b>	<b>107,360</b>	<b>20,243</b>	<b>374,060</b>	<b>127,800</b>	<b>1,237,749</b>
Less: Treasurer's commission	2,076		6,039		11,040
<b>NET REVENUES</b>	<b>105,284</b>	<b>20,243</b>	<b>368,021</b>	<b>127,800</b>	<b>1,226,709</b>
EXPENDITURES					
Current:					
General government					104,512
Law enforcement		14,895			14,895
Public safety					293,699
Recreation and culture			341,382		341,382
Total Current		14,895	341,382		754,488
Debt Service:					
Lease principal			3,467		3,467
<b>TOTAL EXPENDITURES</b>		<b>14,895</b>	<b>344,849</b>		<b>757,955</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>105,284</b>	<b>5,348</b>	<b>23,172</b>	<b>127,800</b>	<b>468,754</b>
OTHER FINANCING SOURCES (USES)					
Transfers in					100,000
Transfers out	(43,386)			(60,300)	(304,192)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(43,386)</b>			<b>(60,300)</b>	<b>(204,192)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>61,898</b>	<b>5,348</b>	<b>23,172</b>	<b>67,500</b>	<b>264,562</b>
FUND BALANCES - JANUARY 1	114,766	20,545	38,093		221,026
FUND BALANCES - DECEMBER 31	\$ 176,664	\$ 25,893	\$ 61,265	\$ 67,500	\$ 485,588

LAWRENCE 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.

Fund Name	Fund Description
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Boating Safety	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.
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.
Child Support Collection Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Indigent Defense	Ark. Code Ann. § 14-20-102 established fund to receive funds distributed in accordance with Ark. Code Ann. § 16-10-307 to be used to pay reasonable and necessary costs incurred in the defense and representation of indigent persons.
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.
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 Probation	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.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
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.
Law Enforcement Terrorism Prevention Program	A grant received from the Department of Homeland Security for the enhancement of law enforcement communications and surveillance equipment.
State Homeland Security Grant Program	A grant received from the Department of Homeland Security for the enhancement of fire/hazmat communication equipment.
Rails to Trails	Fund established to account for grant received for purpose of constructing a bike and walking trail.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% 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 Emergency Response Team	Fund established to account for grant received from Department of Homeland Security for the establishment of Citizen Corps Councils and to provide for disaster training and equipment.

LAWRENCE 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.

Fund Name	Fund Description
Interoperable Emergency Communications Grant	Fund established to account for grant received from Department of Homeland Security for the enhancement of county hazmat team.
Jail Booking and Administration	Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.
County Jail	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.
Communications 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.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court.
Arkansas Energy Efficiency Community Block Grant	Fund established to account for grant received for purpose of making energy upgrades at the Clover Bend Historical District.

Treasurer's accounts consist primarily of bond money, Law Library funds, and settlements not yet distributed.

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.

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

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

Schedule 3

	<u>December 31, 2011</u>
Land and buildings	\$ 1,807,914
Equipment	<u>3,454,548</u>
Total	<u>\$ 5,262,462</u>

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

Schedule 4

<b><u>General</u></b>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Assets	\$ 880,501	\$ 1,091,781	\$ 1,240,052	\$ 1,120,957	\$ 967,711
Total Liabilities	81,112	59,327	63,414	61,309	
Total Fund Balances	799,389	1,032,454	1,176,638	1,059,648	967,711
Net Revenues	3,123,701	3,163,886	3,185,812	2,959,543	2,989,658
Total Expenditures	3,260,958	2,950,472	2,826,391	2,797,438	2,656,628
Total Other Financing Sources/Uses	(95,808)	(358,257)	(242,431)	(198,313)	(269,284)
<b><u>Road</u></b>					
Total Assets	\$ 712,542	\$ 629,707	\$ 633,970	\$ 450,746	\$ 382,143
Total Liabilities	20,176	27,038	22,850	17,822	
Total Fund Balances	692,366	602,669	611,120	432,924	382,143
Net Revenues	1,131,700	1,244,642	1,228,334	1,155,988	1,136,213
Total Expenditures	1,342,003	1,553,093	1,350,138	1,414,750	1,393,929
Total Other Financing Sources/Uses	300,000	300,000	300,000	303,418	341,658
<b><u>Other Funds in the Aggregate</u></b>					
Total Assets	\$ 993,791	\$ 680,945	\$ 592,428	\$ 972,343	\$ 762,862
Total Liabilities	508,203	459,919	563,075	920,028	397,656
Total Fund Balances	485,588	221,026	29,353	52,315	365,206
Net Revenues	1,226,709	981,569	852,162	874,322	795,310
Total Expenditures	757,955	848,153	817,555	1,117,036	823,811
Total Other Financing Sources/Uses	(204,192)	58,257	(57,569)	(105,105)	(72,374)

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