

City of Helena-West Helena, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2010

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HELENA-WEST HELENA, ARKANSAS
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Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

City of Helena-West Helena, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Helena-West Helena, Arkansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the City'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 City 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 the City of Helena-West Helena, Arkansas, as of December 31, 2010, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Water and Sewer Fund has not been included in the City's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Arkansas Code requires the Water and Sewer 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 City's regulatory basis financial statements also do not disclose all the required information concerning deposit and investment risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C). Also, we were unable to obtain sufficient evidence with respect to the classification of expenditures in the general fund.

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 the City of Helena-West Helena, Arkansas, as of December 31, 2010, 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).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine sufficient evidence with respect to the classification of expenditures and 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 of the City of Helena-West Helena, Arkansas, as of December 31, 2010, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund for the year then ended on the basis of accounting as described in Note 1(C).

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 street fund of the City of Helena-West Helena, Arkansas, as of December 31, 2010, and the respective changes in the regulatory basis financial position, and the budgetary results for the street 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 June 6, 2012 on our consideration of the City'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 of the City of Helena-West Helena, Arkansas. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Helena-West Helena, Arkansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, because of the effects on the financial information in the supporting schedules of the omissions described above, such information is not presented fairly in all material respects in relation to the financial statements taken as a whole. The supplementary information in the Schedule of Capital Assets required by the regulatory basis of presentation and the Schedule of Selected Information for the Last Five Years as listed in the table of contents as Schedules 3 and 4 are presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on these schedules.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with the first name "Roger" being more prominent.

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

Little Rock, Arkansas
June 6, 2012
LOM111110

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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

City of Helena-West Helena, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Helena-West Helena, Arkansas, as of and for the year ended December 31, 2010 and have issued our report thereon dated June 6, 2012. We issued an adverse opinion because the City 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 water and sewer fund, which is material to other funds in the aggregate, and because required disclosures were not made concerning deposit and investment risks. Our opinion on the general fund was qualified because we were unable to obtain sufficient evidence with respect to the classification of expenditures and because the required disclosures were not made concerning deposit risks. Our opinion on the street fund was 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 City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

- 2010-1 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 City 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 City'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 City 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.

2010-2 Unauthorized Disbursements

The following financial transactions appear to conflict with state laws, city ordinances, and proper accounting procedures:

Funds totaling \$11,347 were improperly disbursed to elected officials, employees, vendors, and other individuals, as listed in the table below, primarily for the period June 22, 2010 through August 25, 2011. These disbursements consisted of hotel room service charges; undocumented travel expenses (lodging, meals, etc.); undocumented or inadequately documented travel reimbursements; excess reimbursements; undocumented cash advances and withdrawals; "no-show" hotel charges; vendor overpayments; meal reimbursement with no overnight stay; airline upgrade fees; unaccounted for drug buy funds; payments to the City Inspector, in addition to his regular salary, for individual plumbing and gas inspections; and other undocumented/nonbusiness items. Similar improper transactions totaling \$20,424, \$59,466, and \$3,666 were reported in the 2009/2008, 2007, and 2006 audit reports, respectively.

Also, two checks totaling \$3,666 received from the Mayor as reimbursement for improper disbursements, disclosed in the 2006 audit report, were returned by the bank on April 17, 2008 and October 28, 2008 for insufficient funds and remain uncollected.

	Improper Disbursements	Prior Year Reimbursements Returned by Bank	Due to City
<u>Elected Officials</u>			
James Valley, Mayor	\$ 2,113	\$ 3,666	\$ 5,779
Alderman	121		121
<u>Employees by Department</u>			
Administration	142		142
Inspection	3,568		3,568
Police	3,332		3,332
Fire	229		229
Street	23		23
Sanitation	247		247
Parks	95		95
District Court	322		322
Water	60		60
<u>Others</u>			
Vendors and nonemployees	1,095		1,095
Totals	<u>\$ 11,347</u>	<u>\$ 3,666</u>	<u>\$ 15,013</u>

In addition, disbursements totaling

- \$231,049 were paid to various hotels, restaurants, businesses, organizations, and individuals without adequate documentation or documented business purpose; therefore, the validity of these disbursements could not be determined.
- \$108,610 were paid by debit card rather than prenumbered checks in conflict with Ark. Code Ann. § 14-59-105.

A lack of management oversight permitted these disbursements to be processed. The effect of not following state laws, city ordinances, and proper accounting procedures constitutes a significant control deficiency in the disbursements process. We recommend city management implement procedures to ensure disbursements are in compliance with state laws, city ordinances, and proper accounting procedures and provide proper training for employees entrusted with the responsibility of disbursing public funds.

The Mayor, City Clerk, and Treasurer have not responded.

2010-3 Arkansas Code requires city management to maintain financial records. The financial records contained omissions/errors that are considered material as enumerated below:

The General Fund financial records contained material misstatements in cash, accounts receivable, accounts and interfund payables, fund balance, revenues, expenditures, and transfers in the amounts of \$35,675, \$511,118, \$19,143, \$340,163, \$2,849,880, \$2,325,325, \$2,159,385, and \$941,110, respectively, due to unrecorded cash, receivables, payables, and posting errors.

The Street Fund financial records contained material misstatements in accounts and interfund receivables, revenues, expenditures, and transfers in the amounts of \$58,607, \$118,953, \$744,848, \$322,409, and \$73,000, respectively, due to unrecorded receivables and posting errors.

The financial records for the Other Funds in the Aggregate contained misstatements in cash, accounts and interfund receivables, accounts and interfund payables, fund balance, revenues, expenditures, and transfers in the amounts of \$3,544, \$252,924, \$234,016, \$43,419, \$2,077, \$1,777, \$619,768, \$1,007,868, and \$147,796, respectively, due to unrecorded receivables, payables, and posting errors.

A similar finding was issued in the prior audit report.

The effect of these omissions/errors constitutes a significant control deficiency in the process of preparing financial statements. City management should implement procedures to ensure financial records are properly posted.

The City Clerk and Treasurer have approved the appropriate entries to the financial records.

2010-4 Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-58-203, 14-59-101 – 14-59-118. The City was not in compliance with these codes and other proper accounting procedures as enumerated below:

- Highway state aid in the amount of \$102,882 was not properly transferred to the Street Fund from the General Fund. State aid from previous years was also not transferred with a total of \$1,287,678 due to the Street Fund from the General Fund as of December 31, 2010.
- Funds were disbursed by bank debit memos, debit card transactions, phone checks, wire transfers, and counter checks and were not properly authorized.
- Invoices were paid without obtaining proper management approval. Invoices and supporting documentation were not always retained. Disbursements were made from statements rather than original invoices. Disbursements were made for amounts other than invoice amounts.
- Bank accounts were not properly reconciled at the end of each month.
- Federal funds of \$232,389 were transferred to the General Fund without supporting expenditure documentation.
- General Fund expenditures exceeded the budget in the amount of \$2,087,482.
- Prenumbered receipts were not issued for all income. Receipt ranges were not always indicated on deposit slips nor were receipts deposited timely.
- Cash receipt and disbursement journals were not maintained for all funds.
- The City is not maintaining, reconciling or recording certificates of deposit activity.
- Cash receipt and disbursement journals were not properly maintained. Deficiencies included: numerous receipts and disbursements not posted; numerous posting errors, including duplications; and improper classifications.
- Six-month financial statements were not prepared nor published.
- Fixed assets records were not properly maintained to include current year additions and deletions.
- The City did not properly report and remit federal payroll taxes, thus creating a liability of \$721,123, which includes taxes, penalties, and interest as of December 31, 2010, resulting in an Internal Revenue Service lien on all property owned by the City. Also, the City did not properly report and remit state payroll taxes, thus creating a liability of \$32,982 as of December 31, 2010.
- The General Fund had a negative fund balance of \$2,290,274 as of December 31, 2010.

A similar finding was issued in the prior year audit report.

A lack of management oversight permitted these instances of noncompliance with Arkansas Code and other proper accounting procedures. The effect of not following the Arkansas Code and proper accounting procedures constitutes a significant control deficiency in the process of preparing financial statements. We recommend city management implement procedures and safeguards to ensure the accounting procedures are in compliance with Arkansas Code.

The City Clerk and Treasurer have not responded.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Internal Control over Financial Reporting section as items 2010-2 through 2010-4 and as follows:

OMB Circular A-133 requires city management to obtain a federal compliance audit when federal expenditures exceed \$500,000. The City had in excess of \$500,000 in federal expenditures in 2010 and did not obtain a federal compliance audit as required. The City could be responsible for repayment of federal expenditures if instances of noncompliance are noted during a federal compliance audit.

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

Other Issues

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

The commentary contained in this section relates to the following officials that held office during 2010:

Mayor: James Valley
City Clerk: Sandra Ramsey
Treasurer: Michael Boone
District Court Clerk: Linda Danley
Police Chief: Fred Fielder (retired December 1, 2010)
Ray Price (Interim Chief December 1, 2010 – December 31, 2010)

We reviewed the City's compliance with certain Arkansas laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the Offices of **Mayor, Treasurer, City Clerk, Police Chief, and District Court Clerk.**

Mayor/Treasurer/City Clerk

1. The City conducted business with employees, their family members, and businesses owned by employees in apparent conflict with state ethics guidelines in Ark. Code Ann. § 14-42-107 and Helena-West Helena Code § 3.16.01 (2009) for the period June 22, 2010 through August 25, 2011. According to the City Code, business may be conducted with employees, their family members, and businesses owned by employees if cost of goods purchased is less than \$2,000, cost of services is less than \$2,500, and these goods/services are not otherwise available in the City at comparable prices.

Related party transactions totaling \$17,839 included the following:

- Payments to an employee, in addition to wages, of \$3,500 for land rental and ball field work.
- Payments to an employee-owned business of \$7,339 for plumbing and backhoe services.
- Purchase of a concession trailer from an employee for \$7,000.

A similar finding was issued in the prior year audit report.

2. Officials and management should assess the economy, efficiency, and effectiveness of the following expenditures:
 - The City incurred bank overdraft fees totaling \$7,701.
 - A City police officer received three payroll checks on December 21, 2010 totaling \$4,824. According to the City Clerk, this amount was backpay after the officer was reinstated following a suspension. City Council minutes did not indicate discussion concerning the suspension or reinstatement with backpay. Also, one of the checks contained an unauthorized signature.

Mayor/Treasurer/City Clerk (Continued)

2. Officials and management should assess the economy, efficiency, and effectiveness of the following expenditures: (Continued)

- The City paid storage fees totaling \$4,500 to an individual for storing old jail contents in a vacant house during the period January 1, 2010 through January 13, 2011. In the prior audit report, we noted that most of the contents, which consisted of a safe, pieces of old furniture, outdated jail records, and several bicycles, could be discarded and the remaining items stored in a conventional storage facility at a much lower cost to the City. The City discontinued this storage agreement in January 2011.
- The City paid \$9,510 for various Mayoral consulting services during 2010. According to company invoices, the services provided included reviewing publications, ordinances, Attorney General Opinions, and Mayoral correspondence. The City discontinued these consulting services in January 2011.
- The City paid \$61,730 to a local construction company for various building repairs during the period January 1, 2010 through February 17, 2011. Several invoices did not contain sufficient detail to determine repairs performed. The City discontinued using this company's services after January 2011.
- The City paid a local business for videotaping Council meetings, maintaining a City website, and performing various computer-related services. These expenditures included a payment of \$2,500 on December 30, 2010, for the purchase of the internet domain name "HWHParks.com." Current market prices for domain names typically range from \$10 - \$100 per year.
- The City made three payments totaling \$5,775 to a local business in December 2010 for vehicle repairs. Based on the invoices, it appears the City overpaid by \$1,500.
- The City reimbursed the City Attorney \$515 for expenses associated with a lawsuit filed by a bank against the Mayor and City. The lawsuit was a result of the failure by the City to honor a writ of garnishment of the Mayor's wages due to the Mayor's default on a personal loan.

A similar finding was issued in the prior year audit report.

3. The following employees were overpaid per the 2010 budget ordinance: a police officer, the sanitation foreman and the payroll preparer in the amounts of \$10,877, \$1,884 and \$2,849, respectively, and again the budget was not sufficiently detailed to determine if officials and any other employees were paid in accordance with the appropriation ordinance. We recommend the City determine if any officials or any other employees were overpaid and seek reimbursement.

Mayor

1. The review of prior audit findings and corrective actions were not documented in the City Council minutes as required by Ark. Code Ann. § 10-4-418.
2. The Mayor did not submit a complete report on the 2009 financial activities of the City until June 1, 2010, which was not within ninety days of the end of the fiscal year as required by Ark. Code Ann. § 14-58-302.
3. Competitive bids were not taken as required by Ark. Code Ann § 14-58-303 and Helena-West Helena Ordinance no. 10-2009 (March 17, 2009). This ordinance established the purchase authority of the Mayor without the need to engage in competitive bidding at \$7,500. Expenditures were made in the amount of \$267,859 to purchase equipment and supplies without being bid. A similar finding was issued in the prior year audit report.

Treasurer/City Clerk

1. Total federal wages as reported on Internal Revenue Service (IRS) quarterly Forms 941 submitted by the City exceeded the total submitted on the annual IRS Form W-3 in the amount of \$317,299.
2. The following information systems weaknesses were discovered during a review of computer processing:
 - A. Password controls again did not meet minimum industry standards. The minimum number of characters required for passwords was below industry standards. Passwords were not required to be changed on a periodic, recurring basis that did not exceed 90 days. Passwords were not required to contain a mixture of alpha and numeric characters. A password history file was not maintained to prevent re-use of previous passwords. User accounts were not locked after three unsuccessful login attempts. Failure to establish proper password controls increases the likelihood that an unauthorized person could gain access to the system.

Treasurer/City Clerk (Continued)

- B. Audit logging was not enabled. An audit log or trail is a chronological sequence of audit records, each of which contains evidence directly pertaining to, and resulting from, the execution of transactions by users. Without adequate logging of application and security events within the system, administrators lose the ability to track erroneous or fraudulent transactions, and the users who made them.
 - C. There was no formally documented and approved Disaster Recovery or Business Continuity Plan. 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 place undue financial and personnel burdens on the resources of the entity.
3. Digital images of cancelled checks provided by the financial institutions again did not include the back of the cancelled checks as required by Ark. Code Ann. § 19-2-506.

Police Chief

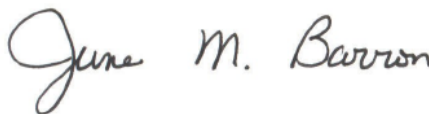
Bank accounts again were not reconciled at the end of each month and the balances remaining in the bank were not identified with receipts issued but not yet entered on the arrest reports as required by Ark. Code Ann. § 16-10-207.

District Court Clerk

1. The following information systems weaknesses were discovered during a review of computer processing:
- A. Password controls did not meet minimum industry standards. The minimum number of characters required for passwords was below industry standards. Passwords were not required to be changed on a periodic, recurring basis that did not exceed 90 days. Passwords were not required to contain a mixture of alpha and numeric characters. A password history file was not maintained to prevent re-use of previous passwords. User accounts were not locked after three unsuccessful login attempts. Failure to establish proper password controls increases the likelihood that an unauthorized person could gain access to the system.
 - B. Audit logging was not enabled. An audit log or trail is a chronological sequence of audit records, each of which contains evidence directly pertaining to, and resulting from, the execution of transactions by users. Without adequate logging of application and security events within the system, administrators lose the ability to track erroneous or fraudulent transactions, and the users who made them.
2. The District Court Clerk again did not properly identify balances remaining in the various bank accounts in the amount of \$120,966 as required by Ark. Code Ann. § 16-10-209.
3. Court Fund disbursements again were signed by the Mayor and City Clerk rather than by the District Court Clerk and one other person authorized by the District Judge as required by Ark. Code Ann. § 16-10-204.
4. Digital images of cancelled checks provided by the financial institutions did not include the back of the cancelled checks as required by Ark. Code Ann. § 19-2-506.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City 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
June 6, 2012

CITY OF HELENA-WEST HELENA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 140,458		\$ 4,077,591
Investments			50,000
Accounts receivable	511,118	\$ 58,607	842,225
Interfund receivables	154,470	1,287,678	233,707
	<u>806,046</u>	<u>1,346,285</u>	<u>5,203,523</u>
TOTAL ASSETS	<u>\$ 806,046</u>	<u>\$ 1,346,285</u>	<u>\$ 5,203,523</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Bank overdrafts		\$ 17,624	\$ 1
Accounts payable	\$ 1,574,935		45,092
Interfund payables	1,521,385		154,470
Settlements pending			394,311
Total Liabilities	<u>3,096,320</u>	<u>17,624</u>	<u>593,874</u>
Fund Balances:			
Reserved (Note 9)		1,328,661	4,614,338
Unreserved:			
Undesignated	(2,290,274)		(4,689)
Total Fund Balances	<u>(2,290,274)</u>	<u>1,328,661</u>	<u>4,609,649</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 806,046</u>	<u>\$ 1,346,285</u>	<u>\$ 5,203,523</u>

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

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 375,854	\$ 757,988	\$ 171,604
Federal aid			955,145
Property taxes	388,154	93,911	
Franchise fees	639,623		
Sales taxes	2,637,471		3,155,094
Fines, forfeitures, and costs	100,987		29,895
Interest	682	29	29,245
Local permits and fees	94,310		
Sanitation fees	880,893		1,694,179
Rent			41,602
Hotel and restaurant tax			279,066
Other	473,020	12,545	62,624
TOTAL REVENUES	5,590,994	864,473	6,418,454
EXPENDITURES			
Current:			
General government	10,176,085		270,369
Law enforcement	192,756		513,956
Highways and streets		625,697	
Public safety	89,841		124,945
Sanitation	1,230		607,034
Health	20,250		
Recreation and culture	7,500		20,301
Airport			684,714
Total Current	10,487,662	625,697	2,221,319
Debt Service:			
Bond principal			245,000
Bond interest and other charges			491,451
Lease principal			90,051
Lease interest			11,897
Note principal	72,081	51,796	67,949
Note interest	9,653	22,331	3,094
TOTAL EXPENDITURES	10,569,396	699,824	3,130,761

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (4,978,402)</u>	<u>\$ 164,649</u>	<u>\$ 3,287,693</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,232,214		81,171
Transfers out	<u>(11,845)</u>		<u>(3,301,540)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,220,369</u>		<u>(3,220,369)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(1,758,033)</u>	<u>164,649</u>	<u>67,324</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	(611,575)	1,164,012	4,217,140
Restatement adjustment	<u>79,334</u>		<u>325,185</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>(532,241)</u>	<u>1,164,012</u>	<u>4,542,325</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ (2,290,274)</u></u>	<u><u>\$ 1,328,661</u></u>	<u><u>\$ 4,609,649</u></u>

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

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 288,537	\$ 375,854	\$ 87,317	\$ 723,572	\$ 757,988	\$ 34,416
Property taxes	300,000	388,154	88,154	50,000	93,911	43,911
Franchise fees	843,000	639,623	(203,377)			
Sales taxes	5,335,421	2,637,471	(2,697,950)			
Fines, forfeitures, and costs	120,000	100,987	(19,013)			
Interest		682	682		29	29
Local permits and fees	83,000	94,310	11,310			
Sanitation fees	1,450,000	880,893	(569,107)			
Rent	10,000		(10,000)			
Other	119,300	473,020	353,720	7,500	12,545	5,045
TOTAL REVENUES	8,549,258	5,590,994	(2,958,264)	781,072	864,473	83,401
EXPENDITURES						
Current:						
General government	3,673,394	10,176,085	(6,502,691)			
Law enforcement	2,147,470	192,756	1,954,714			
Highways and streets				753,229	625,697	127,532
Public safety	1,545,348	89,841	1,455,507			
Sanitation	802,665	1,230	801,435			
Health		20,250	(20,250)			
Recreation and culture	324,882	7,500	317,382			
Total Current	8,493,759	10,487,662	(1,993,903)	753,229	625,697	127,532
Debt Service:						
Note principal		72,081	(72,081)		51,796	(51,796)
Note interest		9,653	(9,653)		22,331	(22,331)
TOTAL EXPENDITURES	8,493,759	10,569,396	(2,075,637)	753,229	699,824	53,405

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 55,499	\$ (4,978,402)	\$ (5,033,901)	\$ 27,843	\$ 164,649	\$ 136,806
OTHER FINANCING SOURCES (USES)						
Transfers in		3,232,214	3,232,214			
Transfers out		(11,845)	(11,845)			
Contribution from water department	120,000		(120,000)			
TOTAL OTHER FINANCING SOURCES (USES)	120,000	3,220,369	3,100,369			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	175,499	(1,758,033)	(1,933,532)	27,843	164,649	136,806
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	125,000	(611,575)	(736,575)	1,164,012	1,164,012	
Restatement adjustment		79,334	79,334			
FUND BALANCES - JANUARY 1, AS RESTATED	125,000	(532,241)	(657,241)	1,164,012	1,164,012	
FUND BALANCES - DECEMBER 31	\$ 300,499	\$ (2,290,274)	\$ (2,590,773)	\$ 1,191,855	\$ 1,328,661	\$ 136,806

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

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Helena-West Helena was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. The following funds of the City are not presented in this report: Water and Sewer.

B. Basis of Presentation – Regulatory

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 street 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 the actual expenditures for the general and street 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 the primary operating fund and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General and Sanitation.

Street Fund - The Street Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for maintaining and constructing highways and streets.

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The following Special Revenue Funds are reported with other funds in the aggregate: Certified Local Government Grant, District Judge and Clerk Retirement, Fire Equipment and Training (Act 833), Intoxication Detection, Drug Control, Parade, River Park Project, Landfill, District Court Cost, Sales Tax, District Court Probation, Community Center, Fire Department, Police Department, Tourism, Airport, Home Detention, and Mid-Delta Community Consortium Grant.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The following Debt Service Fund is reported with other funds in the aggregate: Landfill.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the entity in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and other funds. The following Trust and Agency Funds are reported with other funds in the aggregate: Firemen's Pension, Policemen's Pension, Police Bond and Fine, District Court, and Administration of Justice.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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. 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, certificates of deposit and short-term investments with an original maturity of three months or less.

Investments

Investments are reported at cost.

Settlements Pending

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

Fund Balance

1. Reserved Fund Balance indicates that portion of fund balance that is not appropriable for expenditure or is legally segregated for a specific future use.
2. Undesignated Fund Balance indicates that portion of fund balance not reserved or designated.

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 10. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by action of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law (Continued)

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other Special Revenue Funds except for the Certified Local Government Grant, District Judge and Clerk Retirement, Fire Equipment and Training (Act 833), Intoxication Detection, Drug Control, Parade, River Park Project, District Court Cost, Sales Tax, District Court Probation, Community Center, Fire Department, Tourism, Airport, Home Detention, and Mid-Delta Community Consortium Grant Funds.

NOTE 2: Cash and Investments

Deposit and investment 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

A. Governmental Fund Types

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America.

B. Policemen's Pension Trust Fund

State law provides that if the total assets of the policemen's pension trust fund are less than \$100,000, the funds may be deposited or invested as noted below. If the total assets of the fund exceed \$100,000, the fund may employ a professional investment advisor to invest the assets subject to the prudent investor rule and/or in no-load mutual funds.

The funds may be deposited or invested as noted in Note 3(A) and may include deposits in federally insured savings and loans located in the State of Arkansas and notes secured by mortgages on real estate guaranteed either by the United States government or by a corporation approved by the State Commissioner of Insurance. Investments of other types are allowed by state law, but it has not been a common practice to utilize them.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2010	
	Reported Amount	Fair Value
Police Pension (Alternative investments)	\$ 50,000	\$ 50,000

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2010 is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 50,195	\$ 58,607	\$ 2,095
Property taxes	12,941		
Franchise fees	76,121		
Sales taxes	186,046		233,698
Fines, forfeitures, and costs			60
Local permits and fees			17,131
Sanitation fees	180,148		584,704
Other	5,667		4,537
Totals	\$ 511,118	\$ 58,607	\$ 842,225

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2010 is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Vendor payables	\$ 820,830	\$ 45,092
Payroll taxes payable	754,105	
Totals	\$ 1,574,935	\$ 45,092

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2010	
	Interfund Receivables	Interfund Payables
General	\$ 154,470	\$ 1,521,385
Street	1,287,678	
Other Funds in the Aggregate:		
Special Revenue:		
District Court Cost		608
Fire Department	906	
Police Department	232,388	
Tourism	362	
Home Detention	51	
Debt Service:		
Landfill		153,862
Totals	<u>\$ 1,675,855</u>	<u>\$ 1,675,855</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. As of June 6, 2012, these balances have not been repaid.

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2010, the legal debt limit for the bonded debt was \$13,360,581. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2010, the legal debt limit for short-term financing obligations was \$3,578,027. The amount of short-term financing obligations, was \$451,559 leaving a legal debt margin of \$3,126,468.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 9: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2010
<u>Street</u>	<u>\$ 1,328,661</u>
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
Certified Local Government Grant	\$ 2,416
District Judge and Clerk Retirement	14,282
River Park Project	435
Landfill	2,324,153
District Court Cost	5,285
District Court Probation	100,998
Fire Department	78,125
Police Department	423,956
Tourism	261,838
Airport	59,922
Home Detention	50
Total Special Revenue	<u>3,271,460</u>
Debt Service Fund:	
Landfill	<u>1,290,623</u>
Trust Fund:	
Policemen's Pension	<u>52,255</u>
Total Other Funds in the Aggregate	<u>\$ 4,614,338</u>

NOTE 10: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2010:

	December 31, 2010
General Fund	\$ (2,290,274)
Other Funds in the Aggregate	
Special Revenue:	
Fire Equipment and Training (Act 833)	(4,689)

NOTE 11: Commitments

Total commitments consist of the following at December 31, 2010:

	December 31, 2010
Long-term liabilities	\$ 12,001,164
Construction contract	<u>157,872</u>
Total Commitments	<u>\$ 12,159,036</u>

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11: Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2010 are comprised of the following:

	December 31, 2010
Sales and Use Tax Refunding Bonds Series 2007B - \$885,000; payments ranging from \$260,000 to \$15,000 maturing July 2012 with interest due on July 1 ranging from 4.5% to 7.25%. Payment is to be made from Debt Service Fund.	\$ 275,000
Sales and Use Tax Refunding Bonds Series 2007A - Installments are due on July 1 each year beginning 2012 and concluding 2032 with payments ranging from \$265,000 to \$445,000 each year thereafter plus term bonds in the amount of \$2,575,000 and \$3,280,000 with interest of 5% payable July 1, 2027 and 2032, respectively. Payments are to be made from Debt Service Fund.	9,760,000
Note Payable with USDA for financing street improvements, monthly installments of \$6,173 for 180 months with an interest rate of 4.88%. Payments are to be made from Street Fund.	432,191
Note Payable - Kabelco Excavator purchased/leased through Scott Financial Services, monthly payment of \$1,632.04, matures October 26, 2010. Payments are to be made from the General Fund.	6,401
Note Payable - Scott Financial Services, monthly payment of \$1,700 through July 31, 2009, refinanced with a maturity of July 31, 2014, new monthly payment of \$575.56. Payments are to be made from the General Fund. Interest rate of 5.54%.	25,668
Note Payable - Deere Credit, Inc., monthly payment of \$1,389.36 through May 2012; interest rate of 4.95%. Payments are to be made from the General Fund.	23,846
Note Payable - Scott Financial Services, monthly payment of \$1,240 through March 31, 2011. Interest rate of 6.25%; payments are to be made from the General Fund.	21,952
Note Payable - Scott Financial Services, monthly payment of \$1,158.29 through November 15, 2011. Payments are to be made from the General Fund.	21,999
Lease - BancorpSouth Equipment Finance, down payment of \$300,000, monthly payment of \$9,268.04, matures January 25, 2013. Interest rate of 4.39%. Payments are to be made from the Landfill Fund.	246,229
Note Payable - Daimler Chrysler Financial, yearly payment of \$28,985.87 through August 12, 2014. Interest rate of 3.9%. Payments are to be made from the General Fund.	105,464
Arkansas District Judge Retirement Unfunded Liability. Twenty-five years remaining on unfunded liability. Annual payments are to be made from the District Judge and Clerk Retirement Fund.	125,580
Landfill closure and postclosure care costs.	956,834
Total Long-term liabilities	<u>\$ 12,001,164</u>

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

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11: Commitments (Continued)

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Post Employment Benefits Other Than Pensions

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

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2010:

<u>Years Ending December 31,</u>	<u>Bonds</u>	<u>Notes</u>	<u>Leases</u>	<u>Total</u>
2011	\$ 745,690	\$ 190,342	\$ 139,021	\$ 1,075,053
2012	753,990	114,948	111,216	980,154
2013	756,787	109,969	9,268	876,024
2014	758,807	107,091		865,898
2015	755,013	74,076		829,089
2016 through 2020	3,786,288	140,154		3,926,442
2021 through 2025	3,796,315			3,796,315
2026 through 2030	3,792,750			3,792,750
2031 through 2032	1,511,250			1,511,250
Total Obligations	16,656,890	736,580	259,505	17,652,975
Less Interest	6,621,890	99,059	13,276	6,734,225
Total Principal	<u>\$ 10,035,000</u>	<u>\$ 637,521</u>	<u>\$ 246,229</u>	<u>\$ 10,918,750</u>

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2010:

<u>Project Name</u>	<u>Completion Date</u>	<u>Contract Balance December 31, 2010</u>
Landfill Recertification	2011	<u>\$ 157,872</u>

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11: Commitments (Continued)

Landfill Closure and Postclosure Care Costs

The City of Helena-West Helena is the owner of permit # 0258-S1-R1 to operate a Class I solid waste landfill. State and federal regulations require a final cover to be placed on the landfill site when it stops accepting waste and the performance of certain maintenance and monitoring functions at the site for two years after the closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, a portion of these closure and postclosure care costs are being recognized as a commitment each year based on landfill capacity used as of the balance sheet date. The estimated commitment for the landfill closure and postclosure care costs has a balance of \$956,834 as of December 31, 2010, and represents the cumulative amount reported to date based on 56% usage of the landfill. The city will recognize the remaining estimated cost of closure and postclosure care of \$765,692 as the remaining capacity is filled. At the present utilization rate, the landfill site is estimated to exhaust in 30.9 years from the balance sheet date.

Estimated costs are based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of December 31, 2010. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

In accordance with Ark. Code Ann. § 8-6-1603, the City has provided financial assurance of \$1,852,957 in the form of a Surety Bond.

NOTE 12: Interfund Transfers

The General Fund transferred \$11,845 to Other Funds in the Aggregate for reimbursement of various expenses. Other Funds in the Aggregate transferred \$3,232,214 to the General Fund for reimbursement of various expenses and operations and \$69,326 within Other Funds in the Aggregate for fire department matching grant funds and to close out inactive funds.

NOTE 13: Prior Year Restatement

The January 1, 2010 fund balances for the General Fund and Other Funds in the Aggregate were restated in the amounts of \$79,334 and \$325,185, respectively, for unrecorded accounts receivable. Also, within Other Funds in the Aggregate, the January 1, 2010 fund balances for the Landfill Debt Service and Landfill Funds were increased and decreased, respectively, by \$557,520 to move cash and accounts receivable incorrectly reported.

NOTE 14: Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$9,760,000 Sales and Use Tax Refunding Bond Series 2007B issued to refund a prior bond issue and fund capital improvements. Total principal and interest remaining on the bonds are \$9,760,000 and \$6,608,840, respectively, payable through July 1, 2032. For 2010, no principal and \$473,315 of interest was paid.

The City pledged future 1% sales and use taxes to repay \$885,000 Sales and Use Tax Refunding Bond Series 2007A issued to refund bonds that were issued in 2006. Total principal and interest remaining on the bonds are \$275,000 and \$13,050, respectively, payable through July 1, 2012. For 2010, principal and interest paid were \$245,000 and \$11,700, respectively.

The Debt Service Fund received \$3,155,094 in sales taxes in 2010. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for other city expenditures.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 15: Risk Management

The City 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 City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is \$25,000 for bodily injury or death per person, \$50,000 for bodily injury or death per accident, and \$25,000 for property damage per accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City 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 Municipal Aid Fund. There is a \$1,000 deductible per occurrence.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 16: Policemen's Pension and Relief Plan

Plan Description

The Policemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal policemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of 6% of their salary to the plan, provided that such monthly deduction shall be 4% for policemen contributing to the social security system unless increased, but not to exceed 6%, by the majority of the contributing members of the police department covered by social security. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary; provided, however, that the City's contributions shall not exceed the amount contributed by the policemen except where authorized by appropriation of the City's governing body. The plan is also funded with state insurance tax; property tax on real estate and personal property; all forfeitures and fines imposed upon any member of the police department by way of discipline; all money given or donated to such fund; all money deducted from the salary of any member of the police department on account of absence or loss of time; all rewards paid for any purpose and 10% of all fines and forfeitures collected by the police department of such City. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, the beneficiaries shall be paid prorating the funds available among them.

**NOTE 17: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan 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 Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, P. O. Drawer 34164, Little Rock, Arkansas 72203 or by calling 1-501-682-1745.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 6% of gross pay; effective July 1, 2009, 8.5% of gross pay
- B. Paid service also covered by Social Security: no employee contribution; effective July 1, 2009, 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees.

HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 18: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

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

NOTE 19: Subsequent Events

The City Council is required by Ark. Code Ann. § 14-58-202 to adopt a budget by ordinance or resolution on or before February 1 of each. The 2011 budget was adopted on November 8, 2011.

NOTE 20: Federal Funds Program Compliance

The aviation grant of the Airport Fund was not audited in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2010

Schedule 1

SPECIAL REVENUE FUNDS									
	Certified Local Government Grant	District Judge and Clerk Retirement	Fire Equipment and Training (Act 833)	River Park Project	Landfill	District Court Cost	District Court Probation	Fire Department	Police Department
ASSETS									
Cash and cash equivalents	\$ 2,416	\$ 14,282	\$ 15,020	\$ 435	\$ 1,761,064	\$ 5,833	\$ 100,998	\$ 77,219	\$ 191,568
Investments									
Accounts receivable			2,095		584,704	60			
Interfund receivables								906	232,388
TOTAL ASSETS	<u>\$ 2,416</u>	<u>\$ 14,282</u>	<u>\$ 17,115</u>	<u>\$ 435</u>	<u>\$ 2,345,768</u>	<u>\$ 5,893</u>	<u>\$ 100,998</u>	<u>\$ 78,125</u>	<u>\$ 423,956</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Bank overdrafts									
Accounts payable			\$ 21,804		\$ 21,615				
Interfund payables						\$ 608			
Settlements pending									
Total Liabilities			<u>21,804</u>		<u>21,615</u>	<u>608</u>			
Fund Balances:									
Reserved	\$ 2,416	\$ 14,282		\$ 435	2,324,153	5,285	\$ 100,998	\$ 78,125	\$ 423,956
Unreserved:									
Undesignated			(4,689)						
Total Fund Balances	<u>2,416</u>	<u>14,282</u>	<u>(4,689)</u>	<u>435</u>	<u>2,324,153</u>	<u>5,285</u>	<u>100,998</u>	<u>78,125</u>	<u>423,956</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,416</u>	<u>\$ 14,282</u>	<u>\$ 17,115</u>	<u>\$ 435</u>	<u>\$ 2,345,768</u>	<u>\$ 5,893</u>	<u>\$ 100,998</u>	<u>\$ 78,125</u>	<u>\$ 423,956</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2010

Schedule 1

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	TRUST FUND	AGENCY FUNDS			
	Tourism	Airport	Home Detention	Landfill Debt Service	Policemen's Pension	Police Bond and Fine	District Court	Administration of Justice	Totals
ASSETS									
Cash and cash equivalents	\$ 244,345	\$ 57,058		\$ 1,210,787	\$ 2,255 50,000	\$ 10,367	\$ 280,757	\$ 103,187	\$ 4,077,591
Investments									50,000
Accounts receivable	17,131	4,537		233,698					842,225
Interfund receivables	362		\$ 51						233,707
TOTAL ASSETS	\$ 261,838	\$ 61,595	\$ 51	\$ 1,444,485	\$ 52,255	\$ 10,367	\$ 280,757	\$ 103,187	\$ 5,203,523
LIABILITIES AND FUND BALANCES									
Liabilities:									
Bank overdrafts			\$ 1						\$ 1
Accounts payable		\$ 1,673							45,092
Interfund payables				\$ 153,862					154,470
Settlements pending						\$ 10,367	\$ 280,757	\$ 103,187	394,311
Total Liabilities		1,673	1	153,862		10,367	280,757	103,187	593,874
Fund Balances:									
Reserved	\$ 261,838	59,922	50	1,290,623	\$ 52,255				4,614,338
Unreserved:									
Undesignated									(4,689)
Total Fund Balances	261,838	59,922	50	1,290,623	52,255				4,609,649
TOTAL LIABILITIES AND FUND BALANCES	\$ 261,838	\$ 61,595	\$ 51	\$ 1,444,485	\$ 52,255	\$ 10,367	\$ 280,757	\$ 103,187	\$ 5,203,523

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Schedule 2

	SPECIAL REVENUE FUNDS							
	Certified Local Government Grant	District Judge and Clerk Retirement	Fire Equipment and Training (Act 833)	Intoxication Detection	Drug Control	Parade	River Park Project	District Court Cost
REVENUES								
State aid	\$ 11,180		\$ 84,759					
Federal aid								
Sales taxes								
Fines, forfeitures, and costs								\$ 7,852
Interest		\$ 284	91	\$ 1			\$ 17,572	3
Sanitation fees							1,086,229	
Rent								
Hotel and restaurant tax								
Other								8,864
TOTAL REVENUES	11,180	284	84,850	1			1,103,801	16,719
EXPENDITURES								
Current:								
General government								
Law enforcement								19,980
Public safety			99,692					
Sanitation							607,034	
Recreation and culture	20,301							
Airport								
Total Current	20,301		99,692				607,034	19,980
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal							90,051	
Lease interest							11,897	
Note principal								
Note interest								
TOTAL EXPENDITURES	20,301		99,692				708,982	19,980
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,121)	284	(14,842)	1			394,819	(3,261)
OTHER FINANCING SOURCES (USES)								
Transfers in								2,425
Transfers out		(1,777)	(49,058)	(648)	\$ (1)	\$ (2,021)	(121,505)	
TOTAL OTHER FINANCING SOURCES (USES)		(1,777)	(49,058)	(648)	(1)	(2,021)	(121,505)	2,425
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(9,121)	(1,493)	(63,900)	(647)	(1)	(2,021)	273,314	(836)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	11,537	15,775	35,329	647	1	2,021	\$ 435	2,307,056
Restatement adjustment			23,882					(256,217)
FUND BALANCES - JANUARY 1, AS RESTATED	11,537	15,775	59,211	647	1	2,021	435	2,050,839
FUND BALANCES - DECEMBER 31	\$ 2,416	\$ 14,282	\$ (4,689)	\$ 0	\$ 0	\$ 0	\$ 435	\$ 5,285

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Schedule 2

	SPECIAL REVENUE FUNDS							
	Sales Tax	District Court Probation	Community Center	Fire Department	Police Department	Tourism	Airport	Home Detention
REVENUES								Mid Delta Community Consortium Grant
State aid				\$ 25,000	\$ 50,665			
Federal aid					360,450		\$ 594,695	
Sales taxes								
Fines, forfeitures, and costs		\$ 22,043						
Interest		203		22		\$ 1,454	4,561	\$ 5
Sanitation fees								
Rent							41,602	
Hotel and restaurant tax						279,066		
Other							26,486	
TOTAL REVENUES		22,246		25,022	411,115	280,520	667,344	5
EXPENDITURES								
Current:								
General government						270,321		48
Law enforcement					60,711			\$ 66
Public safety				58				
Sanitation								
Recreation and culture								
Airport							684,714	
Total Current				58	60,711	270,321	684,714	66
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal								
Lease interest								
Note principal							67,949	
Note interest							3,094	
TOTAL EXPENDITURES				58	60,711	270,321	755,757	66
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		22,246		24,964	350,404	10,199	(88,413)	(66)
OTHER FINANCING SOURCES (USES)								
Transfers in				49,058				
Transfers out	\$ (3,373)		\$ (1,503)			(3,600)		(13,188)
TOTAL OTHER FINANCING SOURCES (USES)	(3,373)		(1,503)	49,058		(3,600)		(13,188)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,373)	22,246	(1,503)	74,022	350,404	6,599	(88,413)	(66)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	3,373	78,752	1,503	4,103	73,552	255,239	148,335	116
Restatement adjustment								
FUND BALANCES - JANUARY 1, AS RESTATED	3,373	78,752	1,503	4,103	73,552	255,239	148,335	116
FUND BALANCES - DECEMBER 31	<u>\$ 0</u>	<u>\$ 100,998</u>	<u>\$ 0</u>	<u>\$ 78,125</u>	<u>\$ 423,956</u>	<u>\$ 261,838</u>	<u>\$ 59,922</u>	<u>\$ 50</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Schedule 2

	DEBT SERVICE FUND	TRUST FUNDS		
	Landfill Debt Service	Firemen's Pension	Policemen's Pension	Totals
REVENUES				
State aid				\$ 171,604
Federal aid				955,145
Sales taxes	\$ 3,155,094			3,155,094
Fines, forfeitures, and costs				29,895
Interest	1,421	\$ 23	\$ 3,605	29,245
Sanitation fees	607,950			1,694,179
Rent				41,602
Hotel and restaurant tax				279,066
Other		439	26,835	62,624
TOTAL REVENUES	3,764,465	462	30,440	6,418,454
EXPENDITURES				
Current:				
General government				270,369
Law enforcement			433,199	513,956
Public safety		25,195		124,945
Sanitation				607,034
Recreation and culture				20,301
Airport				684,714
Total Current		25,195	433,199	2,221,319
Debt Service:				
Bond principal	245,000			245,000
Bond interest and other charges	491,451			491,451
Lease principal				90,051
Lease interest				11,897
Note principal				67,949
Note interest				3,094
TOTAL EXPENDITURES	736,451	25,195	433,199	3,130,761
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,028,014	(24,733)	(402,759)	3,287,693
OTHER FINANCING SOURCES (USES)				
Transfers in	17,843		11,845	81,171
Transfers out	(3,104,866)			(3,301,540)
TOTAL OTHER FINANCING SOURCES (USES)	(3,087,023)		11,845	(3,220,369)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(59,009)	(24,733)	(390,914)	67,324
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	792,112	24,733	443,169	4,217,140
Restatement adjustment	557,520			325,185
FUND BALANCES - JANUARY 1, AS RESTATED	1,349,632	24,733	443,169	4,542,325
FUND BALANCES - DECEMBER 31	\$ 1,290,623	\$ 0	\$ 52,255	\$ 4,609,649

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2010

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

Fund Name	Fund Description
Certified Local Government Grant	Established fund to receive federal grants to be used for the promotion of downtown Helena.
District Judge and Clerk Retirement	Ark. Code Ann. § 24-8-810 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges.
Fire Equipment and Training (Act 833)	Ark. Code Ann. § 14-284-403 requires fire protection premium tax funds to be distributed by the County to local fire districts for equipping, training, capital improvements, and other expenditures.
Intoxication Detection	Ark. Code Ann. § 16-10-308 authorized a portion of district court costs to be used to purchase and maintain alcohol testing devices.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Parade	Established fund to receive and disburse monies designated for Christmas Parade.
River Park Project	Established fund to receive and disburse monies designated for the operation and maintenance of the River Park.
Landfill	Established fund to receive and disburse monies designated for the operation and maintenance of the city landfill.
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.
Sales Tax	Established fund to receive and disburse monies designated for the promotion of a City Sales Tax.
District Court Probation	Ark. Code Ann. § 5-4-322 authorizes District Court probation fees for probation and public service work supervision.
Community Center	Established fund to receive and disburse monies designated for the operation and maintenance of the City Community Center.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2010

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

Fund Name	Fund Description
Fire Department	Combination of several funds designated for the purchase of fire equipment and vehicles supported by grants.
Police Department	Combination of several funds designated for the purchase of police equipment and vehicles supported by grants.
Tourism	Ark. Code Ann. § 26-75-605 allows the city to levy tax of no more than 3% of gross proceeds from restaurants, cafes, etc.
Airport	Ark. Code Ann. § 14-359-101 established fund to operate and manage the Municipal Airport.
Home Detention	Established fund to receive and disburse funds designated for the home detention of prisoners.
Mid Delta Community Consortium Grant	Established fund to receive grant funds to support Mid Delta Community Services.
Landfill Debt Service	Established by Helena-West Helena Ordinance no. 21-2007 (July 24, 2007) for the purpose of providing a reserve for payment of principal and interest of the bonds associated with landfill.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive millages, state insurance turnback, and other revenues allowed by law for support of firefighter retirement programs.
Policemen's Pension	Ark. Code Ann. § 24-11-401 established fund to receive millages, state insurance turnback, and other revenues allowed by law for support of police retirement programs.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the Police Department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the District Court.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees to be used to defray a part of the expenses of the administration of justice in the city.

CITY OF HELENA-WEST HELENA, ARKANSAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2010
(Unaudited)

Schedule 3

	December 31, 2010
Land	\$ 69,956
Buildings	13,768,975
Equipment	<u>2,770,981</u>
Total	<u><u>\$ 16,609,912</u></u>

CITY OF HELENA-WEST HELENA, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
DECEMBER 31, 2010
(Unaudited)

Schedule 4

<u>General</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Assets	\$ 806,046	\$ 693,160	\$ 731,000	\$ 356,820	\$ 71,962
Total Liabilities	3,096,320	1,304,735	1,050,242		
Total Fund Balances	(2,290,274)	(611,575)	(319,242)	356,820	71,962
Total Revenues	5,590,994	6,624,775	8,323,744	5,957,583	6,753,751
Total Expenditures	10,569,396	8,184,461	8,703,580	7,380,128	6,924,202
Total Other Financing Sources/Uses	3,220,369	1,267,354	632,661	1,707,403	167,059
<u>Street</u>					
Total Assets	\$ 1,346,285	\$ 1,184,796	\$ 1,012,300	\$ (9,362)	\$ 64,235
Total Liabilities	17,624	20,784			
Total Fund Balances	1,328,661	1,164,012	1,012,300	(9,362)	64,235
Total Revenues	864,473	971,128	1,163,088	85,130	481,582
Total Expenditures	699,824	393,443	624,959	271,059	483,705
Total Other Financing Sources/Uses			5,000	112,332	
<u>Other Funds in the Aggregate</u>					
Total Assets	\$ 5,203,523	\$ 4,710,309	\$ 5,977,293	\$ 6,872,448	\$ 8,661,138
Total Liabilities	593,874	376,174	375,313	168,124	152,652
Total Fund Balances	4,609,649	4,334,135	5,601,980	6,704,324	8,508,486
Total Revenues	6,418,454	3,135,877	2,824,924	5,415,838	2,049,038
Total Expenditures	3,130,761	3,685,574	4,150,936	16,063,527	6,660,798
Total Other Financing Sources/Uses	(3,220,369)	(847,038)	19,355	8,521,602	9,995,000

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