

City of Helena-West Helena, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2009 and 2008

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HELENA-WEST HELENA, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

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>
<u>2009</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 Street Funds – Regulatory Basis	C

<u>2008</u>	
Balance Sheet – Regulatory Basis	A-1
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B-1
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C-1

2009 and 2008

Notes to Financial Statements

SUPPORTING SCHEDULES

	<u>Schedule</u>
<u>2009</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

2008

Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	3
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	4

2009 and 2008

Notes to Schedules 1 through 4

SUPPLEMENTARY INFORMATION

Schedule of Capital Assets (Unaudited)	5
Schedule of Selected Information for the Last Four Years – Regulatory Basis (Unaudited)	6

Sen. Bobby L. Glover
Senate Co-Chair
Rep. Johnny Hoyt
House Co-Chair
Sen. Bill Pritchard
Senate Co-Vice Chair
Rep. Beverly Pyle
House Co-Vice Chair

Arkansas



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 years ended December 31, 2009 and 2008, 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.

Except as discussed below, 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, 2009 and 2008, or the changes in its financial position or where applicable, its cash flows, thereof for the years 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). We also 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, 2009 and 2008, and the respective changes in the regulatory basis financial position for the years then ended on the basis of accounting as described in Note 1(C).

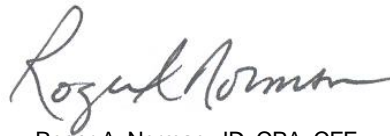
In our opinion, except for the effects of not disclosing all required information concerning deposit risks, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the street fund of the City of Helena-West Helena, Arkansas, as of December 31, 2009 and 2008, and the respective changes in the regulatory basis financial position, and the budgetary results for the street fund for the years 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, 2009 and 2008, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund for the years 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 October 5, 2010 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 Four Years as listed in the table of contents as Schedules 5 and 6 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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
October 5, 2010
LOM111109

Sen. Bobby L. Glover
Senate Co-Chair
Rep. Johnny Hoyt
House Co-Chair
Sen. Bill Pritchard
Senate Co-Vice Chair
Rep. Beverly Pyle
House Co-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

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 years ended December 31, 2009 and 2008, and have issued our report thereon dated October 5, 2010. 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 our opinion on the street fund was qualified because required disclosures were not made concerning deposit 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. 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:

2009-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording cash 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 cash transactions to the extent possible with the current staffing levels.

2009-2 Unauthorized Disbursements

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

Funds totaling \$20,424 were improperly disbursed to elected officials, employees, vendors, and other organizations as listed in the table below primarily for the period July 1, 2009 through June 21, 2010. These disbursements consisted of hotel room service charges; undocumented travel expenses (lodging, meals, etc.); undocumented or inadequately documented travel reimbursements; excess travel reimbursements; undocumented cash advances; "no-show" hotel charges; tips and gratuities; vendor overpayments; payments to the City Inspector, in addition to his regular salary, for individual plumbing and gas inspections; a political advertisement; and other undocumented/nonbusiness items. Similar improper transactions totaling \$59,466 and \$3,666 were reported in the 2007 audit report, which included the period January 1, 2007 through June 30, 2009, and in the 2006 audit report, 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 for insufficient funds and remain uncollected.

	Improper Disbursements	Prior Year Reimbursements Returned by Bank	Due to City
<u>Elected Officials</u>			
James Valley, Mayor	\$ 1,955	\$ 3,666	\$ 5,621
Michael Boone, Treasurer	2,413		2,413
Former Alderman	79		79
<u>Employees by Department</u>			
Administration	500		500
Fire	218		218
Inspection	9,994		9,994
Parks	102		102
Police	1,464		1,464
Sanitation	450		450
Street	673		673
<u>Others</u>			
Vendors and Other Organizations	2,576		2,576
Totals	<u>\$ 20,424</u>	<u>\$ 3,666</u>	<u>\$ 24,090</u>

In addition, disbursements totaling:

- \$68,797 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.
- \$543 were paid for parties in apparent conflict with Ark. Const. art. 12, § 5 as interpreted by Op. Att'y Gen. no. 1991-410.
- \$180,215 were paid by debit card rather than prenumbered checks in conflict with Ark. Code Ann. § 14-59-105. The majority of the Debit Card Account activity was not recorded in the City's ledger.
- \$10,491 were paid for videotaping City Council meetings and copying videos after the City Council voted to discontinue paying video-related expenditures.
- Approximately \$3,800 were paid for merchandise charged to the City's Wal-Mart credit card after it was stolen in December 2006. Although the Police Department prepared an affidavit and arrested a suspect, the First Judicial District Deputy Prosecuting Attorney indicated receiving no information on this case. Neither criminal charges nor civil charges were filed and, as of report date, the City has not been reimbursed.
- \$2,000 were paid for donations to two organizations in apparent conflict with Ark. Const. art. 12, § 5 as interpreted by Op. Att'y Gen. no. 1992-099.

2009-2 Unauthorized Disbursements (Continued)

Further, disbursements for overnight travel were made without City Council approval as required by Ordinance no. 29-2009 dated September 22, 2009.

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 responded that he will begin an investigation into these expenses to determine whether funds are due to the City or additional documentation can be produced to better justify the expenses.

2009-3 Unaccounted for Funds

Police Bond and Fine Account funds totaling \$23,005 were misappropriated during the period January 1, 2008 through June 21, 2010. Sarah Angel, Bond and Fine Clerk, was custodian of these funds. During an interview with staff on September 2, 2010, Ms. Angel admitted misappropriating funds from the account for personal use.

The Police Department and District Court are responsible for ensuring compliance with Ark. Code Ann. §§ 16-10-201 – 16-10-209. The following deficiencies in the City's records and procedures relating to Police Bond and Fine Account were noted:

- A journal was not maintained.
- Six receipt books could not be located. Further, receipts were not always:
 - Issued for all funds received.
 - Deposited intact nor did deposit slips indicate receipt range.
 - Issued with method of payment noted on receipt.
 - Legible.
 - Properly voided, nor was the original copy of voided receipt retained.
- Bank account was not reconciled monthly.
- Ending account balance was not identified with receipts issued for cases not yet processed through Court.
- County fines collected by the City were not receipted, deposited, and disbursed by check to the County.
- Warrants were not always issued, nor was the District Court Judge always notified when individuals failed to pay fines and costs timely.
- Several arrest reports could not be located.

These deficiencies allowed funds to be misappropriated without detection.

We recommend the Police Department and District Court implement procedures to ensure compliance with Arkansas Code and internal controls be strengthened by segregating duties to the extent possible.

The Police Chief has not responded. The District Court Clerk responded that she will work diligently with the Police Department to correct all deficiencies.

2009-4 Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 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 turnback in the amounts of \$767,118 and \$738,380 for 2009 and 2008, respectively, was not properly transferred to the Street Fund bank account. Property taxes were not transferred from the General Fund bank account to the Street Fund, Police Pension Fund, and Fire Pension Fund in the amounts of \$99,451, \$30,761, and \$48,713, respectively, for 2009 and \$101,503, \$21,966, and \$34,634, respectively, for 2008. The City Clerk indicated Street expenses were paid from the General Fund and transfers were not necessary, however, documentation was not provided to support this assertion.
- Cash withdrawals were by bank debit rather than prenumbered check and were not properly authorized. Funds were disbursed via debit card transactions, phone checks, wire transfers from Landfill bond accounts, and numerous counter checks.
- Bank accounts (including certificates of deposit) were not properly reconciled at the end of each month nor were all bank statements retained for audit.

2009-4 (Continued)

- Prenumbered receipts were not issued for all income. Receipt ranges were not indicated on deposit slips, nor were receipts deposited timely. Receipts were not issued in chronological order, the method of payment was not indicated on receipts, and some receipts were duplicated.
- Cash receipt and disbursement journals were not properly maintained. Deficiencies included:
 - Numerous receipts and disbursements not posted.
 - Lack of year-to-date totals.
 - Numerous posting errors, including duplications.
 - Improper classifications.
 - Previous and subsequent year transactions included.
- General ledgers were not prepared timely.
- Monthly bank reconciliations were not presented to the City Council.
- Six-month financial statements were not prepared nor published.
- The accounting records were not auditable at the engagement start date, thus delaying the audit process.
- General fixed asset records were not properly maintained. Asset balances were not accurately stated; additions and deletions were not reconciled to the general ledger, nor was a physical inventory taken.

Similar findings were reported in the prior year audit report.

The effect of not following the Municipal Accounting Law 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 Treasurer has not responded. The City Clerk responded to the findings that relate to her responsibilities and indicated that necessary accounting procedures as recommended will be implemented.

2009-5 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 misstatements in cash, receivables, and revenues in the amounts of \$2,396,723 in 2009 and \$2,329,524 in 2008 due to posting errors, unrecorded certificates of deposit and interest earned, misclassifications of property tax and state aid, and unrecorded receivables. The General Fund financial records also contained misstatements in liabilities and expenditures in the amounts of \$758,761 in 2009 and \$1,777,147 in 2008 due to posting errors, unrecorded liabilities, and unreconciled amounts.

The Street Fund financial records contained cash and revenue misstatements in the amounts of \$706,475 in 2009 and \$793,991 in 2008 due to unrecorded cash, misclassification of transfers, and unreconciled amounts. The Street Fund financial records also contained expenditure misstatements in the amounts of \$57,062 in 2009 and \$108,738 in 2008 due to misclassification of note payments and posting errors.

The financial records for the Other Funds in the Aggregate contained misstatements in cash, receivables, investments, and revenues in the amounts of \$2,842,390 in 2009 and \$3,309,963 in 2008 due to unrecorded cash, transfers, bond proceeds, certificates of deposit, unreconciled amounts, and unrecorded receivables. The financial records for the Other Funds in the Aggregate also contained misstatements in liabilities and expenditures in the amounts of \$2,493,410 in 2009 and \$2,513,383 in 2008 due to unrecorded bond principal, unrecorded transfers and expenditures, misclassified expenditures and transfers, and unreconciled amounts.

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

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

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

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 2009-2 through 2009-5.

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 2009 and 2008:

Mayor: James Valley
City Clerk: Sandra Ramsey
Treasurer: Michael Boone
District Court Clerk: Linda Danley
Police Chief: Fred Fielder

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 January 1, 2008 through June 21, 2010. 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 and cost of services less than \$2,500 and these goods/services are not otherwise available in the City at comparable prices.

Related party transactions totaling \$58,523 included:

- Payments to employees, in addition to wages, of \$5,620 for land rental and ball field work.
- Payments to employee-owned businesses of:
 - \$24,150 for vehicle repairs.
 - \$2,820 for fire extinguisher services.
- \$18,933 to business owned by the City Inspector for plumbing and backhoe services.
- \$7,000 for the purchase of a 4-wheeler and trailer from the City Clerk's son.

In addition, the City Treasurer was employed as Community Development Officer with Southern Financial Partners, an affiliate of Southern Bancorp, Inc., the primary banking institution for the City. A city alderman was employed by Helena National Bank, another banking institution used by the City. A similar finding was reported in the prior year audit report.

2. Officials and management are responsible for requiring all expenditures comply with sound accounting principles and internal controls that will, among other requirements, properly initiate, authorize, process, and report transactions. In addition, officials and management should ensure expenditures are efficient and economical. Officials and management should evaluate the following expenditures to ensure city funds were not wasted or abused:

Mayor/Treasurer/City Clerk (Continued)

2. (Continued)

- The City paid storage fees totaling \$18,634. Of this amount, \$10,100 was paid to an individual for storing old jail contents in a vacant house during the period January 1, 2008 through June 21, 2010. It appears most of the contents, which primarily consist 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. In addition, the City purchased, from the same individual, a previously damaged 2008 Chevrolet Malibu for \$18,250 in December 2009. The individual paid \$5,100 for this vehicle in April 2009. Although some repairs were made to the vehicle prior to purchase by the City, the cost exceeded fair market value for a vehicle in this condition.
- The City paid \$22,625 for various consulting services during the period January 1, 2008 through June 21, 2010. According to company invoices, the services provided included reviewing publications, ordinances, Attorney General Opinions, and Mayoral correspondence.
- The City paid travel expenses totaling \$3,838 for three police officers to attend the 2009 Police Fleet Expo in Wisconsin.
- The City incurred overdraft fees totaling \$26,822, of which \$13,375 was refunded by the bank.

Mayor

1. An ordinance establishing the amount of municipal supplies, materials, or equipment which may be sold or exchanged by the Mayor again was not enacted by the City Council as required by Ark. Code Ann. § 14-58-306.
2. Competitive bids were not taken as required by Ark. Code Ann. § 14-58-303 and City Ordinance no. 10-2009 (March 17, 2009). The ordinance established the purchase authority of the Mayor without the need to engage in competitive bidding at \$7,500. This ordinance also established that the Mayor may not enter into a contract exceeding \$5,000 without Council approval, nor may jobs be divided into phases lower than \$5,000. The Mayor did not adhere to the guidelines set forth by the City Council and Arkansas Code. Expenditures were made in the amounts of \$167,524 and \$68,000 in 2009 and 2008, respectively, to purchase equipment and supplies without being bid. Additionally, expenditures in the amount of \$95,477 for various contracted services were paid without Council approval.
3. The Mayor entered into short-term financing agreements without a City Council approved ordinance as required by Ark. Code Ann. § 14-78-103.
4. The budget was not sufficiently detailed to determine if officials and employees were paid in accordance with the appropriation ordinance.

Treasurer/City Clerk

1. 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. Additionally, original cancelled checks were not returned with some bank statements.
2. Form 1099s again were not issued for any individual, unincorporated business or incorporated law firm paid in excess of \$600 per calendar year for services rendered in noncompliance with Internal Revenue Service regulations.
3. Documentation was not provided to evidence the City's bank accounts, certificates of deposit, and investments were adequately insured or collateralized.

The following information system weakness was discovered during a review of the Treasurer/City Clerk's computer system:

4. Password controls were not in place to secure access to the financial application, and to enforce segregation of duties within the system. These conditions increase the likelihood of gaining unauthorized access to entity resources and misappropriation or theft of funds.

Police Chief

1. A city police officer reported theft of a safe located in the Police Department, containing approximately \$25,000 of confiscated drug funds, a black Ruger assault rifle, and a black Smith and Wesson 357 revolver valued at \$600 and \$400, respectively, an unknown amount of illegal narcotics, and multiple brands of pre-paid cellular telephones in September 2008. As of report date, none of these items have been recovered. The case was investigated by the Arkansas State Police and a conclusion was not determined as to the disposition or custodian of these funds.

Police Chief (Continued)

2. Bond and Fine Fund disbursements again were signed by the Mayor and Treasurer or City Clerk rather than by the Police Chief and one other authorized person as required by Ark. Code Ann. § 16-10-204.

District Court Clerk

1. The District Court Clerk did not properly identify balances remaining in the various bank accounts in the amounts of \$248,342 in 2009 and \$236,892 in 2008, reconcile bank accounts, deposit receipts in a timely manner, maintain cash receipt and disbursement journals, and furnish the presiding judge a list of all unpaid time payment accounts for which a payment had not been received within the past 30 days as required by Ark. Code Ann. § 16-10-209. A similar finding was included in the prior year audit report.
2. Court Fund disbursements again were signed by the Mayor and Treasurer or City Clerk, rather than the District Court Clerk and one other person authorized by the District Judge as required by Ark. Code Ann. § 16-10-204.
3. All moneys collected were not properly receipted in accordance with Ark. Code Ann. § 16-10-209.

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
October 5, 2010

CITY OF HELENA-WEST HELENA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2009

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 224,938		\$ 4,333,140
Investments			79,717
Accounts receivable	468,222		178,488
Interfund receivables		\$ 1,184,796	118,964
TOTAL ASSETS	\$ 693,160	\$ 1,184,796	\$ 4,710,309
LIABILITIES AND FUND BALANCES			
Liabilities:			
Bank overdraft		\$ 20,784	
Accounts payable	\$ 975		\$ 25,703
Interfund payables	1,303,760		
Settlements pending			350,471
Total Liabilities	1,304,735	20,784	376,174
Fund Balances:			
Reserved (Note 9)		1,164,012	4,334,135
Unreserved:			
Undesignated	(611,575)		
Total Fund Balances	(611,575)	1,164,012	4,334,135
TOTAL LIABILITIES AND FUND BALANCES	\$ 693,160	\$ 1,184,796	\$ 4,710,309

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, 2009

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 214,989	\$ 708,638	\$ 241,784
Federal aid	4,166		130,000
Property taxes	334,736	99,451	79,474
Franchise fees	762,818		
Sales taxes	4,205,569		965,848
Fines, forfeitures, and costs	24,710		24,158
Interest	1,182	48	52,829
Local permits and fees	86,806		253,628
Sanitation fees	856,861		1,213,480
Dividends			1,289
Rent			66,542
Other	132,938	162,991	106,845
	<u>6,624,775</u>	<u>971,128</u>	<u>3,135,877</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	7,793,535		
Law enforcement	137,109		649,538
Highways and streets	148,146	336,381	
Public safety	776		1,147,861
Sanitation	1,100		465,519
Health	20,410		
Recreation and culture	2,121		322,541
Airport			232,791
Total Current	<u>8,103,197</u>	<u>336,381</u>	<u>2,818,250</u>
Debt Service:			
Bond principal			230,000
Bond interest and other charges			525,270
Note principal	69,394	33,022	6,042
Note interest	11,870	24,040	4,064
Lease principal			88,797
Lease interest			13,151
	<u>8,184,461</u>	<u>393,443</u>	<u>3,685,574</u>
TOTAL EXPENDITURES			

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,559,686)	\$ 577,685	\$ (549,697)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,196,029		1,293
Transfers out	(1,293)		(1,196,029)
Contribution from water department	72,618		
Gain on sale of investments			324,869
Note proceeds			22,829
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,267,354</u>		<u>(847,038)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(292,332)	577,685	(1,396,735)
FUND BALANCES - JANUARY 1	<u>(319,243)</u>	<u>586,327</u>	<u>5,730,870</u>
FUND BALANCES - DECEMBER 31	<u>\$ (611,575)</u>	<u>\$ 1,164,012</u>	<u>\$ 4,334,135</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, 2009

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 288,537	\$ 214,989	\$ (73,548)	\$ 713,718	\$ 708,638	\$ (5,080)
Federal aid		4,166	4,166			
Property taxes	300,000	334,736	34,736	50,000	99,451	49,451
Franchise fees	843,000	762,818	(80,182)			
Sales taxes	5,563,552	4,205,569	(1,357,983)			
Fines, forfeitures, and costs	40,000	24,710	(15,290)			
Interest		1,182	1,182		48	48
Local permits and fees	83,000	86,806	3,806			
Sanitation fees	1,450,000	856,861	(593,139)			
Rent	8,950		(8,950)			
Other	161,800	132,938	(28,862)	10,000	162,991	152,991
TOTAL REVENUES	8,738,839	6,624,775	(2,114,064)	773,718	971,128	197,410
EXPENDITURES						
Current:						
General government	3,736,984	7,793,535	(4,056,551)			
Law enforcement	2,157,482	137,109	2,020,373			
Highways and streets		148,146	(148,146)	868,360	336,381	531,979
Public safety	1,567,836	776	1,567,060			
Sanitation	875,672	1,100	874,572			
Health		20,410	(20,410)			
Recreation and culture	396,880	2,121	394,759			
Total Current	8,734,854	8,103,197	631,657	868,360	336,381	531,979
Debt Service:						
Note principal		69,394	(69,394)		33,022	(33,022)
Note interest		11,870	(11,870)		24,040	(24,040)
TOTAL EXPENDITURES	8,734,854	8,184,461	550,393	868,360	393,443	474,917

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, 2009

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,985	\$ (1,559,686)	\$ (1,563,671)	\$ (94,642)	\$ 577,685	\$ 672,327
OTHER FINANCING SOURCES (USES)						
Transfers in		1,196,029	1,196,029			
Transfers out		(1,293)	(1,293)			
Contribution from water department	120,000	72,618	(47,382)			
TOTAL OTHER FINANCING SOURCES (USES)	120,000	1,267,354	1,147,354			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	123,985	(292,332)	(416,317)	(94,642)	577,685	672,327
FUND BALANCES - JANUARY 1	511,809	(319,243)	(831,052)	585,442	586,327	885
FUND BALANCES - DECEMBER 31	\$ 635,794	\$ (611,575)	\$ (1,247,369)	\$ 490,800	\$ 1,164,012	\$ 673,212

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

CITY OF HELENA-WEST HELENA, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008

Exhibit A-1

	General	Street	Other Funds In The Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,962	\$ 33,132	\$ 4,497,481
Investments			1,241,298
Accounts receivable	728,038	886	181,245
Interfund receivables		978,282	57,269
	\$ 731,000	\$ 1,012,300	\$ 5,977,293
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,691		\$ 49,656
Interfund payables	1,035,551		
Settlements pending			325,657
Total Liabilities	1,050,242		375,313
Fund Balances:			
Reserved (Note 9)		\$ 1,012,300	5,601,980
Unreserved:			
Undesignated	(319,242)		
Total Fund Balances	(319,242)	1,012,300	5,601,980
TOTAL LIABILITIES AND FUND BALANCES	\$ 731,000	\$ 1,012,300	\$ 5,977,293

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, 2008

Exhibit B-1

	General	Street	Other Funds In The Aggregate
REVENUES			
State aid	\$ 291,771	\$ 685,145	\$ 153,570
Federal aid			13,184
Property taxes	367,457	101,503	81,126
Franchise fees	908,881		71,074
Sales taxes	4,529,495		900,537
Fines, forfeitures, and costs	34,909		32,566
Interest	3,826	41	75,056
Local permits and fees	133,779		303,590
Sanitation fees	1,156,738		949,613
Dividends			72,139
Payments in lieu of taxes			37,797
Rent			59,347
Donations			6,345
Other	896,888	376,399	68,980
	<u>8,323,744</u>	<u>1,163,088</u>	<u>2,824,924</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	8,480,079		11
Law enforcement	91,171		1,604,161
Highways and streets	7,431	546,221	
Public safety	4,844		344,223
Sanitation	41,849		1,062,413
Health	20,090		
Recreation and culture	1,678		273,139
Airport			159,197
Total Current	<u>8,647,142</u>	<u>546,221</u>	<u>3,443,144</u>
Debt Service:			
Bond principal			135,000
Bond interest and other charges			487,064
Note principal	47,228	51,221	8,243
Note interest	9,210	27,517	3,340
Lease principal			60,545
Lease interest			13,600
	<u>8,703,580</u>	<u>624,959</u>	<u>4,150,936</u>
TOTAL EXPENDITURES			

CITY OF HELENA-WEST HELENA, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Exhibit B-1

	<u>General</u>	<u>Street</u>	<u>Other Funds In The Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (379,836)</u>	<u>\$ 538,129</u>	<u>\$ (1,326,012)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	696,661	5,000	70,509
Transfers out	(64,000)		(708,170)
Gain on sale of investments			<u>657,016</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>632,661</u>	<u>5,000</u>	<u>19,355</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>252,825</u>	<u>543,129</u>	<u>(1,306,657)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	356,820	(9,362)	6,704,324
Restatement adjustment	<u>(817,729)</u>	<u>478,533</u>	
FUND BALANCES - JANUARY 1, AS RESTATED	<u>(572,067)</u>	<u>469,171</u>	<u>6,908,637</u>
FUND BALANCES - DECEMBER 31	<u>\$ (319,242)</u>	<u>\$ 1,012,300</u>	<u>\$ 5,601,980</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, 2008

Exhibit C-1

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 275,000	\$ 291,771	\$ 16,771	\$ 693,000	\$ 685,145	\$ (7,855)
Property taxes	300,000	367,457	67,457	75,000	101,503	26,503
Franchise fees	894,074	908,881	14,807			
Sales taxes	5,407,679	4,529,495	(878,184)			
Fines, forfeitures, and costs	40,000	34,909	(5,091)			
Interest		3,826	3,826		41	41
Local permits and fees	50,815	133,779	82,964			
Sanitation fees	1,443,000	1,156,738	(286,262)			
Other	226,550	896,888	670,338	1,000	376,399	375,399
TOTAL REVENUES	8,637,118	8,323,744	(313,374)	769,000	1,163,088	394,088
EXPENDITURES						
Current:						
General government	3,849,169	8,480,079	(4,630,910)			
Law enforcement	2,080,257	91,171	1,989,086			
Highways and streets		7,431	(7,431)	882,871	546,221	336,650
Public safety	1,549,481	4,844	1,544,637			
Sanitation	926,546	41,849	884,697			
Health		20,090	(20,090)			
Recreation and culture	412,851	1,678	411,173			
Total Current	8,818,304	8,647,142	171,162	882,871	546,221	336,650
Debt Service:						
Note principal		47,228	(47,228)		51,221	(51,221)
Note interest		9,210	(9,210)		27,517	(27,517)
TOTAL EXPENDITURES	8,818,304	8,703,580	114,724	882,871	624,959	257,912

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, 2008

Exhibit C-1

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (181,186)	\$ (379,836)	\$ (198,650)	\$ (113,871)	\$ 538,129	\$ 652,000
OTHER FINANCING SOURCES (USES)						
Transfers in		696,661	696,661	114,000	5,000	(109,000)
Transfers out		(64,000)	(64,000)			
TOTAL OTHER FINANCING SOURCES (USES)		632,661	632,661	114,000	5,000	(109,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(181,186)	252,825	434,011	129	543,129	543,000
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	300,000	356,820	56,820		(9,362)	(9,362)
Restatement adjustment		(817,729)	(817,729)		478,533	478,533
FUND BALANCES - JANUARY 1, AS RESTATED	300,000	(572,067)	(872,067)		469,171	469,171
FUND BALANCES - DECEMBER 31	\$ 118,814	\$ (319,242)	\$ (438,056)	\$ 129	\$ 1,012,300	\$ 1,012,171

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

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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 fund of the City is 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, Judge's and Clerk's Retirement, Criminal Justice, Fire Equipment and Training (Act 833), Intoximeter, Drug Control, Parade, River Park Project, Airport, Home Detention, Landfill, District Court Cost, Sales Tax, Court Probation, Community Center, Fire Department, Police Department, Park Commission, Tourism, Fire and Police Equipment Project, Payroll, K9, and Mid-Delta Community Consortium Grant.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Landfill Capital Projects Fund is reported with other funds in the aggregate.

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 Landfill Debt Service Fund is reported with other funds in the aggregate.

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: Fire Pension, Police Pension, Police Bond and Fine, District Court, and Administration of Justice.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

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.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law (Continued)

- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

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, Judge's and Clerk's Retirement, Criminal Justice, Fire Equipment and Training (Act 833), Intoximeter, Drug Control, Parade, River Park Project, Airport, Home Detention, District Court Cost, Sales Tax, Court Probation, Community Center, Fire Department, Police Department, Tourism, Fire and Police Equipment Project, Payroll, K9, and Mid-Delta Community Consortium Grant.

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. Pension Trust Funds

(1) Policemen's Pension

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.

(2) Firemen's Pension

State law provides that if the total assets of the firemen'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.

(3) Policemen's and Firemen's Pension Investments

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.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2009		December 31, 2008	
	Reported Amount	Fair Value	Reported Amount	Fair Value
Pension Trust	\$ 79,717	\$ 77,227	\$ 1,241,298	\$ 962,132

These investments are composed of the following:

	December 31, 2009		December 31, 2008	
	Reported Amount	Fair Value	Reported Amount	Fair Value
Common Stock			\$ 252,087	\$ 264,678
Mutual Funds	\$ 79,717	\$ 77,227	989,211	697,454
Totals	\$ 79,717	\$ 77,227	\$ 1,241,298	\$ 962,132

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2009 is composed of the following:

Description	General Fund	Other Funds in the Aggregate
State aid	\$ 4,108	
Sanitation fees	10,534	\$ 66,327
Interest	25	
Franchise fees	58,195	
Sales taxes	323,382	78,904
Local permits and fees		33,258
Fines, forfeitures, and costs	7,192	
Other	64,786	
Totals	\$ 468,222	\$ 178,488

The accounts receivable balance at December 31, 2008 is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid	\$ 50,299		
Interest	54		
Property taxes	25,952		
Franchise fees	113,402		
Local permits and fees			\$ 53,850
Sales taxes	398,826		77,376
Sanitation fees	71,795		50,019
Other	67,710	\$ 886	
Totals	\$ 728,038	\$ 886	\$ 181,245

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2009 is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Vendor payables	\$ 975	\$ 25,703

The accounts payable balance at December 31, 2008 is composed of the following:

Description	General Fund	Other Funds in the Aggregate
Vendor payables	\$ 14,691	\$ 49,656

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2009		December 31, 2008	
	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
General Street	\$ 1,184,796	\$ 1,303,760	\$ 978,282	\$ 1,035,551
Other Funds in the Aggregate				
Special Revenue:				
Home Detention	51		51	
District Court Cost	1,168		619	
Trust:				
Fire Pension	74,350		34,634	
Police Pension	43,395		21,965	
Totals	\$ 1,303,760	\$ 1,303,760	\$ 1,035,551	\$ 1,035,551

Interfund receivables and payables consist of errors in depositing restricted revenues and interfund loans. As of exit conference date, these balances have not been repaid.

NOTE 8: Legal Debt Limit

A. 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, 2009 and 2008, the legal debt limit for the bonded debt was \$13,734,323 and \$13,749,679, respectively. 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, 2009 and 2008, the legal debt limit for short-term financing obligations was \$3,433,581 and \$3,437,420, respectively. The amount of short-term financing obligations in 2009 and 2008 was \$542,886 and \$677,080, leaving a legal debt margin of \$2,890,695 and \$2,760,340, respectively.

CITY OF HELENA-WEST HELENA, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009 and 2008

NOTE 9: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2009	December 31, 2008
<u>Street</u>	\$ 1,164,012	\$ 1,012,300
<u>Other Funds in the Aggregate</u>		
Special Revenue Funds:		
Certified Local Government Grant	\$ 11,537	\$ 12,353
Judge's and Clerk's Retirement	15,775	15,482
Fire Equipment and Training (Act 833)	35,329	58,512
Intoximeter	647	699
Drug Control	1	1
Parade	2,021	2,421
River Park Project	435	435
Landfill	2,307,056	2,516,266
District Court Cost	6,121	15,458
Sales Tax	3,373	3,373
Court Probation	78,752	57,496
Community Center	1,503	36,212
Fire Department	4,103	3,216
Police Department	73,552	172
Tourism	254,483	261,198
Airport	148,335	151,368
Home Detention	122	166
K9		6,345
Mid-Delta Community Consortium	13,231	
Total Special Revenue	2,956,376	3,141,173
Debt Service Fund:		
Landfill	792,112	787,063
Trust Funds:		
Fire Pension	99,083	704,856
Police Pension	486,564	968,888
Total Trust	585,647	1,673,744
Total Other Funds in the Aggregate	\$ 4,334,135	\$ 5,601,980

NOTE 10: Deficit Fund Balances

The following fund has deficit fund balances as of December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
General Fund	\$ (611,575)	\$ (319,242)

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 11: Commitments

Total commitments consist of the following at December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
Long-term liabilities	\$ 13,301,411	\$ 13,678,957
Construction contract	202,822	240,872
Total Commitments	\$ 13,504,233	\$ 13,919,829

Long-Term Liabilities

Long-term liabilities at December 31, 2009 and 2008 are comprised of the following:

	December 31, 2009	December 31, 2008
Estimated liability for landfill closure and postclosure care costs.	\$ 1,852,957	\$ 1,836,195
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.	520,000	750,000
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	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.	488,291	526,234
Note Payable - Airport with Southern Bancorp, 60 monthly installments of \$965.28 with an interest rate of 6% until October 2010 with balloon payment due October 5, 2010. Payments are to be made from the Airport Fund.		51,162
Note Payable - Airport with Southern Bancorp, 18 monthly installments of \$801.16 with an interest rate of 6% until October 2010 with balloon payment due October 5, 2010. Payments are to be made from the Airport Fund.	67,949	
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.	19,007	36,989
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%	27,413	37,261
Note Payable - Deere Credit, Inc., monthly payment of \$1,389.36 through May 2012; interest rate of 4.95%. Payments are made from the General Fund.	37,238	47,904

CITY OF HELENA-WEST HELENA, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009 and 2008

NOTE 11: Commitments (Continued)

Long-Term Liabilities (Continued)

	December 31, 2009	December 31, 2008
Note payable - Scott Financial Services, monthly payment of \$1,240 through March 31, 2011. Interest rate of 6.25%, payments are to be made through the General Fund.	\$ 25,869	\$ 34,390
Note payable - Scott Financial Services, monthly payment of \$1,158.29 through November 15, 2011. Payments are to be made through the General Fund.	29,130	38,895
Lease - BancorpSouth Equipment Finance, down payment of \$300,000, monthly payment of \$9,268.04, matures January 25, 2013. Payments are made from the Landfill Fund. Interest rate of 4.39%.	336,280	430,479
Arkansas District Judge Retirement System Unfunded Liability. Twenty five years remaining on unfunded liability. Annual payments are to be made from the Judge's and Clerk's Retirement Fund.	137,277	129,448
Total Long-term liabilities	\$ 13,301,411	\$ 13,678,957

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

Compensated Absences

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

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2009:

Years Ending December 31,	Bonds	Notes	Leases	Total
2010	\$ 741,715	\$ 234,232	\$ 129,753	\$ 1,105,700
2011	745,690	113,618	111,216	970,524
2012	753,990	85,962	111,216	951,168
2013	756,788	80,983	9,268	847,039
2014	758,808	78,105		836,913
2015 through 2019	3,782,330	217,799		4,000,129
2020 through 2024	3,795,285			3,795,285
2025 through 2029	3,794,750			3,794,750
2030 through 2032	2,269,250			2,269,250
Total Obligations	17,398,605	810,699	361,453	18,570,757
Less Interest	7,118,605	115,802	25,173	7,259,580
Total Principal	\$ 10,280,000	\$ 694,897	\$ 336,280	\$ 11,311,177

CITY OF HELENA-WEST HELENA, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009 and 2008

NOTE 11: Commitments (Continued)

Debt Service Requirements to Maturity (Continued)

The City is obligated for the following amounts at December 31, 2008:

Years Ending December 31,	Bonds	Notes	Leases	Total
2009	\$ 737,065	\$ 171,127	\$ 129,753	\$ 1,037,945
2010	741,715	184,470	157,557	1,083,742
2011	745,690	113,618	111,216	970,524
2012	753,990	85,962	111,216	951,168
2013	756,788	80,983	9,268	847,039
2014 through 2018	3,784,073	295,904		4,079,977
2019 through 2023	3,792,850			3,792,850
2024 through 2028	3,795,000			3,795,000
2029 through 2032	3,028,500			3,028,500
Total Obligations	18,135,670	932,064	519,011	19,586,745
Less Interest	7,625,670	159,229	88,532	7873431
Total Principal	<u>\$ 10,510,000</u>	<u>\$ 772,835</u>	<u>\$ 430,479</u>	<u>\$ 11,713,314</u>

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2009 and 2008:

Project Name	Estimated Completion Date	Contract Balance December 31, 2009	Contract Balance December 31, 2008
Landfill Recertification	2011	<u>\$ 202,822</u>	<u>\$ 240,872</u>

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City of Helena-West Helena place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after 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 the landfill capacity as of the balance sheet date. The estimated liability for landfill closure and postclosure care costs has a balance of \$1,852,957 as of December 31, 2009, and \$1,836,195, as of December 31, 2008, which is based on the use of 33 percent and 31 percent, respectively, of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure in 2009. At the present utilization rate, the landfill site life is estimated to exhaust in 43.6 years from the balance sheet date. The site life has been extended considerably due to the purchase of a landfill compactor in 2008 and the use of tarps as an alternative daily cover. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City is required by Ark. Code Ann. §§ 8-6-1602, 8-6-1603 to establish financial assurance for the cost of closure and postclosure care in compliance with state regulations and the solid waste permit. The City is in compliance with these requirements.

NOTE 12: Interfund Transfers

In 2009, the General Fund transferred \$1,293 to Other Funds in the Aggregate for reimbursement of various expenses. Other Funds in the Aggregate transferred \$1,196,029 to the General Fund for reimbursement of various expenses and operations. In 2008, the General Fund transferred \$59,000 to Other Funds in the Aggregate and \$5,000 to the Street Fund for reimbursement of various expenses. Other Funds in the Aggregate transferred \$696,661 to the General Fund for operations and \$11,509 within Other Funds in the Aggregate from Landfill Capital Projects Fund to Landfill Fund.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 13: Prior Year Restatement

The January 1, 2008 fund balances for the General and Street Funds were restated in the amounts of \$817,729 and \$478,533 for the net effect of recognizing prior year receivables and payables.

NOTE 14: 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.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 14: Risk Management (Continued)

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.

NOTE 15: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen 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 not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable.

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.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

**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.

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: Pledged Revenues – Sales and Use Taxes

The City has 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 \$7,082,155, respectively, for 2009, and \$9,760,000 and \$7,555,470, respectively, for 2008, payable through July 1, 2032. For 2009, no principal and \$473,315 of interest was paid. For 2008, no principal and \$433,872 of interest was paid.

CITY OF HELENA-WEST HELENA, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

NOTE 19: Pledged Revenues – Sales and Use Taxes (Continued)

The City has 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 \$520,000 and \$36,450, respectively for 2009, and \$750,000 and \$70,200, respectively for 2008, payable through July 1, 2012. For 2009, principal and interest paid were \$230,000 and \$33,750, respectively. For 2008, \$135,000 principal and \$46,647 of interest were paid.

The City received \$3,149,803 and \$2,685,657 in 2009 and 2008, respectively, in sales and use taxes pledged to repay the bond issues. Any sales taxes collected in excess of the debt service payments on these bond issues is permitted to be used for other city expenditures.

NOTE 20: Subsequent Events

Prosecuting Attorney Fletcher Long filed charges against City Treasurer Michael Boone on June 24, 2010. The charge of malfeasance in office in violation of Arkansas Municipal Accounting Law was accompanied by a civil suit for accepting improper disbursement of travel expenses. The criminal and civil cases have been continued to November 29, 2010.

On August 6, 2010, the Helena-West Helena airport suffered extensive fire damage caused by numerous lightning strikes. Monetary value of the damage has not been determined.

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

	SPECIAL REVENUE FUNDS								
	Certified Local Government Grant	Judge's and Clerk's Retirement	Fire Equipment and Training (Act 833)	Intoximeter	Drug Control	Parade	River Park Project	Airport	Home Detention
ASSETS									
Cash and cash equivalents	\$ 11,537	\$ 15,775	\$ 35,329	\$ 647	\$ 1	\$ 2,021	\$ 435	\$ 148,335	\$ 71
Investments									
Accounts receivable									
Interfund receivables									51
TOTAL ASSETS	<u>\$ 11,537</u>	<u>\$ 15,775</u>	<u>\$ 35,329</u>	<u>\$ 647</u>	<u>\$ 1</u>	<u>\$ 2,021</u>	<u>\$ 435</u>	<u>\$ 148,335</u>	<u>\$ 122</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									
Settlements pending									
Total Liabilities									
Fund Balances:									
Reserved	\$ 11,537	\$ 15,775	\$ 35,329	\$ 647	\$ 1	\$ 2,021	\$ 435	\$ 148,335	\$ 122
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,537</u>	<u>\$ 15,775</u>	<u>\$ 35,329</u>	<u>\$ 647</u>	<u>\$ 1</u>	<u>\$ 2,021</u>	<u>\$ 435</u>	<u>\$ 148,335</u>	<u>\$ 122</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

SPECIAL REVENUE FUNDS									
	Landfill	District Court Cost	Sales Tax	Court Probation	Community Center	Fire Department	Police Department	Tourism	Mid-Delta Community Consortium Grant
ASSETS									
Cash and cash equivalents	\$ 2,184,494	\$ 4,953	\$ 3,373	\$ 78,752	\$ 1,503	\$ 4,103	\$ 73,552	\$ 224,260	\$ 13,231
Investments									
Accounts receivable	145,230							33,258	
Interfund receivables		1,168							
TOTAL ASSETS	<u>\$ 2,329,724</u>	<u>\$ 6,121</u>	<u>\$ 3,373</u>	<u>\$ 78,752</u>	<u>\$ 1,503</u>	<u>\$ 4,103</u>	<u>\$ 73,552</u>	<u>\$ 257,518</u>	<u>\$ 13,231</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 22,668							\$ 3,035	
Settlements pending									
Total Liabilities	<u>22,668</u>							<u>3,035</u>	
Fund Balances:									
Reserved	2,307,056	\$ 6,121	\$ 3,373	\$ 78,752	\$ 1,503	\$ 4,103	\$ 73,552	254,483	\$ 13,231
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,329,724</u>	<u>\$ 6,121</u>	<u>\$ 3,373</u>	<u>\$ 78,752</u>	<u>\$ 1,503</u>	<u>\$ 4,103</u>	<u>\$ 73,552</u>	<u>\$ 257,518</u>	<u>\$ 13,231</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2009

Schedule 1

	DEBT SERVICE FUND	TRUST FUNDS		AGENCY FUNDS			Totals
	Landfill Debt Service	Fire Pension	Police Pension	Police Bond and Fine	District Court	Administration of Justice	
ASSETS							
Cash and cash equivalents	\$ 792,112	\$ 24,733	\$ 363,452	\$ 7,573	\$ 248,342	\$ 94,556	\$ 4,333,140
Investments			79,717				79,717
Accounts receivable							178,488
Interfund receivables		74,350	43,395				118,964
TOTAL ASSETS	<u>\$ 792,112</u>	<u>\$ 99,083</u>	<u>\$ 486,564</u>	<u>\$ 7,573</u>	<u>\$ 248,342</u>	<u>\$ 94,556</u>	<u>\$ 4,710,309</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 25,703
Settlements pending				\$ 7,573	\$ 248,342	\$ 94,556	350,471
Total Liabilities				<u>7,573</u>	<u>248,342</u>	<u>94,556</u>	<u>376,174</u>
Fund Balances:							
Reserved	\$ 792,112	\$ 99,083	\$ 486,564				4,334,135
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 792,112</u>	<u>\$ 99,083</u>	<u>\$ 486,564</u>	<u>\$ 7,573</u>	<u>\$ 248,342</u>	<u>\$ 94,556</u>	<u>\$ 4,710,309</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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS							
	Certified Local Government Grant	Judge's and Clerk's Retirement	Fire Equipment and Training (Act 833)	Intoximeter	Drug Control	Parade	River Park Project	Airport
REVENUES								
State aid	\$ 7,600		\$ 75,744					
Federal aid								\$ 17,000
Property taxes								
Sales taxes								
Fines, forfeitures, and costs								
Interest		\$ 292	57	\$ 2				4,604
Local permits and fees								
Sanitation fees								
Dividends								
Rent								66,542
Other								
TOTAL REVENUES	7,600	292	75,801	2				88,146
EXPENDITURES								
Current:								
Law enforcement				54				
Public safety			98,984					
Sanitation								
Recreation and culture	8,416					\$ 400		
Airport								232,791
Total Current	8,416		98,984	54		400		232,791
Debt Service:								
Bond principal								
Bond interest and other charges								
Note principal								6,042
Note interest								4,064
Lease principal								
Lease interest								
TOTAL EXPENDITURES	8,416		98,984	54		400		242,897

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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS							
	Certified Local Government Grant	Judge's and Clerk's Retirement	Fire Equipment and Training (Act 833)	Intoximeter	Drug Control	Parade	River Park Project	Airport
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (816)	\$ 292	\$ (23,183)	\$ (52)		\$ (400)		\$ (154,751)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out								
Gain on sale of investments								
Note proceeds								22,829
TOTAL OTHER FINANCING SOURCES (USES)								22,829
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(816)	292	(23,183)	(52)		(400)		(131,922)
FUND BALANCES - JANUARY 1	12,353	15,483	58,512	699	\$ 1	2,421	\$ 435	280,257
FUND BALANCES - DECEMBER 31	\$ 11,537	\$ 15,775	\$ 35,329	\$ 647	\$ 1	\$ 2,021	\$ 435	\$ 148,335

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, 2009

Schedule 2

SPECIAL REVENUE FUNDS								
	Home Detention	Landfill	District Court Cost	Sales Tax	Court Probation	Community Center	Fire Department	Police Department
REVENUES								
State aid							\$ 64,000	\$ 69,704
Federal aid								113,000
Property taxes								
Sales taxes		\$ 965,848						
Fines, forfeitures, and costs			\$ 24,158					
Interest		28,278	17		\$ 156		27	8
Local permits and fees								
Sanitation fees		1,213,480						
Dividends								
Rent								
Other		34,867			21,100	\$ 20,000		30,878
TOTAL REVENUES		2,242,473	24,175		21,256	20,000	64,027	213,590
EXPENDITURES								
Current:								
Law enforcement	\$ 44		33,511					84,106
Public safety							63,140	
Sanitation		465,519						
Recreation and culture						55,710		
Airport								
Total Current	44	465,519	33,511			55,710	63,140	84,106
Debt Service:								
Bond principal		230,000						
Bond interest and other charges		525,270						
Note principal								
Note interest								
Lease principal		88,797						
Lease interest		13,151						
TOTAL EXPENDITURES	44	1,322,737	33,511			55,710	63,140	84,106

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, 2009

Schedule 2

SPECIAL REVENUE FUNDS								
	Home Detention	Landfill	District Court Cost	Sales Tax	Court Probation	Community Center	Fire Department	Police Department
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (44)	\$ 919,736	\$ (9,336)		\$ 21,256	\$ (35,710)	\$ 887	\$ 129,484
OTHER FINANCING SOURCES (USES)								
Transfers in						1,000		100
Transfers out		(1,128,946)						(56,204)
Gain on sale of investments								
Note proceeds								
TOTAL OTHER FINANCING SOURCES (USES)		(1,128,946)				1,000		(56,104)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(44)	(209,210)	(9,336)		21,256	(34,710)	887	73,380
FUND BALANCES - JANUARY 1	166	2,516,266	15,457	\$ 3,373	57,496	36,213	3,216	172
FUND BALANCES - DECEMBER 31	\$ 122	\$ 2,307,056	\$ 6,121	\$ 3,373	\$ 78,752	\$ 1,503	\$ 4,103	\$ 73,552

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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	TRUST FUNDS		Totals
	Tourism	K9	Mid-Delta Community Consortium Grant	Landfill Debt Service	Fire Pension	Police Pension	
REVENUES							
State aid			\$ 13,200			\$ 11,536	\$ 241,784
Federal aid							130,000
Property taxes					\$ 48,713	30,761	79,474
Sales taxes							965,848
Fines, forfeitures, and costs							24,158
Interest	\$ 2,013		31	\$ 3,760	6,383	7,201	52,829
Local permits and fees	253,628						253,628
Sanitation fees							1,213,480
Dividends				1,289			1,289
Rent							66,542
Other							106,845
TOTAL REVENUES	255,641		13,231	5,049	55,096	49,498	3,135,877
EXPENDITURES							
Current:							
Law enforcement						531,823	649,538
Public safety					985,737		1,147,861
Sanitation							465,519
Recreation and culture	258,015						322,541
Airport							232,791
Total Current	258,015				985,737	531,823	2,818,250
Debt Service:							
Bond principal							230,000
Bond interest and other charges							525,270
Note principal							6,042
Note interest							4,064
Lease principal							88,797
Lease interest							13,151
TOTAL EXPENDITURES	258,015				985,737	531,823	3,685,574

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, 2009

Schedule 2

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	TRUST FUNDS		Totals
	Tourism	K9	Mid-Delta Community Consortium Grant	Landfill Debt Service	Fire Pension	Police Pension	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,374)</u>		<u>\$ 13,231</u>	<u>\$ 5,049</u>	<u>\$ (930,641)</u>	<u>\$ (482,325)</u>	<u>\$ (549,697)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	193						1,293
Transfers out	(4,534)	\$ (6,345)					(1,196,029)
Gain on sale of investments					324,869		324,869
Note proceeds							22,829
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,341)</u>	<u>(6,345)</u>			<u>324,869</u>		<u>(847,038)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(6,715)	(6,345)	13,231	5,049	(605,772)	(482,325)	(1,396,735)
FUND BALANCES - JANUARY 1	<u>261,198</u>	<u>6,345</u>		<u>787,063</u>	<u>704,855</u>	<u>968,889</u>	<u>5,730,870</u>
FUND BALANCES - DECEMBER 31	<u>\$ 254,483</u>	<u>\$ 0</u>	<u>\$ 13,231</u>	<u>\$ 792,112</u>	<u>\$ 99,083</u>	<u>\$ 486,564</u>	<u>\$ 4,334,135</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2008

Schedule 3

SPECIAL REVENUE FUNDS									
	Certified Local Government Grant	Judge's and Clerk's Retirement	Fire Equipment and Training (Act 833)	Intoximeter	Drug Control	Parade	River Park Project	Airport	Home Detention
ASSETS									
Cash and cash equivalents	\$ 12,353	\$ 15,482	\$ 58,512	\$ 699	\$ 1	\$ 2,421	\$ 435	\$ 151,368	\$ 115
Investments									
Accounts receivable									
Interfund receivables									51
TOTAL ASSETS	<u>\$ 12,353</u>	<u>\$ 15,482</u>	<u>\$ 58,512</u>	<u>\$ 699</u>	<u>\$ 1</u>	<u>\$ 2,421</u>	<u>\$ 435</u>	<u>\$ 151,368</u>	<u>\$ 166</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									
Settlements pending									
Total Liabilities									
Fund Balances:									
Reserved	\$ 12,353	\$ 15,482	\$ 58,512	\$ 699	\$ 1	\$ 2,421	\$ 435	\$ 151,368	\$ 166
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,353</u>	<u>\$ 15,482</u>	<u>\$ 58,512</u>	<u>\$ 699</u>	<u>\$ 1</u>	<u>\$ 2,421</u>	<u>\$ 435</u>	<u>\$ 151,368</u>	<u>\$ 166</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2008

Schedule 3

SPECIAL REVENUE FUNDS

	Landfill	District Court Cost	Sales Tax	Court Probation	Community Center	Fire Department	Police Department	Tourism	K9
ASSETS									
Cash and cash equivalents	\$ 2,437,445	\$ 14,839	\$ 3,373	\$ 57,496	\$ 36,212	\$ 3,216	\$ 172	\$ 208,430	\$ 6,345
Investments									
Accounts receivable	127,395							53,850	
Interfund receivables		619							
TOTAL ASSETS	<u>\$ 2,564,840</u>	<u>\$ 15,458</u>	<u>\$ 3,373</u>	<u>\$ 57,496</u>	<u>\$ 36,212</u>	<u>\$ 3,216</u>	<u>\$ 172</u>	<u>\$ 262,280</u>	<u>\$ 6,345</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 48,574							\$ 1,082	
Settlements pending									
Total Liabilities	<u>48,574</u>							<u>1,082</u>	
Fund Balances:									
Reserved	2,516,266	\$ 15,458	\$ 3,373	\$ 57,496	\$ 36,212	\$ 3,216	\$ 172	261,198	\$ 6,345
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,564,840</u>	<u>\$ 15,458</u>	<u>\$ 3,373</u>	<u>\$ 57,496</u>	<u>\$ 36,212</u>	<u>\$ 3,216</u>	<u>\$ 172</u>	<u>\$ 262,280</u>	<u>\$ 6,345</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2008

Schedule 3

	DEBT SERVICE FUND	TRUST FUNDS		AGENCY FUNDS			Totals
	Landfill Debt Service	Fire Pension	Police Pension	Police Bond and Fine	District Court	Administration of Justice	
ASSETS							
Cash and cash equivalents	\$ 787,063	\$ 133,225	\$ 242,622	\$ 1,543	\$ 236,892	\$ 87,222	\$ 4,497,481
Investments		536,997	704,301				1,241,298
Accounts receivable							181,245
Interfund receivables		34,634	21,965				57,269
TOTAL ASSETS	<u>\$ 787,063</u>	<u>\$ 704,856</u>	<u>\$ 968,888</u>	<u>\$ 1,543</u>	<u>\$ 236,892</u>	<u>\$ 87,222</u>	<u>\$ 5,977,293</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 49,656
Settlements pending				\$ 1,543	\$ 236,892	\$ 87,222	325,657
Total Liabilities				<u>1,543</u>	<u>236,892</u>	<u>87,222</u>	<u>375,313</u>
Fund Balances:							
Reserved	\$ 787,063	\$ 704,856	\$ 968,888				5,601,980
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 787,063</u>	<u>\$ 704,856</u>	<u>\$ 968,888</u>	<u>\$ 1,543</u>	<u>\$ 236,892</u>	<u>\$ 87,222</u>	<u>\$ 5,977,293</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, 2008

Schedule 4

SPECIAL REVENUE FUNDS									
	Certified Local Government Grant	Judge's and Clerk's Retirement	Criminal Justice	Fire Equipment and Training (Act 833)	Intoximeter	Drug Control	Parade	River Park Project	Airport
REVENUES									
State aid	\$ 42,100			\$ 84,298					
Federal aid									\$ 13,184
Property taxes									
Franchise fees									
Sales taxes									
Fines, forfeitures, and costs									
Interest		\$ 564		111	\$ 2	\$ 15			4,428
Local permits and fees									
Sanitation fees									
Dividends									
Payments in lieu of taxes									
Rent									59,347
Donations									
Other		1,180	\$ 1,332	13,133	52				
TOTAL REVENUES	42,100	1,744	1,332	97,542	54	15			76,959
EXPENDITURES									
Current:									
General government									
Law enforcement			2,650			3,250			
Public safety				46,269					
Sanitation									
Recreation and culture	37,626						\$ 2,013		
Airport									159,197
Total Current	37,626		2,650	46,269		3,250	2,013		159,197
Debt Service:									
Bond principal									
Bond interest and other charges									
Note principal									8,243
Note interest									3,340
Lease principal									
Lease interest									
TOTAL EXPENDITURES	37,626		2,650	46,269		3,250	2,013		170,780

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, 2008

Schedule 4

SPECIAL REVENUE FUNDS									
	Certified Local Government Grant	Judge's and Clerk's Retirement	Criminal Justice	Fire Equipment and Training (Act 833)	Intoximeter	Drug Control	Parade	River Park Project	Airport
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 4,474	\$ 1,744	\$ (1,318)	\$ 51,273	\$ 54	\$ (3,235)	\$ (2,013)		\$ (93,821)
OTHER FINANCING SOURCES (USES)									
Transfers in				1,426		17,000	3,900		
Transfers out		(12,641)	(11,658)		(54)	(15,487)	(376)		
Gain on sale of investments									
TOTAL OTHER FINANCING SOURCES (USES)		(12,641)	(11,658)	1,426	(54)	1,513	3,524		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,474	(10,897)	(12,976)	52,699		(1,722)	1,511		(93,821)
FUND BALANCES - JANUARY 1	7,879	26,379	12,976	5,813	699	1,723	910	\$ 435	245,189
FUND BALANCES - DECEMBER 31	<u>\$ 12,353</u>	<u>\$ 15,482</u>	<u>\$ 0</u>	<u>\$ 58,512</u>	<u>\$ 699</u>	<u>\$ 1</u>	<u>\$ 2,421</u>	<u>\$ 435</u>	<u>\$ 151,368</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, 2008

Schedule 4

SPECIAL REVENUE FUNDS									
	Home Detention	Landfill	District Court Cost	Sales Tax	Court Probation	Community Center	Fire Department	Police Department	Park Commission
REVENUES									
State aid									
Federal aid									
Property taxes									
Franchise fees		\$ 71,074							
Sales taxes		900,537							
Fines, forfeitures, and costs			\$ 32,566						
Interest		48,119	34		\$ 131	\$ 36	\$ 42		\$ 27
Local permits and fees									
Sanitation fees		949,613							
Dividends		4,501							
Payments in lieu of taxes		37,797							
Rent									
Donations									
Other		187			18,951	7,096			27,049
TOTAL REVENUES		2,011,828	32,600		19,082	7,132	42		27,076
EXPENDITURES									
Current:									
General government									
Law enforcement	\$ 35		37,395						
Public safety							44		
Sanitation		533,514							
Recreation and culture						252			19,620
Airport									
Total Current	35	533,514	37,395			252	44		19,620
Debt Service:									
Bond principal		135,000							
Bond interest and other charges		487,064							
Note principal									
Note interest									
Lease principal		60,545							
Lease interest		13,600							
TOTAL EXPENDITURES	35	1,229,723	37,395			252	44		19,620

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, 2008

Schedule 4

SPECIAL REVENUE FUNDS									
	Home Detention	Landfill	District Court Cost	Sales Tax	Court Probation	Community Center	Fire Department	Police Department	Park Commission
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (35)	\$ 782,105	\$ (4,795)		\$ 19,082	\$ 6,880	\$ (2)		\$ 7,456
OTHER FINANCING SOURCES (USES)									
Transfers in		11,509				36,209			465
Transfers out		(605,674)	(1,016)			(5,323)	(40)		(13,152)
Gain on sale of investments									
TOTAL OTHER FINANCING SOURCES (USES)		(594,165)	(1,016)			30,886	(40)		(12,687)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(35)	187,940	(5,811)		19,082	37,766	(42)		(5,231)
FUND BALANCES - JANUARY 1	201	2,328,326	21,269	\$ 3,373	38,414	(1,554)	3,258	\$ 172	5,231
FUND BALANCES - DECEMBER 31	\$ 166	\$ 2,516,266	\$ 15,458	\$ 3,373	\$ 57,496	\$ 36,212	\$ 3,216	\$ 172	\$ 0

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, 2008

Schedule 4

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUNDS		Totals
	Tourism	Fire and Police Equipment Project	Payroll	K9	Landfill Capital Project	Landfill Debt Service	Fire Pension	Police Pension	
REVENUES									
State aid							\$ 27,172		\$ 153,570
Federal aid									13,184
Property taxes							49,712	\$ 31,414	81,126
Franchise fees									71,074
Sales taxes									900,537
Fines, forfeitures, and costs									32,566
Interest	\$ 2,846						16,342	2,359	75,056
Local permits and fees	303,590								303,590
Sanitation fees									949,613
Dividends					\$ 5,733	\$ 18,191		43,714	72,139
Payments in lieu of taxes									37,797
Rent									59,347
Donations				\$ 6,345					6,345
Other									68,980
TOTAL REVENUES	306,436			6,345	5,733	18,191	93,226	77,487	2,824,924
EXPENDITURES									
Current:									
General government			\$ 11						11
Law enforcement								1,560,831	1,604,161
Public safety							297,910		344,223
Sanitation					528,899				1,062,413
Recreation and culture	213,628								273,139
Airport									159,197
Total Current	213,628		11		528,899		297,910	1,560,831	3,443,144
Debt Service:									
Bond principal									135,000
Bond interest and other charges									487,064
Note principal									8,243
Note interest									3,340
Lease principal									60,545
Lease interest									13,600
TOTAL EXPENDITURES	213,628		11		528,899		297,910	1,560,831	4,150,936

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, 2008

Schedule 4

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TRUST FUNDS		Totals
	Tourism	Fire and Police Equipment Project	Payroll	K9	Landfill Capital Project	Landfill Debt Service	Fire Pension	Police Pension	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 92,808		\$ (11)	\$ 6,345	\$ (523,166)	\$ 18,191	\$ (204,684)	\$ (1,483,344)	\$ (1,326,012)
OTHER FINANCING SOURCES (USES)									
Transfers in									70,509
Transfers out		\$ (31,240)			(11,509)				(708,170)
Gain on sale of investments							133,000	524,016	657,016
TOTAL OTHER FINANCING SOURCES (USES)		(31,240)			(11,509)		133,000	524,016	19,355
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	92,808	(31,240)	(11)	6,345	(534,675)	18,191	(71,684)	(959,328)	(1,306,657)
FUND BALANCES - JANUARY 1	168,390	31,240	11	0	534,675	768,872	776,540	1,928,216	6,908,637
FUND BALANCES - DECEMBER 31	\$ 261,198	\$ 0	\$ 0	\$ 6,345	\$ 0	\$ 787,063	\$ 704,856	\$ 968,888	\$ 5,601,980

CITY OF HELENA-WEST HELENA, ARKANSAS
 NOTES TO SCHEDULES 1 THROUGH 4
 DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
Certified Local Government Grant	Established fund to receive federal grants to be used for the promotion of downtown Helena.
Judge's and Clerk's 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.
Criminal Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court cost and filing fees to be used to defray a part of the expenses of the administration of justice in the city.
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.
Intoximeter	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.
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.
Landfill	Established fund to receive and disburse monies designated for the operation and maintenance of 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.
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.
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.
Park Commission	Established fund to receive and disburse monies designated for the operation and maintenance of the City Parks, including the City Golf Course and City Pool.
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.

CITY OF HELENA-WEST HELENA, ARKANSAS
 NOTES TO SCHEDULES 1 THROUGH 4
 DECEMBER 31, 2009

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

<u>Fund Name</u>	<u>Fund Description</u>
Fire and Police Equipment Project	Established fund to receive grant funds to purchase fire and police equipment.
Payroll	Established fund to centralize the collection and payment of payroll taxes. No longer utilized as a Payroll Fund.
K9	Established fund to maintain program for training and utilizing dogs in drug control.
Mid-Delta Community Consortium Grant	Established fund to receive grant funds to support Mid Delta Community Services.
Landfill Capital Project	Established for the purpose of purchasing and installing the project, improving Landfill to re-establish certification and compliance with ADEQ.
Landfill Debt Service	Established by Helena-West Helena Ord. no. 21-2007 (July 24, 2007) for the purpose of providing a reserve for payment of principal and interest on the bonds associated with Landfill.
Fire 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.
Police 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 cost 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, 2009 AND 2008
(Unaudited)

Schedule 5

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Land	\$ 69,956	\$ 69,956
Buildings	13,768,975	13,768,975
Equipment	<u>2,770,981</u>	<u>3,482,371</u>
Total	<u>\$16,609,912</u>	<u>\$17,321,302</u>

CITY OF HELENA-WEST HELENA, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FOUR YEARS - REGULATORY BASIS
 DECEMBER 31, 2009
 (Unaudited)

Schedule 6

<u>General</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Assets	\$ 693,160	\$ 731,000	\$ 356,820	\$ 71,962
Total Liabilities	1,304,735	1,050,242		
Total Fund Balances	(611,575)	(319,242)	356,820	71,962
Total Revenues	6,624,775	8,323,744	5,957,583	6,753,751
Total Expenditures	8,184,461	8,703,580	7,380,128	6,924,202
<u>Street</u>				
Total Assets	\$ 1,184,796	\$ 1,012,300	\$ (9,362)	\$ 64,235
Total Liabilities	20,784			
Total Fund Balances	1,164,012	1,012,300	(9,362)	64,235
Total Revenues	971,128	1,163,088	85,130	481,582
Total Expenditures	393,443	624,959	271,059	483,705
<u>Other Funds in the Aggregate</u>				
Total Assets	\$ 4,710,309	\$ 5,977,293	\$ 6,872,448	\$ 8,661,138
Total Liabilities	376,174	375,313	168,124	152,652
Total Fund Balances	4,334,135	5,601,980	6,704,324	8,508,486
Total Revenues	3,135,877	2,824,924	5,415,838	2,049,038
Total Expenditures	3,685,574	4,150,936	16,063,527	6,660,798

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