

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

December 31, 2014

LEGISLATIVE JOINT AUDITING COMMITTEE



CARROLL COUNTY, ARKANSAS
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Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Carroll County, Arkansas, as of and for the year ended December 31, 2014, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Carroll County, Arkansas, as of December 31, 2014, or the revenues, expenditures, and changes in net position and where applicable, cash flows, thereof for the year then ended.

Basis for Qualified Opinions on Regulatory Basis of Accounting

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

Qualified Opinions on Regulatory Basis of Accounting

In our opinion, except for the omission of the information described in the "Basis for Qualified Opinions on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Carroll County, Arkansas, as of December 31, 2014, and the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and road fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Supplementary and Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the omission of the information described above, the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
January 7, 2016
LOCO00814

Arkansas

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Sen. Linda Chesterfield
Senate Vice Chair



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, COMPLIANCE AND OTHER MATTERS, AND OTHER ISSUES BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Carroll County, Arkansas, as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2016. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control 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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

2014-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The County officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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

2014-2 Arkansas Code requires County Management to maintain financial records. The financial records contained errors that are considered material as enumerated below:

Other Funds in the Aggregate financial records contained misstatements for revenues and expenditures of \$364,810 due to failure to record revenues and expenditures for a grant received and a debt service payment.

The effect of these misstatements constitutes a significant control deficiency in the process of preparing financial statements. The County Airport Commission should implement procedures to ensure that transactions are properly recorded.

The Airport Manager concurred with the finding and has approved the appropriate entries to the financial records.

Compliance and Other Matters

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

Entity's Response to Findings

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

Other Issues

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

The commentary contained in this section relates to the following officials that held office during 2014:

County Judge: Sam Barr
Treasurer: Cindy Collins
Sheriff: Robert Grudek
Tax Collector: Kay Phillips
County Clerk: Jamie Correia
Circuit Clerk: Ramona Wilson
County Librarians: Mark Schuster and Tiffany Newton
District Court Clerk: Betty Neal
Airport Manager: Dana Serrano

Our audit procedures indicated that the offices of **County Judge, Treasurer, Sheriff, Tax Collector, County Clerk, Circuit Clerk, County Librarians, and District Court Clerk** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office of **Airport Manager**.

Airport Manager

1. The Airport had a negative fund balance of \$18,980 at year-end. A similar finding was issued in the previous report.
2. Bank reconciliations were not prepared for any of the Airport accounts, as required by Ark. Code Ann. § 14-25-107. A similar finding was issued in the previous report.
3. Receipts were not issued for monies received by the Airport, as required by Ark. Code Ann. § 14-25-108. A similar finding was issued in the previous report.
4. Internal Revenue Service (IRS) Forms 1099-MISC and 1096 were not issued or reported to the IRS for a contractor totaling \$5,428. A similar finding was issued in the previous report.
5. Disbursements were made for credit card payments and fuel invoice payments via electronic fund transfers without approval from the Legislative Joint Auditing Committee, as required by Ark. Code Ann. § 14-24-121. A similar finding was issued in the previous report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Marti Steel". The signature is written in a cursive, flowing style.

Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 7, 2016

CARROLL COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 2,810,210	\$ 1,689,285	\$ 4,483,314
Accounts receivable	309,077	128,141	208,488
Interfund receivables	<u>45,000</u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 3,164,287</u></u>	<u><u>\$ 1,817,426</u></u>	<u><u>\$ 4,691,802</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 100,838	\$ 49,191	\$ 104,019
Interfund payables			45,000
Settlements pending	<u>382,716</u>	<u> </u>	<u>794,964</u>
Total Liabilities	<u><u>483,554</u></u>	<u><u>49,191</u></u>	<u><u>943,983</u></u>
Fund Balances:			
Restricted	23,606	1,768,235	3,701,553
Committed	521,178		65,246
Unassigned	<u>2,135,949</u>	<u> </u>	<u>(18,980)</u>
Total Fund Balances	<u><u>2,680,733</u></u>	<u><u>1,768,235</u></u>	<u><u>3,747,819</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,164,287</u></u>	<u><u>\$ 1,817,426</u></u>	<u><u>\$ 4,691,802</u></u>

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

CARROLL COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 740,246	\$ 1,679,437	\$ 582,346
Federal aid	30,868	385,914	64,253
Property taxes	1,945,649	910,456	732,566
Sales taxes			1,790,374
Fines, forfeitures, and costs	417,997		29,235
Interest	15,515	11,347	26,523
Officers' fees	281,256		135,118
Jail fees			268,356
911 fees			234,307
Treasurer's commission	136,170		24,753
Collector's commission	273,430		77,947
Taxes apportioned - Assessor's salary and expense	341,772		
Other	299,696	24,436	189,033
	<u>4,482,599</u>	<u>3,011,590</u>	<u>4,154,811</u>
TOTAL REVENUES			
Less: Treasurer's commission	55,561	32,560	38,054
	<u>4,427,038</u>	<u>2,979,030</u>	<u>4,116,757</u>
NET REVENUES			
EXPENDITURES			
Current:			
General government	1,817,631		213,878
Law enforcement	2,046,420		1,636,166
Highways and streets		2,431,656	
Public safety	94,274		555,199
Health	56,000		
Recreation and culture			1,024,884
Social services	52,716		11,000
Airport	72,910		404,551
Total Current	<u>4,139,951</u>	<u>2,431,656</u>	<u>3,845,678</u>
Debt Service:			
Lease principal		71,161	
Lease interest		40,017	
Line of credit principal			356,188
Line of credit interest			8,622
	<u>4,139,951</u>	<u>2,542,834</u>	<u>4,210,488</u>
TOTAL EXPENDITURES			

CARROLL COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 287,087</u>	<u>\$ 436,196</u>	<u>\$ (93,731)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			1,542,435
Transfers out			(1,542,435)
Contribution to Carroll County Solid Waste Authority	(19,250)		
Proceeds from line of credit			<u>205,961</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(19,250)</u>		<u>205,961</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	267,837	436,196	112,230
FUND BALANCES - JANUARY 1	<u>2,412,896</u>	<u>1,332,039</u>	<u>3,635,589</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,680,733</u>	<u>\$ 1,768,235</u>	<u>\$ 3,747,819</u>

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

CARROLL COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 736,689	\$ 740,246	\$ 3,557	\$ 1,400,024	\$ 1,679,437	\$ 279,413
Federal aid	1,868	30,868	29,000	21,438	385,914	364,476
Property taxes	1,923,660	1,945,649	21,989	791,190	910,456	119,266
Fines, forfeitures, and costs	383,400	417,997	34,597			
Interest	4,320	15,515	11,195	9,720	11,347	1,627
Officers' fees	232,200	281,256	49,056			
Treasurer's commission	148,500	136,170	(12,330)			
Collector's commission	305,100	273,430	(31,670)			
Taxes apportioned - Assessor's salary and expense	291,321	341,772	50,451			
Other	232,089	299,696	67,607	36,900	24,436	(12,464)
TOTAL REVENUES	4,259,147	4,482,599	223,452	2,259,272	3,011,590	752,318
Less: Treasurer's commission		55,561	(55,561)		32,560	(32,560)
NET REVENUES	4,259,147	4,427,038	167,891	2,259,272	2,979,030	719,758
EXPENDITURES						
Current:						
General government	1,980,020	1,817,631	162,389			
Law enforcement	2,209,932	2,046,420	163,512			
Highways and streets				2,870,949	2,431,656	439,293
Public safety	56,105	94,274	(38,169)			
Health	56,000	56,000				
Social services	83,601	52,716	30,885			
Airport	84,235	72,910	11,325			
Total Current	4,469,893	4,139,951	329,942	2,870,949	2,431,656	439,293
Debt Service:						
Lease principal					71,161	(71,161)
Lease interest					40,017	(40,017)
TOTAL EXPENDITURES	4,469,893	4,139,951	329,942	2,870,949	2,542,834	328,115

CARROLL COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (210,746)	\$ 287,087	\$ 497,833	\$ (611,677)	\$ 436,196	\$ 1,047,873
OTHER FINANCING SOURCES (USES)						
Contribution to Carroll County Solid Waste Authority	(19,250)	(19,250)				
TOTAL OTHER FINANCING SOURCES (USES)	(19,250)	(19,250)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(229,996)	267,837	497,833	(611,677)	436,196	1,047,873
FUND BALANCES - JANUARY 1	1,400,000	2,412,896	1,012,896	900,000	1,332,039	432,039
FUND BALANCES - DECEMBER 31	<u>\$ 1,170,004</u>	<u>\$ 2,680,733</u>	<u>\$ 1,510,729</u>	<u>\$ 288,323</u>	<u>\$ 1,768,235</u>	<u>\$ 1,479,912</u>

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

CARROLL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The County is a political subdivision of the state governed by an elected quorum court. The reporting entity includes all the funds of the County.

B. Basis of Presentation - Regulatory Fund Accounting

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to actual expenditures for the general and road funds; notes to financial statements; and a supplemental schedule of capital assets.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Courthouse, and Drug-Buy.

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, and sales tax that are restricted or committed for maintaining and constructing roads.

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Recorder's Cost, Drug Control, Treasurer's Automation, County Detention Facility, Collector's Automation, County Clerk's Cost, Circuit Court Automation, Child Support Cost, Boating Safety, Emergency 911, Juvenile Probation Fee, Assessor's Amendment no. 79, Fire Equipment and Training (Act 833), Jail Operation and Maintenance, Help America Vote, Detention Center Commissary, Communication Facility and Equipment, Juvenile Court Representation, County Library, Airport Commission, Adult Drug Court, Circuit Clerk Commissioner's Fee, Voting System Grant, Court Improvement Grant, Sales Tax, Game and Fish Education, and Dog Branch Cemetery.

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The following Agency Funds are reported with other funds in the aggregate: Treasurer (Treasurer's Commission, Carroll and Madison Regional Library, Interest, Common School, Law Library, Senior Center, Collector's Unapportioned, and Property Tax Relief); Tax Collector (Current Taxes, Delinquent Taxes, and Credit Card); Sheriff (Restitution, Bond and Fine, Circuit Bond, Fee, and Inmate Trust); County Clerk (Fee and Trust); Circuit Clerk (Fee and Trust); and District Court County.

CARROLL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, officers' fees, excess commissions, and property taxes that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Quorum Court.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15.

F. Budget Law

1. Legal Requirements

State law requires that the Quorum Court, before the end of each fiscal year, make appropriations, by ordinance, for the expenditures of County government for the following year. The Quorum Court may make appropriation amendments at any time during the current fiscal year. Appropriations lapse at the end of each year. Under certain conditions, the budget may be amended subsequent to the year-end.

CARROLL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law (Continued)

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other operating funds except for the Communication Facility and Equipment Fund.

G. Fund Balance Classification Policies and Procedures

The County's highest level of decision-making authority is its Quorum Court. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the Quorum Court through passage of an ordinance. The Quorum Court is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The County does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The County does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

There were no assigned fund balances at year-end.

NOTE 2: Cash

Deposit risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk have not been provided as required by Governmental Accounting Standards Board Statement no. 40.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of no longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2014, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 9,258		\$ 8,171
Federal aid	958	\$ 77,472	
911 fees			1,832
Fines, forfeitures, and costs	25,085		
Investment income		717	
Jail fees			5,856
Officers' fees	23,573		11,279
Property taxes	21,551	32,037	16,475
Sales taxes			143,934
Assessor's salary and expense	31,112		
Treasurer's commission	166,741		
Other	30,799	17,915	20,941
Totals	\$ 309,077	\$ 128,141	\$ 208,488

CARROLL COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2014, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 41,318	\$ 35,455	\$ 80,815
Salaries payable	20,797	2,463	3,358
Payroll taxes payable	38,723	11,273	19,846
Totals	\$ 100,838	\$ 49,191	\$ 104,019

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2014	
	Interfund Receivables	Interfund Payables
General	\$ 45,000	
Other Funds in the Aggregate:		
Special Revenue:		
Airport Commission		\$ 45,000
Totals	\$ 45,000	\$ 45,000

Interfund receivables and payables consist of a \$45,000 loan the County made to the Airport Commission. The loan had not been repaid as of report date.

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2014, the legal debt limit for bonded debt was \$40,619,933. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2014, the legal debt limit for short-term financing obligations was \$10,888,269. The amount of short-term financing obligations was \$1,965,038, leaving a legal debt margin of \$8,923,231.

CARROLL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2014, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 990,740
Law enforcement	\$ 23,606		1,841,395
Highways and streets		\$ 1,768,235	
Public safety			100,570
Recreation and culture			768,848
Total Restricted	<u>23,606</u>	<u>1,768,235</u>	<u>3,701,553</u>
Committed for:			
General government	521,178		
Law enforcement			65,246
Total Committed	<u>521,178</u>		<u>65,246</u>
Unassigned	<u>2,135,949</u>		<u>(18,980)</u>
Totals	<u>\$ 2,680,733</u>	<u>\$ 1,768,235</u>	<u>\$ 3,747,819</u>

NOTE 9: Deficit Fund Balances

The following fund had a deficit fund balance as of December 31, 2014:

	<u>December 31, 2014</u>
Other Funds in the Aggregate	
Special Revenue Fund:	
Airport Commission	<u>\$ 18,980</u>

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2014:

	<u>December 31, 2014</u>
Line of credit payable	\$ 77,197
Long-term liabilities	2,126,585
Reappraisal contract	572,700
Construction contract	<u>58,962</u>
Total Commitments	<u>\$ 2,758,247</u>

Line of Credit Payable

The County Airport Commission entered into an agreement on July 25, 2013, with Community First Bank to finance construction of an eight bay airport hangar. The maximum amount of the line of credit was \$400,000 and payment was due July 25, 2014, with an interest rate of 4.150%. The balance due at December 31, 2014 was \$77,197. On July 25, 2014, the terms of the line of credit were renegotiated and extended for an additional 13 months at a principal amount of \$77,197, with an interest rate of 4.150%.

CARROLL COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 10: Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2014, are comprised of the following:

	December 31, 2014
Lease-purchase agreement with Caterpillar Financial Services dated August 6, 2014, for the purchase of new road graders; interest rate of 1.55%, to be paid in monthly installments of \$6,958 for 36 months with a final payment of \$1,745,000. Payments are to be made from the Road Fund.	\$ 1,887,841
Compensated absences	95,037
Arkansas District Judge's Retirement unfunded pension liability to be repaid over 30 years beginning January 1, 2005. Payments are to be made from the General Fund.	143,707
Total Long-term liabilities	\$ 2,126,585

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

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2014:

Years Ending December 31,	Lease-Purchase
2015	\$ 83,491
2016	83,491
2017	1,793,703
Total Obligations	1,960,685
Less Interest	72,844
Total Principal	\$ 1,887,841

Reappraisal Contract

The County entered into a professional services contract for \$954,500 with Arkansas CAMA Technology for real estate appraisal and reappraisal maintenance on December 26, 2012. Terms of the contract call for 60 monthly payments of \$15,908. The County is obligated for the following amounts for the next three years:

Year	Amount
2015	\$ 190,900
2016	190,900
2017	190,900
Total	\$ 572,700

Reappraisal expense for 2014 totaled \$185,023. There was an error in the County's billings during 2013, resulting in an overpayment by the County of \$8,889. This amount was deducted from the County's billings in 2014.

CARROLL COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 10: Commitments (Continued)

Construction Contract

The County was contractually obligated for the following construction contract at December 31, 2014:

<u>Project Name</u>	<u>Completion Date</u>	<u>Contract Balance December 31, 2014</u>
Storage Building	April 2015	<u>\$ 58,962</u>

NOTE 11: Interfund Transfers

Within Other Funds in the Aggregate, the Sales Tax Fund transferred \$1,315,050 to the County Detention Facility Fund for jail operations and \$227,385 to the Emergency 911 Fund for central dispatching disbursements.

NOTE 12: Subsequent Events

On September 29, 2015, the County Airport Commission entered into a contract for the rehabilitation of the airport runway. The estimated cost of the rehabilitation is \$636,373 and will be paid with federal and state funding.

NOTE 13: Hospital Lease

Effective January 1, 1995, the County entered into an assignment and lease agreement with Carroll Regional Medical Center (the Center), a nonprofit hospital corporation organized under the laws of the State of Arkansas. Under the terms of the agreement, the Center agreed to lease the hospital's land, buildings and improvements for a period of four years beginning January 1, 1995. The agreement provides that the lease shall be automatically renewed at the end of the original lease term for 10 successive terms of five years, unless either party provides written notice to the other party of its intention to cancel the lease. In connection with this lease, the County assigned the operating assets of the hospital to the Center. This agreement has been continued in 2014.

NOTE 14: Joint Ventures

Carroll and Madison Library System

Carroll and Madison Counties entered into an agreement on January 19, 2000, in accordance with Ark. Code Ann. § 13-2-401 to establish the Carroll and Madison Library System (the System). The agreement states that the intent is to enhance public library services to all residents of Carroll and Madison Counties. The System is financed by state aid and members' contributions. Payments in the amount of \$82,494 were made to the System. Separate financial statements of the System are available at CAMLS, 106 Spring Street, Berryville, AR 72616-3846.

Carroll County Solid Waste Authority

The Cities of Eureka Springs, Berryville, Green Forest, and Carroll County entered into an agreement pursuant to Ark. Code Ann. §§ 14-233-101 -- 14-233-121, creating the Carroll County Solid Waste Authority (CCSWA). The CCSWA was established in an effort to adequately, reliably, and economically dispose of the Cities' and County's solid waste. Payment in the amount of \$19,250 was made to the CCSWA during the 2014 year. Separate financial statements of the CCSWA are available at: 3190 East Van Buren Street, Eureka Springs, AR 73632.

NOTE 15: Jointly Governed Organizations

Ozark Mountain Solid Waste District

The County is a member of the Ozark Mountain Solid Waste District. This District is a jointly governed organization comprised of representatives from Baxter, Boone, Carroll, Marion, Newton, and Searcy Counties and participating cities within the aforementioned counties. Representatives are the respective county judges and mayors unless some other representative is appointed by the participating entity. No payments were made by the County during 2014.

CARROLL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 15: Jointly Governed Organizations (Continued)

Ozark Regional Transit, Inc.

Carroll County participates in the Ozark Regional Transit, Inc. (ORT), a jointly governed organization. The ORT provides transit services among the various locations of its members. The majority of the ORT funding is through the Federal Transportation Administration (FTA), which includes both rural and urbanized area funding and local funding that is provided by the members of the ORT. The FTA rural funding is provided through the Arkansas Highway and Transportation Department. Participants include Benton, Carroll, and Washington Counties, as well as other entities within each of these counties. Carroll County paid \$7,500 to ORT for their share of the transportation benefits provided to its members. Financial statements may be obtained at: Ozark Regional Transit, 2423 E. Robinson Avenue, Springdale, AR 72764.

NOTE 16: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The County participates in the Association of Arkansas Counties Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by County officials, employees, and volunteer fire fighters while performing work for the County. Rates for counties participating in this program are revised annually based on the cost experience of the particular county or group as determined by the Workers' Compensation Commission.

Vehicle Program

- A. Liability - This program may pay all sums the County legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered county vehicle and for which the County is liable. The limit of payment by the program is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county vehicles owned or leased by the County.
- B. Physical Damage - This program covers vehicles (excluding mobile equipment) which are the property of the participating county. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$500 per occurrence. The County agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the county government of a participating county and pay judgments imposed on County officials and employees and the county government and county-formed boards and commissions. Coverage is limited to \$500,000 per case with an annual aggregate of \$750,000. The County agrees to pay into the program each year a rate established by the Risk Management Fund Board. Each county also agrees to pay the first \$500 of the aggregate cost for all expenses on each lawsuit.

The County also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the County Aid Fund. There is a \$2,500 deductible per occurrence.

The County carries commercial insurance for airport liability coverage. The Carroll County Airport Commission pays an annual premium for this coverage.

CARROLL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 17: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. APERS, administered by a Board of Trustees, 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 APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended December 31, 2014, were \$516,236.

CARROLL COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2014

Schedule 1

SPECIAL REVENUE FUNDS									
	Recorder's Cost	Drug Control	Treasurer's Automation	County Detention Facility	Collector's Automation	County Clerk's Cost	Circuit Court Automation	Child Support Cost	Boating Safety
ASSETS									
Cash and cash equivalents	\$ 90,622	\$ 2,631	\$ 56,052	\$ 518,130	\$ 505,453	\$ 270,133	\$ 15,721	\$ 16,246	\$ 29,383
Accounts receivable	4,976			6,338	26	3,503	640	40	22
TOTAL ASSETS	<u>\$ 95,598</u>	<u>\$ 2,631</u>	<u>\$ 56,052</u>	<u>\$ 524,468</u>	<u>\$ 505,479</u>	<u>\$ 273,636</u>	<u>\$ 16,361</u>	<u>\$ 16,286</u>	<u>\$ 29,405</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 423		\$ 422	\$ 52,187		\$ 266			
Interfund payables									
Settlements pending									
Total Liabilities	<u>423</u>		<u>422</u>	<u>52,187</u>		<u>266</u>			
Fund Balances:									
Restricted	95,175	\$ 2,631	55,630	472,281	\$ 505,479	273,370	\$ 16,361	\$ 16,286	\$ 29,405
Committed									
Unassigned									
Total Fund Balances	<u>95,175</u>	<u>2,631</u>	<u>55,630</u>	<u>472,281</u>	<u>505,479</u>	<u>273,370</u>	<u>16,361</u>	<u>16,286</u>	<u>29,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 95,598</u>	<u>\$ 2,631</u>	<u>\$ 56,052</u>	<u>\$ 524,468</u>	<u>\$ 505,479</u>	<u>\$ 273,636</u>	<u>\$ 16,361</u>	<u>\$ 16,286</u>	<u>\$ 29,405</u>

CARROLL COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2014

Schedule 1

SPECIAL REVENUE FUNDS

	Emergency 911	Juvenile Probation Fee	Assessor's Amendment no. 79	Jail Operation and Maintenance	Help America Vote	Detention Center Commissary	Communication Facility and Equipment	Juvenile Court Representation
ASSETS								
Cash and cash equivalents	\$ 126,507	\$ 4,900	\$ 19,716	\$ 10,165	\$ 4,750	\$ 68,299	\$ 34,408	\$ 77
Accounts receivable	2,829	468	26	8		3	1,120	
TOTAL ASSETS	\$ 129,336	\$ 5,368	\$ 19,742	\$ 10,173	\$ 4,750	\$ 68,302	\$ 35,528	\$ 77
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 28,766					\$ 3,056		
Interfund payables								
Settlements pending								
Total Liabilities	28,766					3,056		
Fund Balances:								
Restricted	100,570	\$ 5,368	\$ 19,742	\$ 10,173	\$ 4,750		\$ 35,528	\$ 77
Committed						65,246		
Unassigned								
Total Fund Balances	100,570	5,368	19,742	10,173	4,750	65,246	35,528	77
TOTAL LIABILITIES AND FUND BALANCES	\$ 129,336	\$ 5,368	\$ 19,742	\$ 10,173	\$ 4,750	\$ 68,302	\$ 35,528	\$ 77

CARROLL COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2014

Schedule 1

SPECIAL REVENUE FUNDS

	County Library	Airport Commission	Adult Drug Court	Circuit Clerk Commissioner's Fee	Voting System Grant	Court Improvement Grant	Sales Tax	Game and Fish Education
ASSETS								
Cash and cash equivalents	\$ 757,298	\$ 26,020	\$ 7,222	\$ 14,058	\$ 3,385	\$ 1,500	\$ 1,105,674	
Accounts receivable	22,278		4	1,365			156,671	\$ 8,171
TOTAL ASSETS	\$ 779,576	\$ 26,020	\$ 7,226	\$ 15,423	\$ 3,385	\$ 1,500	\$ 1,262,345	\$ 8,171
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 18,899							
Interfund payables		\$ 45,000						
Settlements pending								
Total Liabilities	18,899	45,000						
Fund Balances:								
Restricted	760,677		\$ 7,226	\$ 15,423	\$ 3,385	\$ 1,500	\$ 1,262,345	\$ 8,171
Committed								
Unassigned		(18,980)						
Total Fund Balances	760,677	(18,980)	7,226	15,423	3,385	1,500	1,262,345	8,171
TOTAL LIABILITIES AND FUND BALANCES	\$ 779,576	\$ 26,020	\$ 7,226	\$ 15,423	\$ 3,385	\$ 1,500	\$ 1,262,345	\$ 8,171

CARROLL COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2014

Schedule 1

AGENCY FUNDS							
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 378,714	\$ 201,318	\$ 75,450	\$ 17,307	\$ 112,765	\$ 9,410	\$ 4,483,314
Accounts receivable							208,488
TOTAL ASSETS	\$ 378,714	\$ 201,318	\$ 75,450	\$ 17,307	\$ 112,765	\$ 9,410	\$ 4,691,802
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 104,019
Interfund payables							45,000
Settlements pending	\$ 378,714	\$ 201,318	\$ 75,450	\$ 17,307	\$ 112,765	\$ 9,410	794,964
Total Liabilities	378,714	201,318	75,450	17,307	112,765	9,410	943,983
Fund Balances:							
Restricted							3,701,553
Committed							65,246
Unassigned							(18,980)
Total Fund Balances							3,747,819
TOTAL LIABILITIES AND FUND BALANCES	\$ 378,714	\$ 201,318	\$ 75,450	\$ 17,307	\$ 112,765	\$ 9,410	\$ 4,691,802

CARROLL COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

	SPECIAL REVENUE FUNDS								
	Recorder's Cost	Drug Control	Treasurer's Automation	County Detention Facility	Collector's Automation	County Clerk's Cost	Circuit Court Automation	Child Support Cost	Boating Safety
REVENUES									
State aid									\$ 2,877
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs				\$ 29,235					
Interest	\$ 884	\$ 19	\$ 403	1,127	\$ 4,919	\$ 1,987	\$ 97	\$ 143	200
Officers' fees	52,416					47,090	4,135	432	
Jail fees				267,566					
911 fees									
Treasurer's commission			24,753						
Collector's commission					77,947				
Other				3,213		200			
TOTAL REVENUES	53,300	19	25,156	301,141	82,866	49,277	4,232	575	3,077
Less: Treasurer's commission	640			877	47	592	49	7	39
NET REVENUES	52,660	19	25,156	300,264	82,819	48,685	4,183	568	3,038
EXPENDITURES									
Current:									
General government	106,654		24,979		616	50,896		10,983	
Law enforcement				1,621,621					
Public safety									
Recreation and culture									
Social services									
Airport									
Total Current	106,654		24,979	1,621,621	616	50,896		10,983	
Debt Service:									
Line of credit principal									
Line of credit interest									
TOTAL EXPENDITURES	106,654		24,979	1,621,621	616	50,896		10,983	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,994)	19	177	(1,321,357)	82,203	(2,211)	4,183	(10,415)	3,038
OTHER FINANCING SOURCES (USES)									
Transfers in				1,315,050					
Transfers out									
Proceeds from line of credit									
TOTAL OTHER FINANCING SOURCES (USES)				1,315,050					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(53,994)	19	177	(6,307)	82,203	(2,211)	4,183	(10,415)	3,038
FUND BALANCES - JANUARY 1	149,169	2,612	55,453	478,588	423,276	275,581	12,178	26,701	26,367
FUND BALANCES - DECEMBER 31	\$ 95,175	\$ 2,631	\$ 55,630	\$ 472,281	\$ 505,479	\$ 273,370	\$ 16,361	\$ 16,286	\$ 29,405

CARROLL COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

	SPECIAL REVENUE FUNDS								
	Emergency 911	Juvenile Probation Fee	Assessor's Amendment no. 79	Fire Equipment and Training (Act 833)	Jail Operation and Maintenance	Help America Vote	Detention Center Commissary	Communication Facility and Equipment	Juvenile Court Representation
REVENUES									
State aid			\$ 3,510	\$ 73,062					
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs									
Interest	\$ 312	\$ 21	1,066		\$ 73		\$ 441	\$ 31	
Officers' fees		3,690						11,924	
Jail fees					790				
911 fees	234,307								
Treasurer's commission									
Collector's commission									
Other	161						15,109	9,043	
TOTAL REVENUES	234,780	3,711	4,576	73,062	863		15,550	20,998	
Less: Treasurer's commission	1,812	42	47		14		5		
NET REVENUES	232,968	3,669	4,529	73,062	849		15,545	20,998	
EXPENDITURES									
Current:									
General government									
Law enforcement							7,950	5,839	
Public safety	482,137			73,062					
Recreation and culture									
Social services									
Airport									
Total Current	482,137			73,062			7,950	5,839	
Debt Service:									
Line of credit principal									
Line of credit interest									
TOTAL EXPENDITURES	482,137			73,062			7,950	5,839	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(249,169)	3,669	4,529		849		7,595	15,159	
OTHER FINANCING SOURCES (USES)									
Transfers in	227,385								
Transfers out									
Proceeds from line of credit									
TOTAL OTHER FINANCING SOURCES (USES)	227,385								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(21,784)	3,669	4,529		849		7,595	15,159	
FUND BALANCES - JANUARY 1	122,354	1,699	15,213		9,324	\$ 4,750	57,651	20,369	\$ 77
FUND BALANCES - DECEMBER 31	\$ 100,570	\$ 5,368	\$ 19,742	\$ 0	\$ 10,173	\$ 4,750	\$ 65,246	\$ 35,528	\$ 77

CARROLL COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

SPECIAL REVENUE FUNDS										
	County Library	Airport Commission	Adult Drug Court	Circuit Clerk Commissioner's Fee	Voting System Grant	Court Improvement Grant	Sales Tax	Game and Fish Education	Dog Branch Cemetery	Totals
REVENUES										
State aid	\$ 95,226	\$ 369,935	\$ 4,500		\$ 14,065			\$ 8,171	\$ 11,000	\$ 582,346
Federal aid		64,253								64,253
Property taxes	732,566									732,566
Sales taxes							\$ 1,790,374			1,790,374
Fines, forfeitures, and costs										29,235
Interest	5,487	45	24	\$ 40			9,204			26,523
Officers' fees			360	15,071						135,118
Jail fees										268,356
911 fees										234,307
Treasurer's commission										24,753
Collector's commission										77,947
Other	38,306	123,001								189,033
TOTAL REVENUES	871,585	557,234	4,884	15,111	14,065		1,799,578	8,171	11,000	4,154,811
Less: Treasurer's commission	10,546		7	182			23,148			38,054
NET REVENUES	861,039	557,234	4,877	14,929	14,065		1,776,430	8,171	11,000	4,116,757
EXPENDITURES										
Current:										
General government					19,750					213,878
Law enforcement			756							1,636,166
Public safety										555,199
Recreation and culture	1,024,884									1,024,884
Social services									11,000	11,000
Airport		404,551								404,551
Total Current	1,024,884	404,551	756		19,750				11,000	3,845,678
Debt Service:										
Line of credit principal		356,188								356,188
Line of credit interest		8,622								8,622
TOTAL EXPENDITURES	1,024,884	769,361	756		19,750				11,000	4,210,488
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(163,845)	(212,127)	4,121	14,929	(5,685)		1,776,430	8,171		(93,731)
OTHER FINANCING SOURCES (USES)										
Transfers in										1,542,435
Transfers out							(1,542,435)			(1,542,435)
Proceeds from line of credit		205,961								205,961
TOTAL OTHER FINANCING SOURCES (USES)		205,961					(1,542,435)			205,961
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(163,845)	(6,166)	4,121	14,929	(5,685)		233,995	8,171		112,230
FUND BALANCES - JANUARY 1	924,522	(12,814)	3,105	494	9,070	\$ 1,500	1,028,350			3,635,589
FUND BALANCES - DECEMBER 31	<u>\$ 760,677</u>	<u>\$ (18,980)</u>	<u>\$ 7,226</u>	<u>\$ 15,423</u>	<u>\$ 3,385</u>	<u>\$ 1,500</u>	<u>\$ 1,262,345</u>	<u>\$ 8,171</u>	<u>\$ 0</u>	<u>\$ 3,747,819</u>

CARROLL COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2014

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

Fund Name	Fund Description
Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by circuit clerks to be used to purchase, maintain, and operate automated records system.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of treasurer's gross commissions to operate the treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
County Detention Facility	Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commissions to operate the collector's office and to purchase, maintain, and operate an automated record keeping system.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive at least 35% of fees collected by county clerks to be used to purchase, maintain, and operate an automated records system.
Circuit Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Juvenile Probation Fee	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the costs of administering Arkansas Constitution, Amendment no. 79.
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 equipment, training, capital improvements, insurance for buildings, utility costs, or other expenditures necessary for upgrading fire service.

CARROLL COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2014

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

Fund Name	Fund Description
Jail Operation and Maintenance	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners; construction, maintenance, and operation of the county jail; purchase and maintenance of jail equipment; and training, salaries, and certificate pay for jailers and deputy sheriffs.
Help America Vote	Established to account for federal grant received to improve access to polling places for disabled voters.
Detention Center Commissary	Carroll County Ordinance no. 2007-40 (November 19, 2007) established fund to receive profits from the sale of commissary items to prisoners, turned over to the County Treasurer from the County Sheriffs Inmate Trust Fund, to provide necessary medical services for prisoners who cannot pay.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Juvenile Court Representation	Ark. Code Ann. § 9-27-367 established fund to collect fees and costs to offset expenses on juvenile cases.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for property tax millage levied by the quorum court for the support, operation, and maintenance of the public library.
Airport Commission	Ark. Code Ann. § 14-357-107 stipulates that all revenues derived from the operation of the airport, after paying the operating expenses and maintenance, may be set aside and used for additional improvements on the airport or for any lawful purpose. Carroll County Ordinance no. 78-16 (August 16, 1978) established the Airport Commission to oversee the operations of the airport, as allowed by Ark. Code Ann. § 14-357-101.
Adult Drug Court	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
Circuit Clerk Commissioner's Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as Commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the commissioner's duties and for general operations expenses of the office of circuit clerk.
Voting System Grant	Ark. Code Ann. § 19-5-1247 established fund to receive grants from the Secretary of State County Voting System Grant Fund to purchase voting system equipment, programming, and maintenance.
Court Improvement Grant	Established to account for state grant received for circuit court improvements.
Sales Tax	Carroll County voters passed a 0.5% sales tax on July 11, 2000 to be used to construct, equip, and operate the county jail facility. The tax may also be used for future expansion and capital improvements of the county jail and for county roads.

CARROLL COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2014

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

Fund Name	Fund Description
Game and Fish Education	Ark. Code Ann. § 6-16-1101 established fund to receive grants to be distributed to school districts or conservation districts for the sole purpose of approved conservation education programs.
Dog Branch Cemetery	Carroll County Ordinance no. 2014-11 (October 17, 2014) established fund to receive funds from the Arkansas Rural Development Commission to use towards general improvement of the cemetery.

Treasurer's accounts consist primarily of property taxes, treasurer's commission, and interest not distributed to the appropriate authorities and funds held for other entities.

Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.

Sheriff's accounts consist primarily of fees settlement, bond, evidence, and inmate trust money.

County Clerk's accounts consist primarily of fee money to be settled with Treasurer and trust money.

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

District Court account consists primarily of fines and costs not yet distributed to the county and/or state.

CARROLL COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2014
(Unaudited)

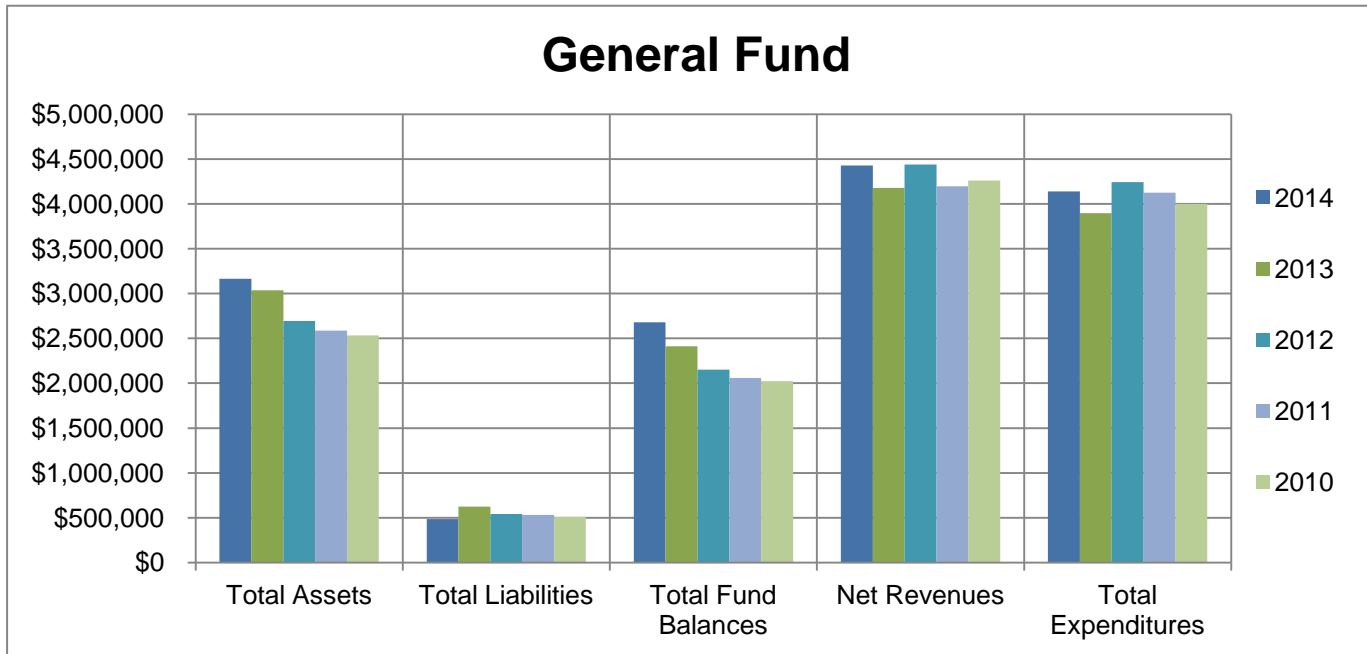
Schedule 3

	<u>December 31, 2014</u>
Land	\$ 996,973
Buildings	8,654,102
Improvements	1,773,978
Equipment	<u>8,089,022</u>
Total	<u>\$ 19,514,075</u>

CARROLL COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2014
 (Unaudited)

Schedule 4-1

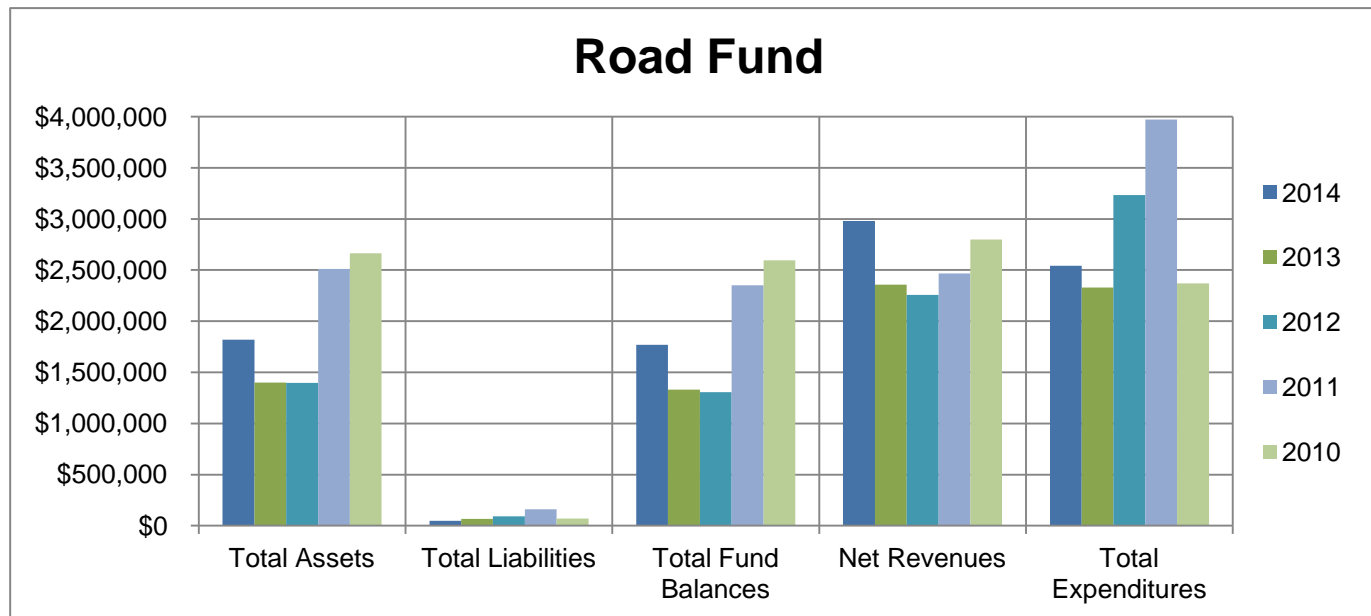
General	2014	2013	2012	2011	2010
Total Assets	\$ 3,164,287	\$ 3,035,965	\$ 2,693,801	\$ 2,588,127	\$ 2,532,355
Total Liabilities	483,554	623,069	543,112	530,881	509,144
Total Fund Balances	2,680,733	2,412,896	2,150,689	2,057,246	2,023,211
Net Revenues	4,427,038	4,179,510	4,438,729	4,197,739	4,261,288
Total Expenditures	4,139,951	3,898,053	4,242,911	4,124,706	3,999,283
Total Other Financing Sources/Uses	(19,250)	(19,250)	(39,407)	(38,998)	(40,837)



CARROLL COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
 DECEMBER 31, 2014
 (Unaudited)

Schedule 4-2

<u>Road</u>	2014	2013	2012	2011	2010
Total Assets	\$ 1,817,426	\$ 1,398,289	\$ 1,395,666	\$ 2,510,325	\$ 2,663,194
Total Liabilities	49,191	66,250	90,325	160,688	69,504
Total Fund Balances	1,768,235	1,332,039	1,305,341	2,349,637	2,593,690
Net Revenues	2,979,030	2,356,667	2,257,258	2,465,407	2,797,775
Total Expenditures	2,542,834	2,329,969	3,233,392	3,972,691	2,370,063
Total Other Financing Sources/Uses			20,157	1,263,231	19,587



CARROLL COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2014
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2014	2013	2012	2011	2010
Total Assets	\$ 4,691,802	\$ 4,439,405	\$ 4,386,068	\$ 4,769,538	\$ 3,703,061
Total Liabilities	943,983	803,816	962,962	1,415,975	849,277
Total Fund Balances	3,747,819	3,635,589	3,423,106	3,353,563	2,853,784
Net Revenues	4,116,757	3,490,585	3,560,185	3,842,039	4,175,067
Total Expenditures	4,210,488	3,505,527	3,485,036	3,417,821	3,654,382
Total Other Financing Sources/Uses	205,961	227,425		42,136	177,000

