

Desha County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2015

LEGISLATIVE JOINT AUDITING COMMITTEE



DESHA COUNTY, ARKANSAS
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Sen. Linda Chesterfield
Senate Vice Chair



Rep. Mary Broadaway
House Chair
Rep. Sue Scott
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Desha 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 Desha County, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements as listed in the table of contents.

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 from 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 control. 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 Desha County, Arkansas, as of December 31, 2015, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, 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 Desha County, Arkansas, as of December 31, 2015, 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.

Other Matters

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, 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 August 3, 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
August 3, 2016
LOCO02115

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Linda Chesterfield
Senate Vice Chair



Rep. Mary Broadaway
House Chair
Rep. Sue Scott
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
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

Desha 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 Desha County, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated August 3, 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 unmodified.

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 a certain deficiency in internal control that we consider to be a material weakness.

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

2015-1 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, again did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the County's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free 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 Finding

The County's response to the finding 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 commentary contained in this section relates to the following officials that held office during 2015:

County Judge: Roy Rodgers
Treasurer: Pam Stallings
Sheriff: Jim Snyder
Tax Collector: Vaughta Glover
County Clerk: Valarie Donaldson
Circuit Clerk: Minnie Haywood
Assessor: Gaye Brown

Our audit procedures indicated that the above offices were in substantial compliance with Arkansas fiscal and financial laws.

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



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 3, 2016

DESHA COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2015

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 939,382	\$ 1,557,056	\$ 1,702,996
Accounts receivable	149,671	8,188	95,688
TOTAL ASSETS	<u>\$ 1,089,053</u>	<u>\$ 1,565,244</u>	<u>\$ 1,798,684</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,609	\$ 2,795	\$ 33,274
Funds overdraft			2
Settlements pending			268,789
Total Liabilities	<u>31,609</u>	<u>2,795</u>	<u>302,065</u>
Fund Balances:			
Restricted		1,562,449	1,354,620
Assigned			142,001
Unassigned	1,057,444		(2)
Total Fund Balances	<u>1,057,444</u>	<u>1,562,449</u>	<u>1,496,619</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,089,053</u>	<u>\$ 1,565,244</u>	<u>\$ 1,798,684</u>

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

DESHA COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 359,660	\$ 1,201,938	\$ 123,517
Federal aid	15,826	2,284	221,393
Property taxes	958,449	284,868	246,393
Sales taxes	398,315		877,429
Fines, forfeitures, and costs	125,470		1,199
Interest	630	1,520	1,612
Officers' fees	20,058		74,748
Sanitation fees			27,686
911 fees			199,451
Jail fees	116,953		
Treasurer's commission	83,535		13,381
Collector's commission	138,469		37,393
Taxes apportioned - Assessor's salary and expense	205,986		
Other	129,487	22,298	17,121
TOTAL REVENUES	2,552,838	1,512,908	1,841,323
Less: Treasurer's commission	48,759	29,680	26,589
NET REVENUES	2,504,079	1,483,228	1,814,734
EXPENDITURES			
Current:			
General government	1,128,290		204,878
Law enforcement	983,646		14,725
Highways and streets		1,061,964	219,984
Public safety	27,297		325,869
Sanitation			843,093
Health	85,770		75,800
Recreation and culture			211,000
Social services	71,150		
TOTAL EXPENDITURES	2,296,153	1,061,964	1,895,349

DESHA COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 207,926	\$ 421,264	\$ (80,615)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,144		6,461
Transfers out	(6,461)		(1,144)
TOTAL OTHER FINANCING SOURCES (USES)	(5,317)		5,317
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	202,609	421,264	(75,298)
FUND BALANCES - JANUARY 1	854,835	1,141,185	1,571,917
FUND BALANCES - DECEMBER 31	\$ 1,057,444	\$ 1,562,449	\$ 1,496,619

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

DESHA 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, 2015

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 336,300	\$ 359,660	\$ 23,360	\$ 1,269,295	\$ 1,201,938	\$ (67,357)
Federal aid	16,300	15,826	(474)	2,400	2,284	(116)
Property taxes	827,000	958,449	131,449	263,200	284,868	21,668
Sales taxes	345,000	398,315	53,315			
Fines, forfeitures, and costs	125,000	125,470	470			
Interest	300	630	330	800	1,520	720
Officers' fees	70,500	20,058	(50,442)			
Jail fees		116,953	116,953			
Treasurer's commission	80,000	83,535	3,535			
Collector's commission	162,000	138,469	(23,531)			
Taxes apportioned - Assessor's salary and expense	180,000	205,986	25,986			
Other	110,700	129,487	18,787	9,900	22,298	12,398
TOTAL REVENUES	2,253,100	2,552,838	299,738	1,545,595	1,512,908	(32,687)
Less: Treasurer's commission		48,759	(48,759)		29,680	(29,680)
NET REVENUES	2,253,100	2,504,079	250,979	1,545,595	1,483,228	(62,367)
EXPENDITURES						
Current:						
General government	1,221,778	1,128,290	93,488			
Law enforcement	991,729	983,646	8,083			
Highways and streets				1,636,486	1,061,964	574,522
Public safety	27,435	27,297	138			
Health	87,813	85,770	2,043			
Social services	71,907	71,150	757			
TOTAL EXPENDITURES	2,400,662	2,296,153	104,509	1,636,486	1,061,964	574,522
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(147,562)	207,926	355,488	(90,891)	421,264	512,155

DESHA 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, 2015

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)						
Transfers in		\$ 1,144	\$ 1,144			
Transfers out		(6,461)	(6,461)			
TOTAL OTHER FINANCING SOURCES (USES)		(5,317)	(5,317)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (147,562)	202,609	350,171	\$ (90,891)	\$ 421,264	\$ 512,155
FUND BALANCES - JANUARY 1	450,000	854,835	404,835	900,000	1,141,185	241,185
FUND BALANCES - DECEMBER 31	\$ 302,438	\$ 1,057,444	\$ 755,006	\$ 809,109	\$ 1,562,449	\$ 753,340

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

DESHA COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 and Circuit Clerk Jury Pay.

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, federal aid, and property taxes that are restricted 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: Solid Waste, Communication Facility and Equipment, Circuit Court Automation, Boating Safety and Enforcement, Drug Control, Assessor's Amendment no.79, Treasurer's Automation, Collector's Automation, Reappraisal Cost, Circuit Court Juvenile Division/Juvenile Probation Fee, County Library, Emergency 911, Recorder's Cost, Support Collections Cost, County Clerk's Cost, Desha County Construction, Hospital Maintenance, Circuit Clerk Commissioner's Fee, and Arkansas Rural Community Grant.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The following Capital Projects Fund is reported with other funds in the aggregate: Desha County Replacement Grant.

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's Accounts (Treasurer's Commission, Collector's Unapportioned, and Law Library), Collector's Accounts (Current and Delinquent Tax), Sheriff's Accounts (Fee and Circuit Bond and Fine), County Clerk's Account (Fee), and Circuit Clerk's Accounts (Fee, Trust, and Child Support).

DESHA COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, property taxes, officer's fees, treasurer's commission, trust funds, and child support collections that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – amounts that are constrained by the Quorum Court's intent to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

2. Accounting

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

DESHA COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 committed or fund balances at year-end.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,061,035	\$ 1,137,905
Collateralized:		
Collateral held by the County's agent, pledging bank, or pledging bank's trust department or agent in the County's name	3,137,072	3,445,335
Total Deposits	\$ 4,198,107	\$ 4,583,240

The above total deposits do not include cash on hand of \$ 1,327.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2015, none of the County's bank balances were exposed to custodial credit risk.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

DESHA COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2015, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Sales taxes	\$ 28,270		\$ 62,265
Fines, forfeitures, and costs	7,412		52
Officer fees	3,167		5,540
Sanitation fees			2,077
911 fees			4,990
Jail fees	5,850		
Collector's commission	6,029		
Treasurer's commission	83,535		13,381
Interest	18		
Other	15,390	\$ 8,188	7,383
Totals	<u>\$ 149,671</u>	<u>\$ 8,188</u>	<u>\$ 95,688</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2015, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 31,609</u>	<u>\$ 2,795</u>	<u>\$ 33,274</u>

NOTE 6: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2015, the legal debt limit for bonded debt was \$16,041,103. 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, 2015, the legal debt limit for short-term financing obligations was \$4,897,108. There were no short-term financing obligations.

DESHA COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2015, are composed of the following:

<u>Description</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Funds in the Aggregate</u>
<u>Fund Balances</u>			
Restricted for:			
General government			\$ 110,225
Law enforcement			24,026
Highways and streets		\$ 1,562,449	
Public safety			323,944
Recreation and culture			85,591
Sanitation			810,834
Total Restricted		<u>1,562,449</u>	<u>1,354,620</u>
Assigned to:			
Sanitation			<u>142,001</u>
Unassigned	<u>\$ 1,057,444</u>		<u>(2)</u>
Totals	<u>\$ 1,057,444</u>	<u>\$ 1,562,449</u>	<u>\$ 1,496,619</u>

NOTE 8: Deficit Fund Balances

The following fund has a deficit fund balance as of December 31, 2015:

	<u>December 31, 2015</u>
Other Funds in the Aggregate:	
Special Revenue:	
Hospital Maintenance	<u>\$ (2)</u>

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2015:

	<u>December 31, 2015</u>
Long-term liabilities	\$ 40,069
Noncancellable lease	35,780
Reappraisal contract	<u>170,142</u>
Total Commitments	<u>\$ 245,991</u>

Long-term Liabilities

Long-term liabilities at December 31, 2015, are comprised of the following:

	<u>December 31, 2015</u>
Landfill closure and postclosure care costs	<u>\$ 40,069</u>

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

DESHA COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 9: Commitments (Continued)

Landfill Closure and Postclosure Care Cost

Desha County is the owner of permit #0233-S4 to operate a Class IV solid waste landfill. State and federal regulations require a final cover to be placed on the landfill site when it stops accepting waste and performance of certain maintenance and monitoring functions at the site for two years after closure. Although closure and postclosure care cost 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 used as of the balance sheet date. The estimated liability for the landfill closure and postclosure care costs has a balance of \$40,069 as of December 31, 2015, and represents the cumulative amount reported to date based on 23% usage of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$134,345 as the remaining capacity is filled. At the present utilization rate, the landfill site life is estimated to exhaust in 145 years from the balance sheet date.

Estimated costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2015. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In accordance with Ark. Code Ann. § 8-6-1603, the County has provided financial assurance of \$161,237 in the form of a Contract of Obligation. This contract of obligation authorizes the State Treasurer to withhold from any funds being distributed from the State of Arkansas to Desha County the sum of \$161,237 upon receiving notice from the Director of the Arkansas Department of Environmental Quality of Desha County's failure to properly disclose operation

Compensated Absences

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

Noncancellable Lease

The County entered into a noncancellable lease agreement Fidlar Technologies for a circuit clerk computer system and software on June 25, 2013. Terms of the lease are monthly rental payments of \$3,578 for five years. The County is obligated for the following amounts for the next two and a half years:

Year	December 31, 2015
2016	\$ 14,312
2017	14,312
2018	7,156
Total	\$ 35,780

Rental expense for 2015 was \$14,312.

Reappraisal Contract

The county entered into a contract with Delta Mass Appraisal Services, Inc. for reappraisal services on January 8, 2013. Terms of the contract require \$425,355 to be paid in monthly installments of \$7,089 for a period of 60 months. The contract calls for additional parcels (above the agreed-upon number of 12,153) to be paid for at completion of the contract at a rate of \$15 per parcel. The County is obligated for the following amounts for the next two years.

Year	December 31, 2015
2016	\$ 85,071
2017	85,071
Total	\$ 170,142

Reappraisal expense for 2015 was \$85,071.

DESHA COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10: Interfund Transfers

General Fund transferred \$6,461 to Other Funds in the Aggregate to eliminate a deficit fund balance of \$141 in Assessor's Amendment no. 79 Fund and to correct errors of \$1,377 in the Drug Control Fund and \$4,943 in the Circuit Court Juvenile Division/Juvenile Probation Fee Fund. Other Funds in the Aggregate (Reappraisal Cost) transferred \$1,144 to General Fund for the partial repayment of a loan from 2008.

NOTE 11: Joint Venture: Regional Library

Bradley, Chicot, Desha, Drew, and Lincoln Counties entered into an agreement in March, 1994, in accordance with Ark. Code Ann. § 13-2-401 to establish the Southeast Arkansas Regional Library. The agreement states the Regional Library Board shall employ a regional director to serve for such time and on such terms as the Board may prescribe and to be paid from the regional budget. County and branch library employees are to be recommended by the county library boards and to be employed with the approval of the Regional Board, the salaries to be paid from regional funds. The parties agreed that the regional budget shall pay utility and janitorial costs. Each county library shall contribute their respective property tax funds for the operation of the Regional Library System. The County Library paid \$211,000 for regional library expenditures in 2015. Contact the Regional Library at Monticello to obtain financial statements.

NOTE 12: Jointly Governed Organizations

Tenth Judicial District Drug Task Force

The Sheriff's Departments of Ashley, Bradley, Chicot, Desha, and Drew Counties entered into an agreement to establish the Tenth Judicial Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Tenth Judicial District. No contributions or payments for expenditures were made to the Drug Task Force by the County. The 2015 financial statements of the Tenth Judicial District Drug Task Force have not been audited.

Southeast Arkansas Regional Solid Waste Management District

Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Grant, Jefferson, and Lincoln Counties entered into an agreement in 1991 to form the Southeast Arkansas Regional Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-703. The County did not provide any funding for the District. Separate financial statements may be obtained at P.O. Box 6806, Pine Bluff, AR 71611.

NOTE 13: Risk Management

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

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

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

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

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

DESHA COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 13: Risk Management (Continued)

Vehicle Program

- A. Liability - This program may pay all sums the County legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered county vehicle and for which the County is liable. The limit of payment for in-state claims is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident (\$100,000 respectively for out-of-state claims). The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered county vehicles owned or leased by the County.
- B. Physical Damage - This program covers vehicles and mobile equipment which are the property of the participating county. Property is valued at the cost to repair or replace the property after deduction for depreciation. Loss amounts will be reduced by the deductible amount of \$1,000 for Sheriff's Department vehicles and \$500 for all other covered vehicles and mobile equipment. The County agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the county government of a participating county and pay judgments imposed on County officials and employees and the county government and county-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$350,000. The County shall pay into the program each year a charge established annually by the Risk Management Fund Board for this coverage.

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

NOTE 14: 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, 2015 were \$259,900.

Net Pension Liability

The County's proportionate share of the collective net pension liability at June 30, 2015 (actuarial valuation date and measurement date) was \$1,436,669.

DESHA COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2015

Schedule 1

SPECIAL REVENUE FUNDS								
	Solid Waste	Communication Facility and Equipment	Circuit Court Automation	Boating Safety and Enforcement	Drug Control	Treasurer's Automation	Collector's Automation	Reappraisal Cost
ASSETS								
Cash and cash equivalents	\$ 910,529	\$ 3,580	\$ 1,068	\$ 25,407	\$ 11,444	\$ 14,916	\$ 34,717	\$ 7,089
Accounts receivable	70,688	75	17			13,381		
TOTAL ASSETS	<u>\$ 981,217</u>	<u>\$ 3,655</u>	<u>\$ 1,085</u>	<u>\$ 25,407</u>	<u>\$ 11,444</u>	<u>\$ 28,297</u>	<u>\$ 34,717</u>	<u>\$ 7,089</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 28,382							
Funds overdraft								
Settlements pending								
Total Liabilities	<u>28,382</u>							
Fund Balances:								
Restricted	810,834	\$ 3,655	\$ 1,085	\$ 25,407	\$ 11,444	\$ 28,297	\$ 34,717	\$ 7,089
Assigned	142,001							
Unassigned								
Total Fund Balances	<u>952,835</u>	<u>3,655</u>	<u>1,085</u>	<u>25,407</u>	<u>11,444</u>	<u>28,297</u>	<u>34,717</u>	<u>7,089</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 981,217</u>	<u>\$ 3,655</u>	<u>\$ 1,085</u>	<u>\$ 25,407</u>	<u>\$ 11,444</u>	<u>\$ 28,297</u>	<u>\$ 34,717</u>	<u>\$ 7,089</u>

DESHA COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2015

Schedule 1

SPECIAL REVENUE FUNDS							
	Circuit Court Juvenile Division/Juvenile Probation Fee	County Library	Emergency 911	Recorder's Cost	County Clerk's Cost	Hospital Maintenance	Circuit Clerk Commissioner's Fee
ASSETS							
Cash and cash equivalents	\$ 10,613	\$ 84,554	\$ 293,584	\$ 34,430	\$ 1,528		\$ 748
Accounts receivable	330	1,037	4,990	4,824	346		
TOTAL ASSETS	\$ 10,943	\$ 85,591	\$ 298,574	\$ 39,254	\$ 1,874		\$ 748
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 3,101		\$ 37	\$ 998	\$ 756		
Funds overdraft						\$ 2	
Settlements pending							
Total Liabilities	3,101		37	998	756	2	
Fund Balances:							
Restricted	7,842	\$ 85,591	298,537	38,256	1,118		\$ 748
Assigned							
Unassigned						(2)	
Total Fund Balances	7,842	85,591	298,537	38,256	1,118	(2)	748
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,943	\$ 85,591	\$ 298,574	\$ 39,254	\$ 1,874	\$ 0	\$ 748

DESHA COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2015

Schedule 1

AGENCY FUNDS						
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS						
Cash and cash equivalents	\$ 208,295	\$ 2,133	\$ 4,092	\$ 900	\$ 53,369	\$ 1,702,996
Accounts receivable						95,688
TOTAL ASSETS	\$ 208,295	\$ 2,133	\$ 4,092	\$ 900	\$ 53,369	\$ 1,798,684
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 33,274
Funds overdraft						2
Settlements pending	\$ 208,295	\$ 2,133	\$ 4,092	\$ 900	\$ 53,369	268,789
Total Liabilities	208,295	2,133	4,092	900	53,369	302,065
Fund Balances:						
Restricted						1,354,620
Assigned						142,001
Unassigned						(2)
Total Fund Balances						1,496,619
TOTAL LIABILITIES AND FUND BALANCES	\$ 208,295	\$ 2,133	\$ 4,092	\$ 900	\$ 53,369	\$ 1,798,684

DESHA 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, 2015

Schedule 2

	SPECIAL REVENUE FUNDS								
	Solid Waste	Communication Facility and Equipment	Circuit Court Automation	Boating Safety and Enforcement	Drug Control	Assessor's Amendment no. 79	Treasurer's Automation	Collector's Automation	Reappraisal Cost
REVENUES									
State aid				\$ 984		\$ 1,304			\$ 85,071
Federal aid									
Property taxes									
Sales taxes	\$ 877,429								
Fines, forfeitures, and costs			\$ 159						
Interest	969	\$ 4	1	29	\$ 15	1	\$ 21	\$ 20	
Officers' fees		1,335							
Sanitation fees	27,686								
911 fees									
Treasurer's commission							13,381		
Collector's commission								37,393	
Other	13,466	6	1	5	342	66			
TOTAL REVENUES	919,550	1,345	161	1,018	357	1,371	13,402	37,413	85,071
Less: Treasurer's commission	18,170	27	4	21		26			
NET REVENUES	901,380	1,318	157	997	357	1,345	13,402	37,413	85,071
EXPENDITURES									
Current:									
General government						1,486	6,267	39,040	85,071
Law enforcement		837			2,537				
Highways and streets									
Public safety									
Sanitation	843,093								
Health									
Recreation and culture									
TOTAL EXPENDITURES	843,093	837			2,537	1,486	6,267	39,040	85,071
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	58,287	481	157	997	(2,180)	(141)	7,135	(1,627)	
OTHER FINANCING SOURCES (USES)									
Transfers in					1,377	141			
Transfers out									(1,144)
TOTAL OTHER FINANCING SOURCES (USES)					1,377	141			(1,144)

DESHA 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, 2015

Schedule 2

	SPECIAL REVENUE FUNDS								
	Solid Waste	Communication Facility and Equipment	Circuit Court Automation	Boating Safety and Enforcement	Drug Control	Assessor's Amendment no. 79	Treasurer's Automation	Collector's Automation	Reappraisal Cost
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 58,287	\$ 481	\$ 157	\$ 997	\$ (803)		\$ 7,135	\$ (1,627)	\$ (1,144)
FUND BALANCES - JANUARY 1	<u>894,548</u>	<u>3,174</u>	<u>928</u>	<u>24,410</u>	<u>12,247</u>		<u>21,162</u>	<u>36,344</u>	<u>8,233</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 952,835</u></u>	<u><u>\$ 3,655</u></u>	<u><u>\$ 1,085</u></u>	<u><u>\$ 25,407</u></u>	<u><u>\$ 11,444</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 28,297</u></u>	<u><u>\$ 34,717</u></u>	<u><u>\$ 7,089</u></u>

DESHA 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, 2015

Schedule 2

SPECIAL REVENUE FUNDS

	Circuit Court Juvenile Division/Juvenile Probation Fee	County Library	Emergency 911	Recorder's Cost	Support Collections Cost	County Clerk's Cost	Desha County Construction	Hospital Maintenance
REVENUES								
State aid		\$ 15,113						\$ 6,045
Federal aid		939						470
Property taxes		175,995						70,398
Sales taxes								
Fines, forfeitures, and costs	\$ 1,040							
Interest	11	77	\$ 394	\$ 33	\$ 1	\$ 7	\$ 2	26
Officers' fees	2,700			65,282	684	4,532		
Sanitation fees								
911 fees			199,451					
Treasurer's commission								
Collector's commission								
Other	34	1,950	416	443	4	21		365
TOTAL REVENUES	3,785	194,074	200,261	65,758	689	4,560	2	77,304
Less: Treasurer's commission	71	3,761	1,585	1,307	14	92		1,506
NET REVENUES	3,714	190,313	198,676	64,451	675	4,468	2	75,798
EXPENDITURES								
Current:								
General government				59,191	1,088	9,213	3,522	
Law enforcement	11,351							
Highways and streets								
Public safety			310,869					
Sanitation								
Health								75,800
Recreation and culture		211,000						
TOTAL EXPENDITURES	11,351	211,000	310,869	59,191	1,088	9,213	3,522	75,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,637)	(20,687)	(112,193)	5,260	(413)	(4,745)	(3,520)	(2)
OTHER FINANCING SOURCES (USES)								
Transfers in	4,943							
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)	4,943							

DESHA 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, 2015

Schedule 2

SPECIAL REVENUE FUNDS

	Circuit Court Juvenile Division/Juvenile Probation Fee	County Library	Emergency 911	Recorder's Cost	Support Collections Cost	County Clerk's Cost	Desha County Construction	Hospital Maintenance
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (2,694)	\$ (20,687)	\$ (112,193)	\$ 5,260	\$ (413)	\$ (4,745)	\$ (3,520)	\$ (2)
FUND BALANCES - JANUARY 1	10,536	106,278	410,730	32,996	413	5,863	3,520	
FUND BALANCES - DECEMBER 31	<u>\$ 7,842</u>	<u>\$ 85,591</u>	<u>\$ 298,537</u>	<u>\$ 38,256</u>	<u>\$ 0</u>	<u>\$ 1,118</u>	<u>\$ 0</u>	<u>\$ (2)</u>

DESHA 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, 2015

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	Totals
	Circuit Clerk Commissioner's Fee	Arkansas Rural Community Grant	Desha County Replacement Grant	
REVENUES				
State aid		\$ 15,000		\$ 123,517
Federal aid			\$ 219,984	221,393
Property taxes				246,393
Sales taxes				877,429
Fines, forfeitures, and costs				1,199
Interest	\$ 1			1,612
Officers' fees	215			74,748
Sanitation fees				27,686
911 fees				199,451
Treasurer's commission				13,381
Collector's commission				37,393
Other	2			17,121
TOTAL REVENUES	218	15,000	219,984	1,841,323
Less: Treasurer's commission	5			26,589
NET REVENUES	213	15,000	219,984	1,814,734
EXPENDITURES				
Current:				
General government				204,878
Law enforcement				14,725
Highways and streets			219,984	219,984
Public safety		15,000		325,869
Sanitation				843,093
Health				75,800
Recreation and culture				211,000
TOTAL EXPENDITURES		15,000	219,984	1,895,349
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	213			(80,615)
OTHER FINANCING SOURCES (USES)				
Transfers in				6,461
Transfers out				(1,144)
TOTAL OTHER FINANCING SOURCES (USES)				5,317

DESHA 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, 2015

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS</u>	<u>Totals</u>
	Circuit Clerk Commissioner's Fee	Arkansas Rural Community Grant	Desha County Replacement Grant	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 213			\$ (75,298)
FUND BALANCES - JANUARY 1	<u>535</u>			<u>1,571,917</u>
FUND BALANCES - DECEMBER 31	<u>\$ 748</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,496,619</u>

DESHA COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2015

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

Fund Name	Fund Description
Solid Waste	Desha County citizens voted on July 27, 1993 to pass a one-half percent sales tax to finance the operation and maintenance of a solid waste management system.
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.
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.
Boating Safety and Enforcement	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.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
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.
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.
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.
Reappraisal Cost	Ark. Code Ann. § 26-26-1907 established fund to pay reappraisals of real property with revenue received from State.
Circuit Court Juvenile Division/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.
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.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.

DESHA COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2015

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.
Support Collections Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
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.
Desha County Construction	Desha County Ordinance no. 2001-5 (September 20, 2001) established fund to record receipts and disbursements for the renovation and construction of the Desha County courthouse and annex. This project was funded by issuing sales and use tax bonds paid for with a one-half percent sales tax passed on May 15, 2001. This fund no longer functions as a capital projects fund; however, funds are restricted for County building expenditures.
Hospital Maintenance	Ark. Const. amend. 32 established fund to collect and disburse property tax to be used for maintenance, operation, and support of public hospital.
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.
Arkansas Rural Community Grant	Established to account for funds received from Department of Rural Services for the purchase of a new fire equipment for Halley Volunteer Fire Department.
Desha County Replacement Grant	Established to administer grant funds received from the Delta Regional Authority for the purpose of construction projects.

Treasurer's accounts consists primarily of treasurer's commission, property taxes 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 bond and fine settlement.

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

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

DESHA COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2015
(Unaudited)

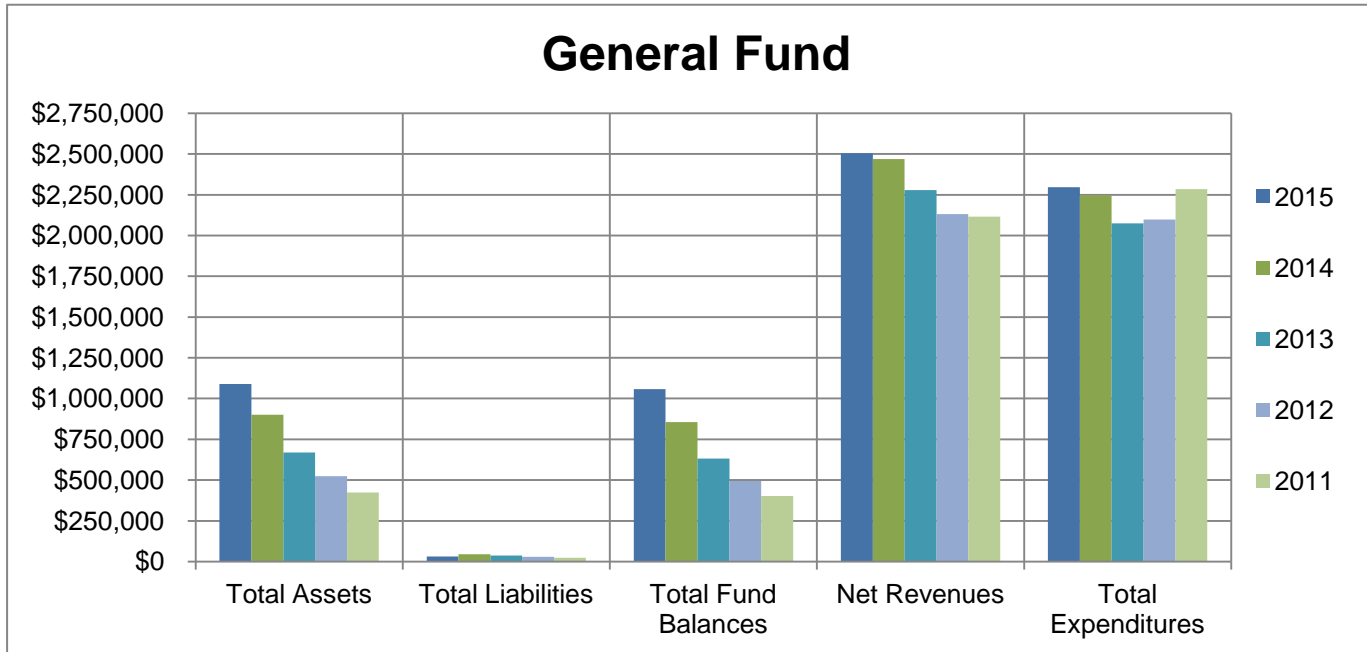
Schedule 3

	<u>December 31, 2015</u>
Land	\$ 304,116
Buildings	3,593,300
Equipment	<u>4,976,229</u>
Total	<u>\$ 8,873,645</u>

DESHA COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2015
 (Unaudited)

Schedule 4-1

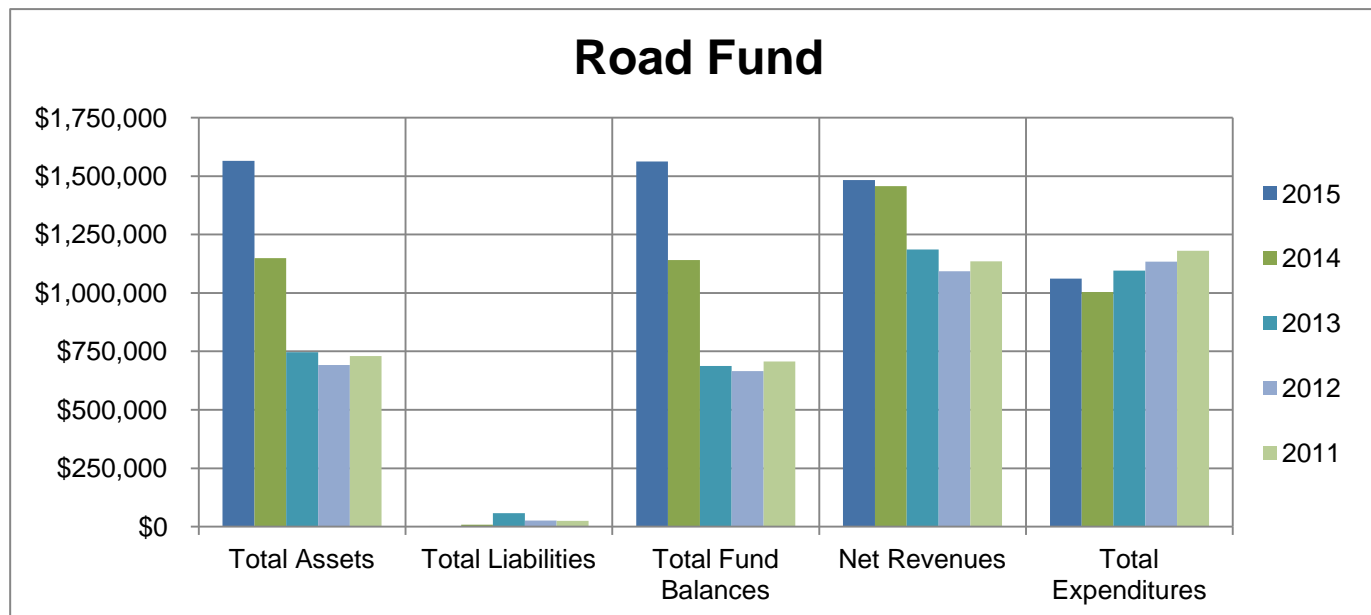
General	2015	2014	2013	2012	2011
Total Assets	\$ 1,089,053	\$ 900,677	\$ 669,696	\$ 523,117	\$ 424,266
Total Liabilities	31,609	45,842	37,451	29,365	22,804
Total Fund Balances	1,057,444	854,835	632,245	493,752	401,462
Net Revenues	2,504,079	2,469,465	2,278,614	2,131,018	2,115,736
Total Expenditures	2,296,153	2,248,212	2,074,808	2,098,745	2,285,221
Total Other Financing Sources/Uses	(5,317)	1,337		60,017	(12,930)



DESHA COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
 DECEMBER 31, 2015
 (Unaudited)

Schedule 4-2

<u>Road</u>	2015	2014	2013	2012	2011
Total Assets	\$ 1,565,244	\$ 1,149,599	\$ 746,645	\$ 691,523	\$ 730,623
Total Liabilities	2,795	8,414	58,586	26,252	24,452
Total Fund Balances	1,562,449	1,141,185	688,059	665,271	706,171
Net Revenues	1,483,228	1,456,995	1,185,883	1,092,571	1,134,607
Total Expenditures	1,061,964	1,003,869	1,096,250	1,133,471	1,180,619
Total Other Financing Sources/Uses					



DESHA COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2015
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Assets	\$ 1,798,684	\$ 1,920,732	\$ 1,857,193	\$ 2,057,281	\$ 2,042,031
Total Liabilities	302,065	348,815	289,675	416,645	402,222
Total Fund Balances	1,496,619	1,571,917	1,567,518	1,640,636	1,639,809
Net Revenues	1,814,734	1,595,016	1,580,104	2,518,508	1,531,310
Total Expenditures	1,895,349	1,589,280	1,650,737	2,457,664	1,509,363
Total Other Financing Sources/Uses	5,317	(1,337)		(60,017)	12,930

