

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

**December 31, 2014**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# 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

### INDEPENDENT AUDITOR'S REPORT

Franklin 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 Franklin 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 Franklin 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 also do not disclose all the required information concerning deposit and investment 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 Franklin 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 October 27, 2015 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  
October 27, 2015  
LOCO02414

# 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

Franklin 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 Franklin 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 October 27, 2015. 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 effect 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 and investment 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 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:

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.

#### 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 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: Janet Powell  
Treasurer: Shelly Wilson  
Sheriff: Anthony Boen  
Tax Collector: Sylvia Knoles Edgin  
County Clerk: DeAnna Schmalz  
Circuit Clerk: Wilma Brushwood  
Assessor: Cathy Bennett  
County Librarian: Nancy Smith  
District Court Judge: Joe Ramos

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

*The following information systems weaknesses were discovered during a review of computers:*

**County Clerk and Assessor**

Management had no process to periodically review appropriate access security. The lack of adequate supervisory oversight of user security permissions increases the risk of unauthorized access and misuse of information resources.

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  
October 27, 2015

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

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 764,523	\$ 883,505	\$ 3,691,760
Investments			23,696
Accounts receivable	<u>75,273</u>	<u>93,938</u>	<u>8,306</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 839,796</u></u></b>	<b><u><u>\$ 977,443</u></u></b>	<b><u><u>\$ 3,723,762</u></u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 23,033	\$ 18,872	\$ 29,796
Settlements pending			965,880
Total Liabilities	<u>23,033</u>	<u>18,872</u>	<u>995,676</u>
Fund Balances:			
Restricted		958,571	2,728,086
Unassigned	<u>816,763</u>		
Total Fund Balances	<u><u>816,763</u></u>	<u><u>958,571</u></u>	<u><u>2,728,086</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$ 839,796</u></u></b>	<b><u><u>\$ 977,443</u></u></b>	<b><u><u>\$ 3,723,762</u></u></b>

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

FRANKLIN 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>
REVENUES			
State aid	\$ 516,754	\$ 1,340,442	\$ 216,687
Federal aid	2,664	424,369	26,422
Property taxes	944,321	578,272	400,907
Sales taxes	596,821	371,555	976,544
Fines, forfeitures, and costs	320,550		80,783
Interest	2,077	833	6,973
Officers' fees	97,919		45,332
Emergency service fees			760,811
Emergency 911 fees			201,281
Jail fees	154,775		
Telephone commissions			7,317
Treasurer's commission	122,558		14,926
Collector's commission	188,000		42,305
Taxes apportioned - Assessor's salary and expense	229,164		
Other	<u>241,704</u>	<u>66,895</u>	<u>41,593</u>
 TOTAL REVENUES	 3,417,307	 2,782,366	 2,821,881
 Less: Treasurer's commission	 <u>61,111</u>	 <u>48,881</u>	 <u>17,818</u>
 NET REVENUES	 <u>3,356,196</u>	 <u>2,733,485</u>	 <u>2,804,063</u>
 EXPENDITURES			
Current:			
General government	1,491,750		135,914
Law enforcement	1,744,144		117,004
Highways and streets		1,995,572	
Public safety	114,177		107,473
Health			1,667,303
Recreation and culture	875		1,368,813
Social services	<u>122,554</u>		<u>102,936</u>
Total Current	3,473,500	1,995,572	3,499,443
 Debt Service:			
Lease principal		49,119	
Lease interest		8,342	
Loan principal	16,401	114,964	8,278
Loan interest	<u>5,359</u>	<u>7,679</u>	<u>4,145</u>
 TOTAL EXPENDITURES	 <u>3,495,260</u>	 <u>2,175,676</u>	 <u>3,511,866</u>



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

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (139,064)</u>	<u>\$ 557,809</u>	<u>\$ (707,803)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	109,798	13,700	492,350
Transfers out	(23,541)		(592,307)
Loan proceeds			<u>382,770</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>86,257</u>	<u>13,700</u>	<u>282,813</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(52,807)	571,509	(424,990)
FUND BALANCES - JANUARY 1	<u>869,570</u>	<u>387,062</u>	<u>3,153,076</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 816,763</u></u>	<u><u>\$ 958,571</u></u>	<u><u>\$ 2,728,086</u></u>

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

FRANKLIN 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	\$ 487,734	\$ 516,754	\$ 29,020	\$ 1,315,857	\$ 1,340,442	\$ 24,585
Federal aid	1,800	2,664	864	291,995	424,369	132,374
Property taxes	880,000	944,321	64,321	428,700	578,272	149,572
Sales taxes	560,000	596,821	36,821	70,000	371,555	301,555
Fines, forfeitures, and costs	345,000	320,550	(24,450)			
Interest	1,300	2,077	777	4,000	833	(3,167)
Officers' fees	100,500	97,919	(2,581)			
Jail fees	63,000	154,775	91,775			
Treasurer's commission	107,886	122,558	14,672			
Collector's commission	220,000	188,000	(32,000)			
Taxes apportioned - Assessor's salary and expense	220,000	229,164	9,164			
Other	223,326	241,704	18,378	13,600	66,895	53,295
<b>TOTAL REVENUES</b>	<b>3,210,546</b>	<b>3,417,307</b>	<b>206,761</b>	<b>2,124,152</b>	<b>2,782,366</b>	<b>658,214</b>
Less: Treasurer's commission		61,111	(61,111)		48,881	(48,881)
<b>NET REVENUES</b>	<b>3,210,546</b>	<b>3,356,196</b>	<b>145,650</b>	<b>2,124,152</b>	<b>2,733,485</b>	<b>609,333</b>
EXPENDITURES						
Current:						
General government	1,605,480	1,491,750	113,730			
Law enforcement	1,799,748	1,744,144	55,604			
Highways and streets				2,258,474	1,995,572	262,902
Public safety	121,345	114,177	7,168			
Health	1,936		1,936			
Recreation and culture	875	875				
Social services	139,293	122,554	16,739			
<b>Total Current</b>	<b>3,668,677</b>	<b>3,473,500</b>	<b>195,177</b>	<b>2,258,474</b>	<b>1,995,572</b>	<b>262,902</b>
Debt Service:						
Lease principal					49,119	(49,119)
Lease interest					8,342	(8,342)
Loan principal		16,401	(16,401)		114,964	(114,964)
Loan interest		5,359	(5,359)		7,679	(7,679)
<b>TOTAL EXPENDITURES</b>	<b>3,668,677</b>	<b>3,495,260</b>	<b>173,417</b>	<b>2,258,474</b>	<b>2,175,676</b>	<b>82,798</b>

FRANKLIN 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	\$ (458,131)	\$ (139,064)	\$ 319,067	\$ (134,322)	\$ 557,809	\$ 692,131
OTHER FINANCING SOURCES (USES)						
Transfers in	109,798	109,798			13,700	13,700
Transfers out		(23,541)	(23,541)			
TOTAL OTHER FINANCING SOURCES (USES)	109,798	86,257	(23,541)		13,700	13,700
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(348,333)	(52,807)	295,526	(134,322)	571,509	705,831
FUND BALANCES - JANUARY 1	650,000	869,570	219,570	50,000	387,062	337,062
FUND BALANCES - DECEMBER 31	<u>\$ 301,667</u>	<u>\$ 816,763</u>	<u>\$ 515,096</u>	<u>\$ (84,322)</u>	<u>\$ 958,571</u>	<u>\$ 1,042,893</u>

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

FRANKLIN 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, Drug-Buy, and Office of Emergency Service Training.

**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, sales tax, and federal aid that are restricted or committed for maintaining and constructing roads.

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Emergency Medical Service, Assessor's Amendment no. 79, Public Defender, County Recorder's Cost, Emergency Rescue Service, Emergency 911, Treasurer's Automation, Hospital Tax, County Clerk's Cost, Circuit Clerk's Automation, Special County Jail, County Collector's Automation, District Court Automation, Child Support, Juvenile Intake, Circuit Clerk Commissioner's Fee, Communication Facility and Equipment, Grant, and Library.

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, Franklin County Schools Association, Law Library, and Interest); Tax Collector (Current Tax, Delinquent Tax, Network, and Ad Valorem Protest); Sheriff (Fee, Commissary, and Bond and Fine); County Clerk (Fee, Probate, and Trust); and Circuit Clerk (Fee, Trust, Child Support, and Appeal Bond).

FRANKLIN 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.

Investments

Investments are reported at cost.

Settlements Pending

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

FRANKLIN 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 committed or assigned fund balances at year-end.

**NOTE 2: Cash and Investments**

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

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

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.

**NOTE 4: Public Fund Investments**

A summary of investments by fund types is as follows:

Fund Type	December 31, 2014	
	Reported Amount	Fair Value
Other Funds in the Aggregate:		
Special Revenue - Library	\$ 23,696	\$ 54,876

These investments are composed of the following:

Investment Type	December 31, 2014	
	Reported Amount	Fair Value
Common Stock	\$ 23,696	\$ 54,876

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

**NOTE 5: 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
Sales taxes	\$ 41,588	\$ 93,938	
Fines, forfeitures, and costs	8,747		\$ 3,322
Officers' fees	6,280		3,020
Jail fees	5,196		
Other	13,462		1,964
<b>Totals</b>	<b>\$ 75,273</b>	<b>\$ 93,938</b>	<b>\$ 8,306</b>

**NOTE 6: 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	\$ 23,033	\$ 18,872	\$ 29,796

**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 \$20,671,881. 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 \$6,220,641. The amount of short-term financing obligations was \$688,776, leaving a legal debt margin of \$5,531,865.

**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
Restricted for:			
General government			\$ 564,078
Law enforcement			174,861
Highways and streets		\$ 958,571	
Public safety			157,543
Health			1,323,761
Recreation and culture			507,843
Total Restricted		<u>958,571</u>	<u>2,728,086</u>
Unassigned	<u>\$ 816,763</u>		
<b>Totals</b>	<b>\$ 816,763</b>	<b>\$ 958,571</b>	<b>\$ 2,728,086</b>

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

**NOTE 9: Commitments**

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

	December 31, 2014
Long-term liabilities	\$ 761,689
Reappraisal contract	212,400
Construction contracts	304,610
Total Commitments	\$ 1,278,699

Long-Term Liabilities

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

**Lease Payable**

Lease-purchase agreement with CNH Capital dated October 5, 2012 for the purchase of a grader, monthly installments of \$3,722 for 60 months, interest at 6.21%. Payments are to be made from the Road Fund.

December 31, 2014
\$ 112,634

**Loans Payable**

Loan payable from the Bank of the Ozarks dated May 18, 2010 for the purchase of a New Holland tractor and Alamo boom mower, monthly payments of \$1,810 for 48 months, interest at 5.95%. Payments are to be made from the Road Fund.

8,913

Loan payable with Bank of the Ozarks dated October 31, 2011 for the purchase of two Mack trucks, monthly payments of \$4,655 for 36 months, interest at 3.14%. Payments are to be made from the Road Fund.

99,291

Loan payable from the Bank of the Ozarks dated June 14, 2012 for the purchase a dump truck, monthly payments of \$2,019 for 36 months, interest at 4.75%. Payments are to be made from the Road Fund.

11,870

Loan payable from the Bank of the Ozarks dated May 7, 2012 for the purchase of three Chevy Tahoes, monthly payments of \$1,978 for 50 months, interest at 2.95%. Payments are to be made from the General Fund.

33,623

Loan payable from the Bank of the Ozarks dated May 7, 2012 for the purchase of a Mack dump truck monthly payments of \$1,895 for 48 months, interest at 3.25%. Payments are to be made from the Road Fund.

31,222

Loan payable from the Bank of the Ozarks dated February 28, 2014 to finance the Library construction project, monthly payments of \$2,819 for 48 months, a balloon payment of \$303,286, interest at 3.25%. Payments are to be made from the Library Fund.

391,223

Total Loans Payable

576,142



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

**NOTE 9: Commitments (Continued)**

Long-Term Liabilities (Continued)

December 31,  
2014

**Pension Liabilities**

Arkansas District Judge's Retirement System-Base on a 21-year level amortization of the unfunded liability of the former plan for district judges and court clerks. Payments are to be made to Arkansas Public Employees Retirement System from the General Fund.

\$ 72,913

Total Long-Term Liabilities

\$ 761,689

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

Compensated Absences

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

Post Employment Benefits Other Than Pensions

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

Debt Service Requirements to Maturity

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

Years Ending December 31,	Notes	Leases	Total
2015	\$ 157,254	\$ 44,660	\$ 201,914
2016	103,419	44,660	148,079
2017	33,840	33,495	67,335
2018	33,840		33,840
2019	303,286		303,286
Total Obligations	631,639	122,815	754,454
Less Interest	55,497	10,181	65,678
Total Principal	<u>\$ 576,142</u>	<u>\$ 112,634</u>	<u>\$ 688,776</u>

Construction Contract

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

Project Name	Completion Date	Contract Balance December 31, 2014
Charleston EMS Building	March 23, 2015	<u>\$ 304,610</u>

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

**NOTE 9: Commitments (Continued)**

Reappraisal Contract

The County entered into a contract, dated January 24, 2012, with Arkansas CAMA Technology Inc., for reappraisal services. The term of the contract require \$531,000 to be paid in monthly installments of \$8,850 for a period of 60 months. The County is obligated for the following amounts:

<u>Year</u>	<u>December 31, 2013</u>
2015	\$ 106,200
2016	<u>106,200</u>
Total	\$ <u>212,400</u>

Reappraisal expense for 2014 was \$106,200.

**NOTE 10: Interfund Transfers**

The General Fund transferred \$5,500 to Other Funds in the Aggregate Public Defender, \$4,341 to Other Funds in the Aggregate Emergency Medical Services, and \$13,700 to the Road Fund for operations. Other Funds in the Aggregate Emergency 911 transferred \$27,236 to Emergency Medical Services for operations. Other Funds in the Aggregate Library Grant transferred \$79,273 to Other Funds in the Aggregate Library for reimbursement of expenditures. Other funds in the aggregate Emergency 911 and County Recorder's Cost transferred \$100,000 and \$9,798, respectively to the General Fund for reimbursement of expenditures. Other Funds in the Aggregate Special Sales Tax transferred \$376,000 to Emergency Medical Services for operations.

**NOTE 11: Subsequent Events**

On May 18, 2015, the County entered into a loan agreement in the amount of \$86,121 to finance the purchase of a new tractor and boom mower.

On May 18, 2015, the County entered into a loan agreement in the amount of \$95,141 to finance the purchase of an excavator.

On July 22, 2015, the County entered into a 36 month operating lease for three graders at a monthly cost of \$2,983.

On September 15, 2015, the County entered into a 36 month operating lease for an additional three graders at a monthly cost of \$2,983.

**NOTE 12: Joint Venture: Arkansas River Valley Regional Library**

Franklin, Logan, and Yell Counties entered into an agreement in July 1985 in accordance with Ark. Code Ann. § 13-2-401 to establish the Arkansas River Valley Regional Library. The agreement states that the Regional Library Board shall employ a regional librarian approved by the Arkansas Library Commission. County and branch personnel shall be recommended by the County Library Board and shall be employed only after approval by the regional librarian and the Arkansas Library Commission with such salaries to be paid from the county funds. Separate financial statements of the Arkansas River Valley Regional Library are not available. During the year 2014, the County paid \$109,628 to the Arkansas River Valley Regional Library.

**NOTE 13: Jointly Governed Organizations**

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties and the Cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle entered into an agreement in 1991 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-708. The County did not provide any funding for the District. Separate financial statements may be obtained at: 24087 Highway 164, Clarksville, AR 72830.

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

**NOTE 13: Jointly Governed Organizations (Continued)**

Fifth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriff's Departments of Pope, Johnson, and Franklin Counties, and the Police Departments of Russellville, Clarksville, and Ozark entered into an agreement to establish the Fifth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Fifth Judicial District Drug Task are not available. The County did not contribute any funding to the Fifth Judicial District Drug Task Force in 2014.

**NOTE 14: 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 \$350,000 per case with an annual aggregate of \$350,000. 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.

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

**NOTE 15: Arkansas Public Employees Retirement System**

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website [www.apers.org](http://www.apers.org).

Funding Policy

PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended December 31, 2014 were \$461,114.

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Emergency Medical Service	Assessor's Amendment no. 79	Public Defender	County Recorder's Cost	Emergency Rescue Service	Emergency 911	Treasurer's Automation	Hospital Tax	County Clerk's Cost
ASSETS									
Cash and cash equivalents	\$ 471,931	\$ 31,302	\$ 16,344	\$ 67,068	\$ 6,953	\$ 150,590	\$ 106,380	\$ 853,378	\$ 28,313
Investments									
Accounts receivable			475	2,068					780
TOTAL ASSETS	\$ 471,931	\$ 31,302	\$ 16,819	\$ 69,136	\$ 6,953	\$ 150,590	\$ 106,380	\$ 853,378	\$ 29,093
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable							\$ 1,548		
Settlements pending									
Total Liabilities							1,548		
Fund Balances:									
Restricted	\$ 471,931	\$ 31,302	\$ 16,819	\$ 69,136	\$ 6,953	\$ 150,590	\$ 106,380	851,830	\$ 29,093
TOTAL LIABILITIES AND FUND BALANCES	\$ 471,931	\$ 31,302	\$ 16,819	\$ 69,136	\$ 6,953	\$ 150,590	\$ 106,380	\$ 853,378	\$ 29,093

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

Schedule 1

SPECIAL REVENUE FUNDS

	Circuit Clerk's Automation	Special County Jail	County Collector's Automation	District Court Automation	Child Support	Juvenile Intake	Circuit Clerk Commissioner's Fee	Communication Facility and Equipment
ASSETS								
Cash and cash equivalents	\$ 26,753	\$ 144,213	\$ 286,215	\$ 3,156	\$ 5,681	\$ 12,463	\$ 744	\$ 4,798
Investments								
Accounts receivable	412	2,315			62	120	109	
<b>TOTAL ASSETS</b>	<b>\$ 27,165</b>	<b>\$ 146,528</b>	<b>\$ 286,215</b>	<b>\$ 3,156</b>	<b>\$ 5,743</b>	<b>\$ 12,583</b>	<b>\$ 853</b>	<b>\$ 4,798</b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 9,023						
Settlements pending								
<b>Total Liabilities</b>		<b>9,023</b>						
Fund Balances:								
Restricted	\$ 27,165	137,505	\$ 286,215	\$ 3,156	\$ 5,743	\$ 12,583	\$ 853	\$ 4,798
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 27,165</b>	<b>\$ 146,528</b>	<b>\$ 286,215</b>	<b>\$ 3,156</b>	<b>\$ 5,743</b>	<b>\$ 12,583</b>	<b>\$ 853</b>	<b>\$ 4,798</b>

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

Schedule 1

	SPECIAL REVENUE FUNDS		AGENCY FUNDS					Totals
	Grant	Library	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 8,191	\$ 501,407	\$ 79,917	\$ 466,622	\$ 42,678	\$ 18,258	\$ 358,405	\$ 3,691,760
Investments		23,696						23,696
Accounts receivable		1,965						8,306
<b>TOTAL ASSETS</b>	<b>\$ 8,191</b>	<b>\$ 527,068</b>	<b>\$ 79,917</b>	<b>\$ 466,622</b>	<b>\$ 42,678</b>	<b>\$ 18,258</b>	<b>\$ 358,405</b>	<b>\$ 3,723,762</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable		\$ 19,225						\$ 29,796
Settlements pending			\$ 79,917	\$ 466,622	\$ 42,678	\$ 18,258	\$ 358,405	965,880
<b>Total Liabilities</b>		<b>19,225</b>	<b>79,917</b>	<b>466,622</b>	<b>42,678</b>	<b>18,258</b>	<b>358,405</b>	<b>995,676</b>
<b>Fund Balances:</b>								
Restricted	\$ 8,191	507,843						2,728,086
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,191</b>	<b>\$ 527,068</b>	<b>\$ 79,917</b>	<b>\$ 466,622</b>	<b>\$ 42,678</b>	<b>\$ 18,258</b>	<b>\$ 358,405</b>	<b>\$ 3,723,762</b>

FRANKLIN 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 Medical Service	Assessor's Amendment no. 79	Public Defender	County Recorder's Cost	Emergency Rescue Service	Emergency 911	Treasurer's Automation	Hospital Tax	County Clerk's Cost
REVENUES									
State aid	\$ 15,244	\$ 2,196			\$ 1,532	\$ 28,000			
Federal aid									
Property taxes									
Sales taxes								\$ 976,544	
Fines, forfeitures, and costs			\$ 19,648						
Interest	501	49	29	\$ 117	17	189	\$ 157	1,446	\$ 46
Officers' fees				29,698					9,361
Emergency service fees	760,811								
Emergency 911 fees						201,281			
Telephone commissions									
Treasurer's commission							14,926		
Collector's commission									
Other	10,425	163	93	125	4	7,808			40
<b>TOTAL REVENUES</b>	<b>786,981</b>	<b>2,408</b>	<b>19,770</b>	<b>29,940</b>	<b>1,553</b>	<b>237,278</b>	<b>15,083</b>	<b>977,990</b>	<b>9,447</b>
Less: Treasurer's commission		46	391	601	31	5,026			185
<b>NET REVENUES</b>	<b>786,981</b>	<b>2,362</b>	<b>19,379</b>	<b>29,339</b>	<b>1,522</b>	<b>232,252</b>	<b>15,083</b>	<b>977,990</b>	<b>9,262</b>
EXPENDITURES									
Current:									
General government		805		25,048			9,870		11,228
Law enforcement			24,947						
Public safety					8,908	95,417			
Health	995,185							672,118	
Recreation and culture									
Social services								102,936	
Total Current	995,185	805	24,947	25,048	8,908	95,417	9,870	775,054	11,228
Debt Service:									
Loan principal									
Loan interest									
<b>TOTAL EXPENDITURES</b>	<b>995,185</b>	<b>805</b>	<b>24,947</b>	<b>25,048</b>	<b>8,908</b>	<b>95,417</b>	<b>9,870</b>	<b>775,054</b>	<b>11,228</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(208,204)	1,557	(5,568)	4,291	(7,386)	136,835	5,213	202,936	(1,966)
OTHER FINANCING SOURCES (USES)									
Transfers in	407,577		5,500						
Transfers out				(9,798)		(127,236)		(376,000)	
Loan proceeds									
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>407,577</b>		<b>5,500</b>	<b>(9,798)</b>		<b>(127,236)</b>		<b>(376,000)</b>	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	199,373	1,557	(68)	(5,507)	(7,386)	9,599	5,213	(173,064)	(1,966)
FUND BALANCES - JANUARY 1, AS RESTATED	272,558	29,745	16,887	74,643	14,339	140,991	101,167	1,024,894	31,059
FUND BALANCES - DECEMBER 31	<u>\$ 471,931</u>	<u>\$ 31,302</u>	<u>\$ 16,819</u>	<u>\$ 69,136</u>	<u>\$ 6,953</u>	<u>\$ 150,590</u>	<u>\$ 106,380</u>	<u>\$ 851,830</u>	<u>\$ 29,093</u>



FRANKLIN 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							
	Circuit Clerk's Automation	Special County Jail	County Collector's Automation	District Court Automation	Child Support	Juvenile Intake	Circuit Clerk Commissioner's Fee	Communication Facility and Equipment
REVENUES								
State aid								
Federal aid								
Property taxes								
Sales taxes								
Fines, forfeitures, and costs	\$ 5,947	\$ 54,843				\$ 345		
Interest	36	242	\$ 376	\$ 5	\$ 8	21	\$ 1	
Officers' fees					1,590	910	719	\$ 3,054
Emergency service fees								
Emergency 911 fees								
Telephone commissions								7,317
Treasurer's commission			42,305					
Collector's commission			99					
Other	25	4,497			8	7		
<b>TOTAL REVENUES</b>	<b>6,008</b>	<b>59,582</b>	<b>42,780</b>	<b>5</b>	<b>1,606</b>	<b>1,283</b>	<b>720</b>	<b>10,371</b>
Less: Treasurer's commission	117	1,152	849		33	25	12	
<b>NET REVENUES</b>	<b>5,891</b>	<b>58,430</b>	<b>41,931</b>	<b>5</b>	<b>1,573</b>	<b>1,258</b>	<b>708</b>	<b>10,371</b>
EXPENDITURES								
Current:								
General government	402		893		800			
Law enforcement		72,497				4,206		11,054
Public safety								
Health								
Recreation and culture								
Social services								
Total Current	402	72,497	893		800	4,206		11,054
Debt Service:								
Loan principal								
Loan interest								
<b>TOTAL EXPENDITURES</b>	<b>402</b>	<b>72,497</b>	<b>893</b>		<b>800</b>	<b>4,206</b>		<b>11,054</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,489	(14,067)	41,038	5	773	(2,948)	708	(683)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out								
Loan proceeds								
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,489	(14,067)	41,038	5	773	(2,948)	708	(683)
FUND BALANCES - JANUARY 1, AS RESTATED	21,676	151,572	245,177	3,151	4,970	15,531	145	5,481
FUND BALANCES - DECEMBER 31	<u>\$ 27,165</u>	<u>\$ 137,505</u>	<u>\$ 286,215</u>	<u>\$ 3,156</u>	<u>\$ 5,743</u>	<u>\$ 12,583</u>	<u>\$ 853</u>	<u>\$ 4,798</u>

FRANKLIN 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

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Grant</u>	<u>Library</u>	<u>Totals</u>
REVENUES			
State aid	\$ 104,481	\$ 65,234	\$ 216,687
Federal aid	26,422		26,422
Property taxes		400,907	400,907
Sales taxes			976,544
Fines, forfeitures, and costs			80,783
Interest	1	3,732	6,973
Officers' fees			45,332
Emergency service fees			760,811
Emergency 911 fees			201,281
Telephone commissions			7,317
Treasurer's commission			14,926
Collector's commission			42,305
Other		18,299	41,593
	<u>130,904</u>	<u>488,172</u>	<u>2,821,881</u>
TOTAL REVENUES			
Less: Treasurer's commission		<u>9,350</u>	<u>17,818</u>
NET REVENUES	<u>130,904</u>	<u>478,822</u>	<u>2,804,063</u>
EXPENDITURES			
Current:			
General government	86,868		135,914
Law enforcement	4,300		117,004
Public safety	3,148		107,473
Health			1,667,303
Recreation and culture	112,274	1,256,539	1,368,813
Social services			102,936
Total Current	<u>206,590</u>	<u>1,256,539</u>	<u>3,499,443</u>
Debt Service:			
Loan principal		8,278	8,278
Loan interest		4,145	4,145
TOTAL EXPENDITURES	<u>206,590</u>	<u>1,268,962</u>	<u>3,511,866</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(75,686)</u>	<u>(790,140)</u>	<u>(707,803)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	79,273		492,350
Transfers out		(79,273)	(592,307)
Loan proceeds		382,770	382,770
TOTAL OTHER FINANCING SOURCES (USES)	<u>79,273</u>	<u>303,497</u>	<u>282,813</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,587	(486,643)	(424,990)
FUND BALANCES - JANUARY 1, AS RESTATED	<u>4,604</u>	<u>994,486</u>	<u>3,153,076</u>
FUND BALANCES - DECEMBER 31	<u>\$ 8,191</u>	<u>\$ 507,843</u>	<u>\$ 2,728,086</u>

FRANKLIN 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
Emergency Medical Service	Ark. Code Ann. §§ 20-13-303 - 20-130-305 and Franklin County Ordinance no. 1986-11 (May 12, 1986) established fund to receive fees to provide for ambulance services for the County.
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.
Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall all be remitted to the Arkansas Public Defender Commission. \$3 of each fee is remitted back to the County quarterly to be used to defray the operating expenses of the public defender office.
County 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.
Emergency Rescue Service	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.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated record keeping system.
Hospital Tax	Established to account for a 1% sales tax to be used to finance health facilities within the County approved by voters on February 6, 2001.
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 Clerk's Automation	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 an automated records system.

FRANKLIN 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
Special County Jail	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners; 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.
County 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.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees to be used solely for District Court-related technology.
Child Support	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Juvenile Intake	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.
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.
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.
Grant	Established to account for miscellaneous grants received from state and federal governments.
Library	An agreement signed July 1985 in accordance with Ark. Code Ann. § 13-2-401 established the County Library to be funded by property tax levy and other local monies.

Treasurer's accounts consist primarily of property taxes, Treasurer's commission, and interest not distributed to the appropriate authorities.  
 Collector's accounts consist primarily of taxes not yet distributed to the various taxing units.  
 Sheriff's accounts consist primarily of fees settlement, bond, and inmate trust money.  
 County Clerk's accounts consist primarily of trust money and fee money to be settled with Treasurer.  
 Circuit Clerk's accounts consist of trust money and settlements due to Treasurer.

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

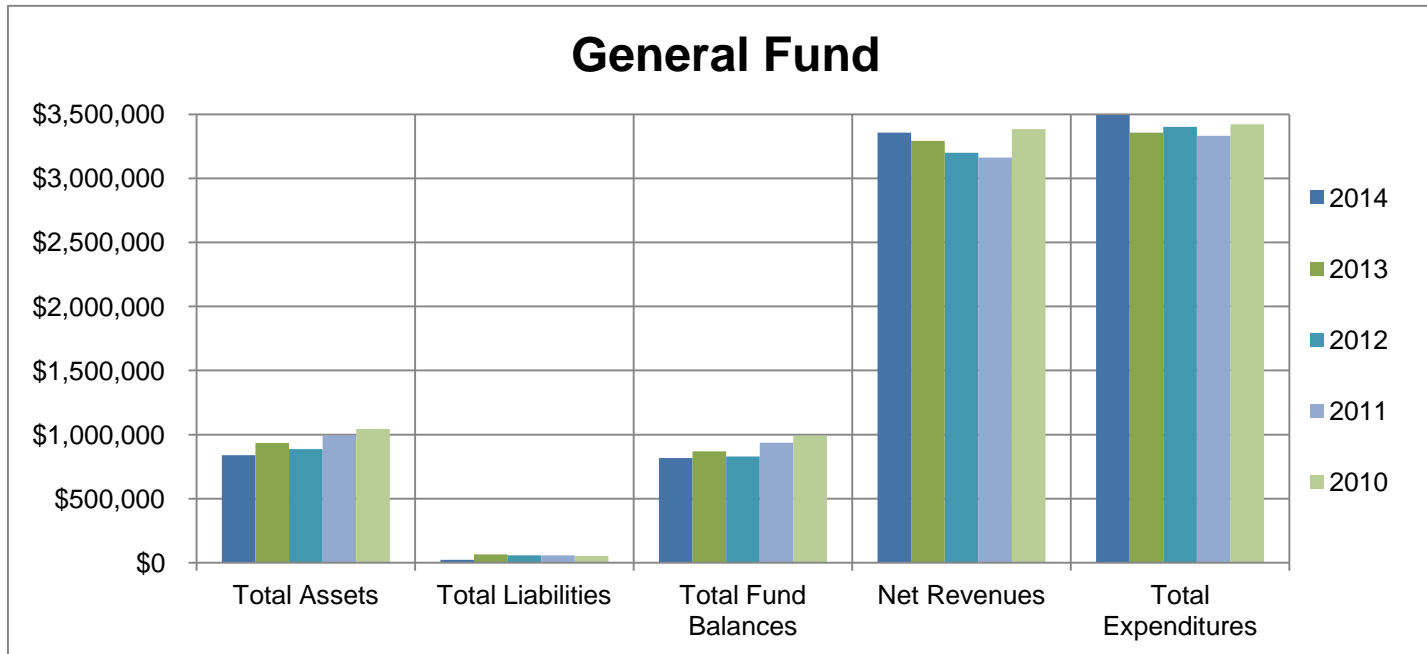
Schedule 3

	<u>December 31, 2014</u>
Land	\$ 124,694
Buildings	5,164,436
Equipment	<u>6,384,959</u>
Total	<u>\$ 11,674,089</u>

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

Schedule 4-1

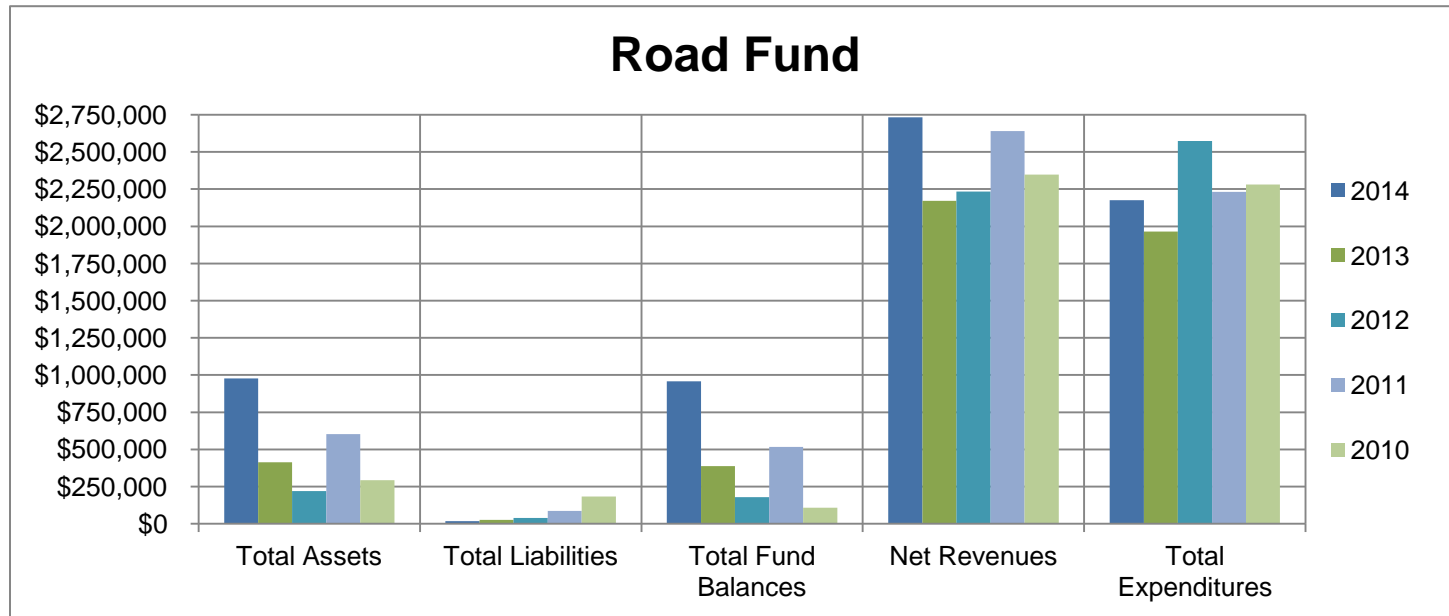
<u>General</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 839,796	\$ 933,712	\$ 886,574	\$ 994,238	\$ 1,044,087
Total Liabilities	23,033	64,142	57,822	56,671	52,768
Total Fund Balances	816,763	869,570	828,752	937,567	991,319
Net Revenues	3,356,196	3,292,630	3,200,857	3,162,516	3,385,945
Total Expenditures	3,495,260	3,357,370	3,401,221	3,331,943	3,421,935
Total Other Financing Sources/Uses	86,257	105,558	174,402	115,675	118,097



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

Schedule 4-2

<u>Road</u>	2014	2013	2012	2011	2010
Total Assets	\$ 977,443	\$ 414,298	\$ 219,469	\$ 603,935	\$ 293,188
Total Liabilities	18,872	27,236	39,548	86,276	183,836
Total Fund Balances	958,571	387,062	179,921	517,659	109,352
Net Revenues	2,733,485	2,170,443	2,233,026	2,639,363	2,348,307
Total Expenditures	2,175,676	1,964,309	2,572,411	2,231,056	2,280,194
Total Other Financing Sources/Uses	13,700	1,007	88,180		



FRANKLIN 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>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 3,723,762	\$ 4,038,551	\$ 3,710,031	\$ 3,532,376	\$ 3,306,107
Total Liabilities	995,676	885,475	718,051	531,751	431,219
Total Fund Balances	2,728,086	3,153,076	2,991,980	3,000,625	2,874,888
Net Revenues	2,804,063	2,830,589	2,815,746	2,858,656	2,573,649
Total Expenditures	3,511,866	2,608,772	2,666,378	2,617,244	1,923,631
Total Other Financing Sources/Uses	282,813	(106,565)	(146,742)	(115,675)	(118,097)

