

Lee County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2014

LEGISLATIVE JOINT AUDITING COMMITTEE



LEE COUNTY, ARKANSAS
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Arkansas

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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

Lee 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 Lee 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 Lee County, Arkansas, as of December 31, 2014, or the revenues, expenditures, and changes in net position and where applicable, cash flows, thereof for the year then ended.

Basis for Qualified Opinions on Regulatory Basis of Accounting

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

Qualified Opinions on Regulatory Basis of Accounting

In our opinion, except for the omission of the information described in the "Basis for Qualified Opinions on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Lee 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 April 14, 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
April 14, 2016
LOCO03914

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

Lee 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 Lee 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 April 14, 2016. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were qualified because required disclosures were not made concerning deposit risks.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified 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: Jimmy Keasler
- Treasurer: Mark Smith
- Sheriff and Tax Collector: Jack Oxner
- County Clerk: Lynsey Russell (resigned January 31, 2014)
Ann Hancock (appointed February 1, 2014)
- Circuit Clerk: Mary Ann Wilkinson
- Assessor: Becky Hogan
- County Librarian: Besty Bowman
- District Court Clerk: Melanie Jones-McKinney

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

District Court Clerk

ALA staff determined that \$8,236 in District Court cash receipts were not deposited. The Deputy Clerk issued the receipts and apparently dismissed the payees' cases.

Additionally, a journal that appeared to be in the Deputy Clerk's handwriting contained approximately 140 names and various amounts totaling \$33,351 that also appeared to be dismissed cases that were not receipted in receipt books provided. One individual named in the journal, who was contacted by ALA staff, had no knowledge of his case being dismissed and provided a receipt for payment of \$165 from a missing receipt book. The previous audit contained a similar finding. As of report date, these matters are being investigated by Arkansas State Police and the Deputy Clerk was terminated on November 17, 2015.

The following Information System weakness was discovered during a review of computer applications:

There was no documented remote access security policy. Failure to establish and communicate an adequate remote access security policy could result in the unnecessary exposure or 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
April 14, 2016

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

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 418,892	\$ 1,261,733	\$ 1,277,717
Accounts receivable	61,175	1,595	7,452
TOTAL ASSETS	\$ 480,067	\$ 1,263,328	\$ 1,285,169
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 60,904	\$ 29,848	
Settlements pending	2,715	630	\$ 243,612
Total Liabilities	63,619	30,478	243,612
Fund Balances:			
Restricted		1,232,850	982,032
Committed			59,525
Assigned	951		
Unassigned	415,497		
Total Fund Balances	416,448	1,232,850	1,041,557
TOTAL LIABILITIES AND FUND BALANCES	\$ 480,067	\$ 1,263,328	\$ 1,285,169

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 426,958	\$ 1,076,492	\$ 51,634
Federal aid	10,655		
Property taxes	514,728	272,122	58,437
Sales taxes	386,650		
Fines, forfeitures, and costs	185,125		52,700
Interest	386	2,214	1,635
Officers' fees	18,914		37,853
Jail fees	9,352		
911 fees			130,425
Treasurer's commission	70,673		8,378
Collector's commission	154,061		
Taxes apportioned - Assessor's salary and expense	165,997		
Other	125,955	69,812	3,241
TOTAL REVENUES	2,069,454	1,420,640	344,303
Less: Treasurer's commission	34,964	26,717	4,397
NET REVENUES	2,034,490	1,393,923	339,906
EXPENDITURES			
Current:			
General government	1,025,384		
Law enforcement	904,497		
Highways and streets		1,129,908	
Public safety	213,603		6,196
Health	53,686		
Recreation and culture	44,481		16
Social services	37,799		
Total Current	2,279,450	1,129,908	6,212
Debt Service:			
Lease principal	25,119	66,124	
Lease interest	876	3,017	
TOTAL EXPENDITURES	2,305,445	1,199,049	6,212

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

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (270,955)</u>	<u>\$ 194,874</u>	<u>\$ 333,694</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	262,251		
Transfers out		(1,859)	(260,392)
TOTAL OTHER FINANCING SOURCES (USES)	<u>262,251</u>	<u>(1,859)</u>	<u>(260,392)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,704)	193,015	73,302
FUND BALANCES - JANUARY 1	<u>425,152</u>	<u>1,039,835</u>	<u>968,255</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 416,448</u></u>	<u><u>\$ 1,232,850</u></u>	<u><u>\$ 1,041,557</u></u>

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

LEE 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	\$ 341,876	\$ 426,958	\$ 85,082	\$ 1,014,860	\$ 1,076,492	\$ 61,632
Federal aid	25,000	10,655	(14,345)	7,600		(7,600)
Property taxes	765,328	514,728	(250,600)	291,369	272,122	(19,247)
Sales taxes	375,000	386,650	11,650			
Fines, forfeitures, and costs	127,500	185,125	57,625			
Interest	500	386	(114)	2,000	2,214	214
Officers' fees	18,000	18,914	914			
Jail fees	9,000	9,352	352			
Treasurer's commission	75,000	70,673	(4,327)			
Collector's commission		154,061	154,061			
Taxes apportioned - Assessor's salary and expense		165,997	165,997			
Other	130,278	125,955	(4,323)	51,050	69,812	18,762
TOTAL REVENUES	1,867,482	2,069,454	201,972	1,366,879	1,420,640	53,761
Less: Treasurer's commission		34,964	(34,964)		26,717	(26,717)
NET REVENUES	1,867,482	2,034,490	167,008	1,366,879	1,393,923	27,044
EXPENDITURES						
Current:						
General government	1,293,336	1,025,384	267,952			
Law enforcement	868,300	904,497	(36,197)			
Highways and streets				1,294,938	1,129,908	165,030
Public safety	225,462	213,603	11,859			
Health	73,903	53,686	20,217			
Recreation and culture	48,810	44,481	4,329			
Social services	43,543	37,799	5,744			
Total Current	2,553,354	2,279,450	273,904	1,294,938	1,129,908	165,030
Debt Service:						
Lease principal	25,119	25,119		66,125	66,124	1
Lease interest	818	876	(58)	3,017	3,017	
TOTAL EXPENDITURES	2,579,291	2,305,445	273,846	1,364,080	1,199,049	165,031

LEE 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	\$ (711,809)	\$ (270,955)	\$ 440,854	\$ 2,799	\$ 194,874	\$ 192,075
OTHER FINANCING SOURCES (USES)						
Transfers in	398,700	262,251	(136,449)			
Transfers out					(1,859)	(1,859)
TOTAL OTHER FINANCING SOURCES (USES)	398,700	262,251	(136,449)		(1,859)	(1,859)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(313,109)	(8,704)	304,405	2,799	193,015	190,216
FUND BALANCES - JANUARY 1	450,000	425,152	(24,848)	800,000	1,039,835	239,835
FUND BALANCES - DECEMBER 31	<u>\$ 136,891</u>	<u>\$ 416,448</u>	<u>\$ 279,557</u>	<u>\$ 802,799</u>	<u>\$ 1,232,850</u>	<u>\$ 430,051</u>

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

LEE 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 and District Court.

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 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: Treasurer's Automation, Collector's Automation, Administration of Courts, District Court Automation, Assessor's Amendment no. 79, County Clerk's Cost, County Recorder's Cost, Sheriff's Automation, County Public Library, Support Collection Costs, Communication Facility and Equipment, Housing Prisoners, Act 117 – Booking Fee, County Emergency Rescue (Boating Safety and Enforcement), Emergency 911, Fire Equipment and Training (Act 833), Arkansas Public Defender, Juvenile Probation Fees (Circuit Court Juvenile Division), Voting System Grant, Circuit Clerk Commissioner's Fee, Monkey Law, Deputy Prosecuting Attorney, Public Defender, and Sheriff's Equipment.

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; Victim/Witness Advocate Program, Act 1564 – Public Defender User Fee, Act 328 – Court Tech Fees, Unclaimed Property, Homestead – County Property Tax Relief, Law Library, Act 65 of 2005 – Support Crime Labs, Act 431 of 2005 – Support Public Law School, Act 1029 – Domestic Peace; Sheriff: Miscellaneous; County Clerk: Fee, Trust, and Change Fund; Circuit Clerk: Fee, Trust, and Change Fund; District Court: County, City, Circuit, and Civil/Small Claims.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Quorum Court.
3. 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.
4. 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.

LEE 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.

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.

NOTE 2: Cash

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

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Accounts Receivable

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid			\$ 50
Officers' fees	\$ 1,824		2,310
Property taxes	7,972		
Sales taxes	28,562		
Fines, forfeitures, and costs	8,865		2,651
Excess treasurer commission	80	\$ 1,595	
911 fees			2,441
Other	13,872		
Totals	<u>\$ 61,175</u>	<u>\$ 1,595</u>	<u>\$ 7,452</u>

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

NOTE 5: Accounts Payable

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

Description	General Fund	Road Fund
Vendor payables	\$ 59,390	\$ 29,344
Payroll taxes payable	1,514	504
Totals	\$ 60,904	\$ 29,848

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, 2014, the legal debt limit for bonded debt was \$8,203,738. 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 \$3,003,723. The amount of short-term financing obligations was \$441,237, leaving a legal debt margin of \$2,562,486.

NOTE 7: Details of Fund Balance Classifications

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 262,938
Law enforcement			190,593
Highways and streets		\$ 1,232,850	
Public safety			327,154
Recreation and culture			201,347
Total Restricted		1,232,850	982,032
Committed for:			
Law enforcement			59,525
Assigned to:			
Law enforcement	\$ 951		
Unassigned	415,497		
Totals	\$ 416,448	\$ 1,232,850	\$ 1,041,557

NOTE 8: Commitments

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

	December 31, 2014
Long-term liabilities	\$ 441,237

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

NOTE 8: Commitments (Continued)

Long-term Liabilities

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

	December 31, 2014
Note with First National Bank of Eastern Arkansas for Peterbilt Chassis fire truck dated September 18, 2014. The debt was for \$333,899 with an interest rate of 2.85% to be paid in four yearly payments of \$27,215 and a balloon payment the fifth year for \$253,919 beginning February 15, 2015. Payments are to be made from Act 833 Fire Equipment and Training.	\$ 333,899
Note with First National Bank of Eastern Arkansas for three Chevrolet Tahoes dated September 18, 2014. The debt was for \$107,338 with an interest rate of 2.45% to be paid in three yearly payments of \$36,983 beginning February 1, 2015. Payments are to be made from the General Fund.	107,338
Total Liabilities	\$ 441,237

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
2015	\$ 64,199
2016	64,199
2017	64,199
2018	27,215
2019	261,155
Total Obligations	480,967
Less Interest	39,730
Total Principal	\$ 441,237

NOTE 9: Interfund Transfers

Other Funds in the Aggregate transferred \$260,392 to the General Fund for reimbursements of expenditures. The Road Fund transferred \$1,859 to the General Fund for reimbursements of expenditures.

NOTE 10: Related Party Transactions

During 2014, the County paid \$47,680 to Smith Insurance Agency, which is owned by Lee County Treasurer Mark Smith. The County has an ordinance allowing the County to do business with Smith Insurance Agency.

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

NOTE 11: Joint Venture: Phillips, Lee, and Monroe Regional Library

Phillips, Lee, and Monroe Counties entered into an agreement in May 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Phillips, Lee, and Monroe Regional Library. The agreement states that the library boards of these counties are to continue the same duties and functions that they have in the past until said duties and functions are altered by the Quorum Court as provided by law. Contact the Phillips, Lee, and Monroe Regional Library at 702 Porter Street, Helena, AR 72342 to obtain financial statements. The Lee County Library did not pay any regional library expenditures in 2014.

NOTE 12: Jointly Governed Organization: First Judicial District Drug Task Force

The First Judicial District Drug Task Force is a jointly governed organization comprised of representatives from Lee, Monroe, Phillips, St. Francis, Cross, and Woodruff Counties and participating cities within the aforementioned counties. The Sheriff from each county acts as a representative. The County did not pay any drug task force expenditures in 2014. Contact the First Judicial District Drug Task Force at 113 S. Main Street, Clarendon, Arkansas 72029 to inquire on the availability of financial statements.

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 areas:

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

Vehicle Program

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

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

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

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

NOTE 14: 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.

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 \$190,495.

NOTE 15: Contingent Liability

The County (Grantee) entered into a \$223,000 grant agreement on April 24, 2012 with Arkansas Economic Development Commission (Grantor) with the ultimate purpose of the agreement being to create employment opportunities for Arkansas residents. The grant agreement allowed the County to reimburse East Arkansas Enterprise Community for eligible expenditures after required invoices were submitted. The County remitted the \$223,000 to East Arkansas Enterprise Community without invoices based on an approving email by the Grantor, but the original agreement was not revised. The agreement indicates that in the event of a default or violation of terms of the grant agreement by the Grantee, the Grantor may institute actions to recover all or part of the proper funds paid to the Grantee. On December 31, 2014, the outstanding grant balance was \$95,523.

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

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Administration of Courts	District Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder's Cost	Sheriff's Automation	County Public Library
ASSETS									
Cash and cash equivalents	\$ 18,880	\$ 66,497	\$ 58,853	\$ 1,634	\$ 5,725	\$ 88	\$ 150,182	\$ 673	\$ 201,441
Accounts receivable			672			10	2,260	45	
TOTAL ASSETS	<u>\$ 18,880</u>	<u>\$ 66,497</u>	<u>\$ 59,525</u>	<u>\$ 1,634</u>	<u>\$ 5,725</u>	<u>\$ 98</u>	<u>\$ 152,442</u>	<u>\$ 718</u>	<u>\$ 201,441</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Settlements pending									\$ 94
Fund Balances:									
Restricted	\$ 18,880	\$ 66,497		\$ 1,634	\$ 5,725	\$ 98	\$ 152,442	\$ 718	201,347
Committed			\$ 59,525						
Total Fund Balances	<u>18,880</u>	<u>66,497</u>	<u>59,525</u>	<u>1,634</u>	<u>5,725</u>	<u>98</u>	<u>152,442</u>	<u>718</u>	<u>201,347</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,880</u>	<u>\$ 66,497</u>	<u>\$ 59,525</u>	<u>\$ 1,634</u>	<u>\$ 5,725</u>	<u>\$ 98</u>	<u>\$ 152,442</u>	<u>\$ 718</u>	<u>\$ 201,441</u>

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Support Collections Costs	Communication Facility and Equipment	Housing Prisoners	Act 117 - Booking Fee	County Emergency Rescue (Boating Safety and Enforcement)	Emergency 911	Arkansas Public Defender	Juvenile Probation Fees (Circuit Court Juvenile Division)	Voting System Grant
ASSETS									
Cash and cash equivalents	\$ 3,762	\$ 3,506	\$ 3,200	\$ 15,944	\$ 6,947	\$ 317,716	\$ 19,044	\$ 1,853	\$ 15,379
Accounts receivable		264	1,670		50	2,441		40	
TOTAL ASSETS	<u>\$ 3,762</u>	<u>\$ 3,770</u>	<u>\$ 4,870</u>	<u>\$ 15,944</u>	<u>\$ 6,997</u>	<u>\$ 320,157</u>	<u>\$ 19,044</u>	<u>\$ 1,893</u>	<u>\$ 15,379</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Settlements pending									
Fund Balances:									
Restricted	\$ 3,762	\$ 3,770	\$ 4,870	\$ 15,944	\$ 6,997	\$ 320,157	\$ 19,044	\$ 1,893	\$ 15,379
Committed									
Total Fund Balances	<u>3,762</u>	<u>3,770</u>	<u>4,870</u>	<u>15,944</u>	<u>6,997</u>	<u>320,157</u>	<u>19,044</u>	<u>1,893</u>	<u>15,379</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,762</u>	<u>\$ 3,770</u>	<u>\$ 4,870</u>	<u>\$ 15,944</u>	<u>\$ 6,997</u>	<u>\$ 320,157</u>	<u>\$ 19,044</u>	<u>\$ 1,893</u>	<u>\$ 15,379</u>

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

Schedule 1

	SPECIAL REVENUE FUNDS				AGENCY FUNDS					Totals
	Circuit Clerk Commissioner's Fee	Deputy Prosecuting Attorney	Public Defender	Sheriff's Equipment	Treasurer's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	
ASSETS										
Cash and cash equivalents	\$ 155	\$ 1,329	\$ 140,285	\$ 1,106	\$ 7,050	\$ 30	\$ 41,233	\$ 49,354	\$ 145,851	\$ 1,277,717
Accounts receivable										7,452
TOTAL ASSETS	\$ 155	\$ 1,329	\$ 140,285	\$ 1,106	\$ 7,050	\$ 30	\$ 41,233	\$ 49,354	\$ 145,851	\$ 1,285,169
LIABILITIES AND FUND BALANCES										
Liabilities:										
Settlements pending					\$ 7,050	\$ 30	\$ 41,233	\$ 49,354	\$ 145,851	\$ 243,612
Fund Balances:										
Restricted	\$ 155	\$ 1,329	\$ 140,285	\$ 1,106						982,032
Committed										59,525
Total Fund Balances	155	1,329	140,285	1,106						1,041,557
TOTAL LIABILITIES AND FUND BALANCES	\$ 155	\$ 1,329	\$ 140,285	\$ 1,106	\$ 7,050	\$ 30	\$ 41,233	\$ 49,354	\$ 145,851	\$ 1,285,169

LEE 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								
	Treasurer's Automation	Collector's Automation	Administration of Courts	District Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder's Cost	Sheriff's Automation	County Public Library
REVENUES									
State aid									\$ 8,987
Property taxes		\$ 17,468							40,969
Fines, forfeitures, and costs			\$ 11,285	\$ 1,632				\$ 720	
Interest	\$ 65	97	108				\$ 286	2	222
Officers' fees					\$ 14	\$ 98	36,115		
911 fees									
Treasurer's commission	8,378								
Other									3,241
TOTAL REVENUES	8,443	17,565	11,393	1,632	14	98	36,401	722	53,419
Less: Treasurer's commission		349	66				198	4	920
NET REVENUES	8,443	17,216	11,327	1,632	14	98	36,203	718	52,499
EXPENDITURES									
Current:									
Public safety									
Recreation and culture									16
TOTAL EXPENDITURES									16
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,443	17,216	11,327	1,632	14	98	36,203	718	52,483
OTHER FINANCING SOURCES (USES)									
Transfers out	(34,200)		(1,100)		(2,600)	(808)	(27,912)	(4,684)	(44,067)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(25,757)	17,216	10,227	1,632	(2,586)	(710)	8,291	(3,966)	8,416
FUND BALANCES - JANUARY 1	44,637	49,281	49,298	2	8,311	808	144,151	4,684	192,931
FUND BALANCES - DECEMBER 31	<u>\$ 18,880</u>	<u>\$ 66,497</u>	<u>\$ 59,525</u>	<u>\$ 1,634</u>	<u>\$ 5,725</u>	<u>\$ 98</u>	<u>\$ 152,442</u>	<u>\$ 718</u>	<u>\$ 201,347</u>

LEE 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							
	Support Collections Costs	Communication Facility and Equipment	Housing Prisoners	Act 117 - Booking Fee	County Emergency Rescue (Boating Safety and Enforcement)	Emergency 911	Fire Equipment and Training (Act 833)	Arkansas Public Defender
REVENUES								
State aid					\$ 707		\$ 26,561	
Property taxes								
Fines, forfeitures, and costs		\$ 3,772	\$ 18,574	\$ 14,266				\$ 1,851
Interest		6	17		13	\$ 501		36
Officers' fees	\$ 984							
911 fees						130,425		
Treasurer's commission								
Other								
TOTAL REVENUES	984	3,778	18,591	14,266	720	130,926	26,561	1,887
Less: Treasurer's commission		8		207	13	2,613		19
NET REVENUES	984	3,770	18,591	14,059	707	128,313	26,561	1,868
EXPENDITURES								
Current:								
Public safety							6,196	
Recreation and culture								
TOTAL EXPENDITURES							6,196	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	984	3,770	18,591	14,059	707	128,313	20,365	1,868
OTHER FINANCING SOURCES (USES)								
Transfers out	(1,500)	(9,168)	(20,000)			(50,304)	(46,037)	(1,800)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(516)	(5,398)	(1,409)	14,059	707	78,009	(25,672)	68
FUND BALANCES - JANUARY 1	4,278	9,168	6,279	1,885	6,290	242,148	25,672	18,976
FUND BALANCES - DECEMBER 31	<u>\$ 3,762</u>	<u>\$ 3,770</u>	<u>\$ 4,870</u>	<u>\$ 15,944</u>	<u>\$ 6,997</u>	<u>\$ 320,157</u>	<u>\$ 0</u>	<u>\$ 19,044</u>

LEE 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								
	Juvenile Probation Fees (Circuit Court Juvenile Division)	Voting System Grant	Circuit Clerk Commissioner's Fee	Monkey Law	Deputy Prosecuting Attorney	Public Defender	Sheriff's Equipment	Totals
REVENUES								
State aid		\$ 15,379						\$ 51,634
Property taxes								58,437
Fines, forfeitures, and costs							\$ 600	52,700
Interest					\$ 3	\$ 273	6	1,635
Officers' fees	\$ 525		\$ 117					37,853
911 fees								130,425
Treasurer's commission								8,378
Other								3,241
TOTAL REVENUES	525	15,379	117		3	273	606	344,303
Less: Treasurer's commission								4,397
NET REVENUES	525	15,379	117		3	273	606	339,906
EXPENDITURES								
Current:								
Public safety								6,196
Recreation and culture								16
TOTAL EXPENDITURES								6,212
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	525	15,379	117		3	273	606	333,694
OTHER FINANCING SOURCES (USES)								
Transfers out				\$ (59)	(4,000)		(12,153)	(260,392)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	525	15,379	117	(59)	(3,997)	273	(11,547)	73,302
FUND BALANCES - JANUARY 1	1,368		38	59	5,326	140,012	12,653	968,255
FUND BALANCES - DECEMBER 31	<u>\$ 1,893</u>	<u>\$ 15,379</u>	<u>\$ 155</u>	<u>\$ 0</u>	<u>\$ 1,329</u>	<u>\$ 140,285</u>	<u>\$ 1,106</u>	<u>\$ 1,041,557</u>

LEE 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
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.
Administration of Courts	Lee County Ordinance no. 12 (August 23, 1994) established an \$8 fee levied on each case for any permissible use in the administration of justice.
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.
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.
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.
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.
Sheriff's Automation	Ark. Code Ann. § 27-53-210 established fund to partially reimburse county law enforcement agency for cost of making copies of accident reports and traffic violations. Funds collected shall be retained for support of the law enforcement agency.
County Public 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.
Support Collections Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
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.

LEE 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
Housing Prisoners	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.
Act 117 - Booking Fee	Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.
County Emergency Rescue (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.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Fire Equipment and Training (Act 833)	Ark. Code Ann. § 14-284-403 requires fire protection premium tax funds to be distributed by the county to local fire districts for equipment, training, capital improvements, insurance for buildings, utility costs, or other expenditures necessary for upgrading fire service.
Arkansas 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. Three dollars of each fee is remitted back to the county quarterly to be used to defray the operating expenses of the public defender office.
Juvenile Probation Fees (Circuit Court Juvenile Division)	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.
Voting System Grant	Ark. Code Ann. § 19-5-1247 established fund to receive grants from the Secretary of State County Voting System Grant Fund to purchase voting system equipment, programming, and maintenance.
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.
Monkey Law	Ark. Code Ann. § 20-19-605 established fund to offset the cost of issuing registration for possession of primates and for costs involved in controlling primates located within the County.

LEE 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
Deputy Prosecuting Attorney	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for expenses of the prosecutor.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
Sheriff's Equipment	Established to account for circuit court ordered fines to be used for sheriff's equipment expenses.

Treasurer's accounts consist primarily of fines and costs and officer's fees not distributed to the appropriate authorities.

Sheriff's accounts consist primarily of fees settlement.

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

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

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

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

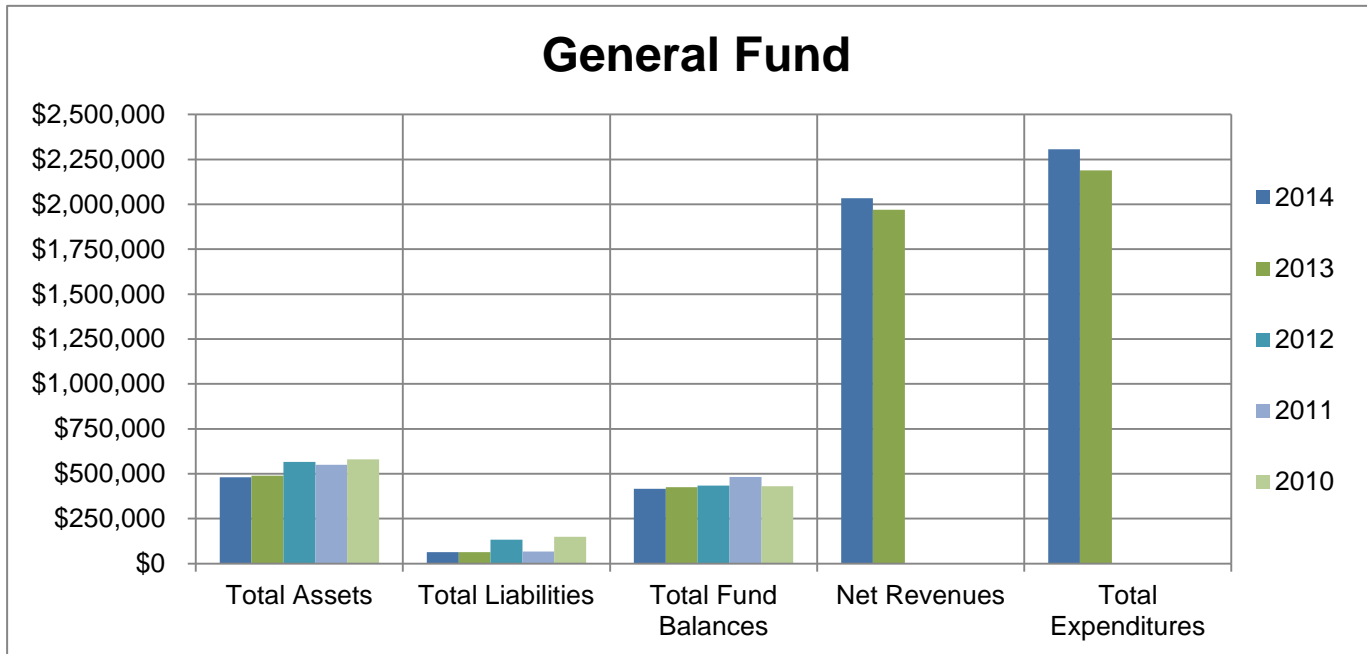
Schedule 3

	<u>December 31, 2014</u>
Land	\$ 22,200
Buildings	856,253
Equipment	<u>2,623,159</u>
Total	<u><u>\$ 3,501,612</u></u>

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

Schedule 4-1

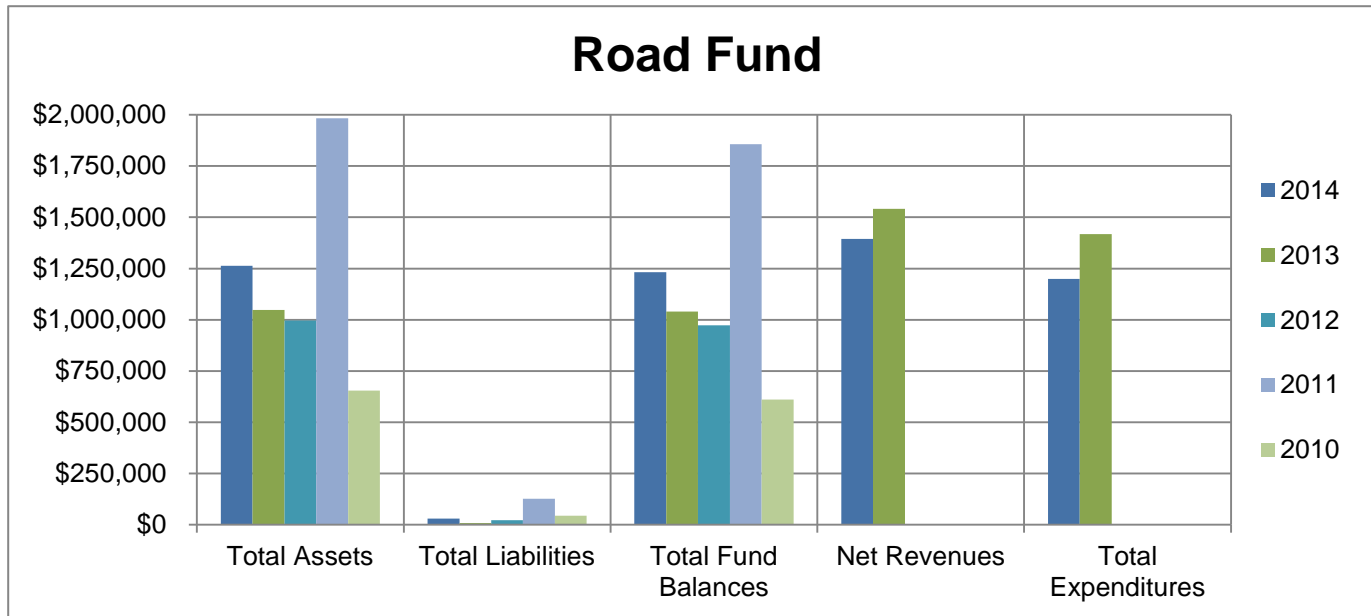
General	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 480,067	\$ 489,717	\$ 566,875	\$ 550,038	\$ 579,989
Total Liabilities	63,619	64,565	133,109	67,901	150,107
Total Fund Balances	416,448	425,152	433,766	482,137	429,882
Net Revenues	2,034,490	1,969,789	2,303,398	2,085,197	2,018,826
Total Expenditures	2,305,445	2,188,966	2,559,650	2,260,447	2,333,179
Total Other Financing Sources/Uses	262,251	266,169	207,881	227,505	155,931



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

Schedule 4-2

<u>Road</u>	2014	2013	2012	2011	2010
Total Assets	\$ 1,263,328	\$ 1,048,569	\$ 996,669	\$ 1,983,337	\$ 654,281
Total Liabilities	30,478	8,734	23,095	126,433	43,748
Total Fund Balances	1,232,850	1,039,835	973,574	1,856,904	610,533
Net Revenues	1,393,923	1,540,783	1,819,428	2,976,770	1,069,802
Total Expenditures	1,199,049	1,417,801	2,702,758	1,730,399	1,548,302
Total Other Financing Sources/Uses	(1,859)				



LEE 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	\$ 1,285,169	\$ 1,226,554	\$ 1,036,803	\$ 978,073	\$ 995,215
Total Liabilities	243,612	258,299	112,986	140,917	196,447
Total Fund Balances	1,041,557	968,255	923,817	837,156	798,768
Net Revenues	339,906	310,607	294,542	265,893	343,773
Total Expenditures	6,212				300
Total Other Financing Sources/Uses	(260,392)	(266,169)	(207,881)	(227,505)	(155,931)

