

Little River County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2014

LEGISLATIVE JOINT AUDITING COMMITTEE



LITTLE RIVER 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

Little River 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 Little River 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 Little River 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 Adverse Opinion on Regulatory Basis of Accounting

The Little River Memorial Hospital and Little River Nursing and Rehab Funds have not been included in the County's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Ark. Code Ann. § 10-4-412, requires the Little River Memorial Hospital and Little River Nursing and Rehab Funds to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, revenues, and expenditures. The amount by which this departure would affect the assets, liabilities, revenues, and expenditures of the other funds in the aggregate column is not reasonably determinable. The County's financial statements also 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.

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above do not present fairly, in conformity with the regulatory basis of accounting, as described in Note 1, the financial position of the other funds in the aggregate of Little River County, Arkansas, as of December 31, 2014, and the regulatory basis revenues, expenditures, and changes in net position 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 and road fund of Little River 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 the 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. Because of the omissions described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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 December 2, 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
December 2, 2015
LOCO04114

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

Little River 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 Little River 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 December 2, 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 opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Little River Memorial Hospital and Little River Nursing and Rehab Funds, which are material to other funds in the aggregate. Our opinions on the general fund and road fund 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: Clayton Castleman (Deceased November 22, 2014)
 Hoyt Johnson (Appointed December 3, 2014)
Treasurer: Dayna Guthrie
Sheriff and Tax Collector: Gary Gregory
County Clerk: Deanna Sivley
Circuit Clerk: Andrea Billingsley
Assessor: Allie Rosenbaum

Our audit procedures indicated that the above offices were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with accepted accounting practices was noted in the office of **County Clerk**.

The following Information Systems weakness was discovered during a review of computers:

County Clerk

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
December 2, 2015

LITTLE RIVER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 171,332	\$ 432,343	\$ 708,065
Accounts receivable	82,193	82,454	128,752
TOTAL ASSETS	\$ 253,525	\$ 514,797	\$ 836,817
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 23,642	\$ 10,264	\$ 103,559
Settlements pending	35,841		153,196
Total Liabilities	59,483	10,264	256,755
Fund Balances:			
Restricted		302,809	545,419
Assigned		201,724	39,146
Unassigned	194,042		(4,503)
Total Fund Balances	194,042	504,533	580,062
TOTAL LIABILITIES AND FUND BALANCES	\$ 253,525	\$ 514,797	\$ 836,817

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

LITTLE RIVER 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	\$ 420,236	\$ 1,181,222	\$ 167,955
Federal aid	42,934		
Property taxes	574,324	359,680	64,811
Sales taxes	744,402		1,587,497
Fines, forfeitures, and costs	303,363		75,750
Interest	984	346	1,030
Officers' fees	25,261		68,142
Jail fees			90,272
911 surcharge			152,025
Contribution from cities	70,353		74,842
Sanitation fees			21,070
Treasurer's commission	97,928		11,607
Collector's commission	208,369		39,259
Taxes apportioned - Assessor's salary and expense	266,648		
Other	<u>253,605</u>	<u>75,245</u>	<u>36,647</u>
 TOTAL REVENUES	 3,008,407	 1,616,493	 2,390,907
 Less: Treasurer's commission	 <u>34,501</u>	 <u>27,750</u>	 <u>23,481</u>
 NET REVENUES	 <u>2,973,906</u>	 <u>1,588,743</u>	 <u>2,367,426</u>
 EXPENDITURES			
Current:			
General government	1,267,124		245,027
Law enforcement	782,869		869,490
Highways and streets		1,239,981	
Public safety	53,982		203,423
Sanitation			788,410
Health	14,962		
Recreation and culture			129,871
Social services	55,255		
Total Current	<u>2,174,192</u>	<u>1,239,981</u>	<u>2,236,221</u>
 Debt Service:			
Note principal		44,922	134,967
Note interest		1,031	17,841
Loan principal (sales tax withheld)	165,385		162,777
 TOTAL EXPENDITURES	 <u>2,339,577</u>	 <u>1,285,934</u>	 <u>2,551,806</u>

LITTLE RIVER 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>\$ 634,329</u>	<u>\$ 302,809</u>	<u>\$ (184,380)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	118,250		992,553
Transfers out	(992,553)		(118,250)
Sales taxes remitted to Cossatot Community College			(279,563)
Sales remitted to Little River Memorial Hospital			<u>(569,888)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(874,303)</u>		<u>24,852</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(239,974)</u>	<u>302,809</u>	<u>(159,528)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	431,478	201,724	736,158
Restatement adjustment (Note 11)	<u>2,538</u>		<u>3,432</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>434,016</u>	<u>201,724</u>	<u>739,590</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 194,042</u></u>	<u><u>\$ 504,533</u></u>	<u><u>\$ 580,062</u></u>

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

LITTLE RIVER 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	\$ 387,376	\$ 420,236	\$ 32,860	\$ 1,147,270	\$ 1,181,222	\$ 33,952
Federal aid	55,658	42,934	(12,724)	9,000		(9,000)
Property taxes	549,996	574,324	24,328	310,412	359,680	49,268
Sales taxes	625,000	744,402	119,402			
Fines, forfeitures, and costs	304,989	303,363	(1,626)			
Interest	1,100	984	(116)	669	346	(323)
Officers' fees	26,043	25,261	(782)			
Contribution from cities	71,031	70,353	(678)			
Treasurer's commission	100,000	97,928	(2,072)			
Collector's commission	395,680	208,369	(187,311)			
Taxes apportioned - Assessor's salary and expense	344,571	266,648	(77,923)			
Other	232,474	253,605	21,131		75,245	75,245
TOTAL REVENUES	3,093,918	3,008,407	(85,511)	1,467,351	1,616,493	149,142
Less: Treasurer's commission		34,501	(34,501)		27,750	(27,750)
NET REVENUES	3,093,918	2,973,906	(120,012)	1,467,351	1,588,743	121,392
EXPENDITURES						
Current:						
General government	1,372,526	1,267,124	105,402			
Law enforcement	911,326	782,869	128,457			
Highways and streets				1,691,601	1,239,981	451,620
Public safety	52,775	53,982	(1,207)			
Health	16,575	14,962	1,613			
Social services	61,840	55,255	6,585			
Total Current	2,415,042	2,174,192	240,850	1,691,601	1,239,981	451,620
Debt Service:						
Note principal					44,922	(44,922)
Note interest					1,031	(1,031)
Loan principal (sales tax withheld)		165,385	(165,385)			
TOTAL EXPENDITURES	2,415,042	2,339,577	75,465	1,691,601	1,285,934	405,667

LITTLE RIVER 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	\$ 678,876	\$ 634,329	\$ (44,547)	\$ (224,250)	\$ 302,809	\$ 527,059
OTHER FINANCING SOURCES (USES)						
Transfers in		118,250	118,250	15,000		(15,000)
Transfers out	(880,751)	(992,553)	(111,802)			
TOTAL OTHER FINANCING SOURCES (USES)	(880,751)	(874,303)	6,448	15,000		(15,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(201,875)	(239,974)	(38,099)	(209,250)	302,809	512,059
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	693,956	431,478	(262,478)	324,402	201,724	(122,678)
Restatement adjustment (Note 11)		2,538	2,538			
FUND BALANCES - JANUARY 1, AS RESTATED	693,956	434,016	(259,940)	324,402	201,724	(122,678)
FUND BALANCES - DECEMBER 31	\$ 492,081	\$ 194,042	\$ (298,039)	\$ 115,152	\$ 504,533	\$ 389,381

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

LITTLE RIVER 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. The following funds of the County are not presented in this report: Little River Memorial Hospital and Little River Nursing and Rehab.

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, County Sales Tax, and Investment.

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 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: Communication Facility and Equipment, Treasurer's Automation, County Library, Emergency Vehicle, Landfill, CMRS 911 Board (Commercial Mobile Radio Service), Support Collection Cost, Assessor's Amendment no. 79, Boating Safety, Collector's Automation, County Clerk's Cost, Jail Operations and Maintenance, Public Defender, Victim/Witness, County Recorder's Cost, Circuit Court Automation, Public Safety, Juvenile Court Cost, Voting System Grant, Allene Fire Department, Yarborough Fire Department, Oak Hill Fire Department, East Ogden Fire Department, Jack's Isle Fire Department, Rural Fire Protection Program, Cossatot Community College Sales Tax, Little River Memorial Hospital Sales Tax, Arkansas Historic Preservation Grant, County Grants in Aid, Library Grants, and First Responder.

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 (Law Library, County Administration of Justice, Arkansas Game and Fish Commission, and Common School); Collector (Current Tax, Delinquent Tax, Change, and Petty Cash); Sheriff (Fee, Bond and Fine, and Inmate Commissary); County Clerk (Trust and Petty Cash); Circuit Clerk (General, Juvenile, Criminal, Trust, and Petty Cash).

LITTLE RIVER 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.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, property taxes, and other balances that have not been transferred to the appropriate entities.

Fund Balance Classifications

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

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

LITTLE RIVER 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 Cossatot Community College Sales Tax Fund and the Little River Memorial Hospital Sales Tax 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 fund balances at year-end.

NOTE 2: Cash

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

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of 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: 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		\$ 80,925	
Property taxes		1,529	\$ 281
Sales taxes	\$ 45,269		111,389
Fines, forfeitures, and costs	19,660		5,848
Officers' fees	2,366		5,907
Jail fees			2,436
911 surcharge			2,295
Sanitation fees			300
Interest	3		
Other	14,895		296
Totals	<u>\$ 82,193</u>	<u>\$ 82,454</u>	<u>\$ 128,752</u>

LITTLE RIVER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 5: Accounts Payable

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 23,642	\$ 10,264	\$ 103,559

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 \$22,838,926. 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 \$6,281,124. The amount of short-term financing obligations was \$444,100, leaving a legal debt margin of \$5,837,024.

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			\$ 335,289
Law enforcement			4,104
Highways and streets		\$ 302,809	
Public safety			206,026
Total Restricted		<u>302,809</u>	<u>545,419</u>
Assigned to:			
Law enforcement			2,374
Recreation and culture			11,295
Highways and streets		201,724	
Sanitation			25,477
Total Assigned		<u>201,724</u>	<u>39,146</u>
Unassigned	\$ 194,042		(4,503)
Totals	<u>\$ 194,042</u>	<u>\$ 504,533</u>	<u>\$ 580,062</u>

LITTLE RIVER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 8: Deficit Fund Balances

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

	December 31, 2014
Other Funds in the Aggregate:	
Special Revenue:	
Jail Operations and Maintenance	\$ (4,503)

NOTE 9: Commitments

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

	December 31, 2014
Long-term liabilities	\$ 550,994
Reappraisal contract	282,000
Sales and use tax overpayment	429,162
 Total Commitments	 \$ 1,262,156

Long-Term Liabilities

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

	December 31, 2014
<u>Notes Payable</u>	
Note payable with First National Bank on the purchase of a 2007 Case CX210 excavator, monthly payments of \$1,966 for four years beginning on May 5, 2011, with interest of 4.75%. Payments are to be made from the Road Fund.	\$ 7,851
Note payable with First National Bank on the purchase of a 2013 Mack GU713 roll off truck, monthly payments of \$1,821 for five years beginning August 5, 2012, with interest of 3.50%. Payments are to be made from the Landfill Fund.	53,856
Note payable with First National Bank on the jail renovation, monthly payments of \$10,913 for five years beginning February 5, 2013, with interest of 3.50%. Payments are to be made from the General Fund.	382,393
Total Notes Payable	444,100
 <u>Pension Liability</u>	
Arkansas District Judge's Retirement unfunded pension liability. The actuarial assumed rate of interest is 8%. Little River County and the City of Ashdown have agreed to share the cost on a 62% / 38% basis, respectively. The amount of liability reflected represents only Little River County's portion.	106,894
 Total Long-Term Liabilities	 \$ 550,994

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

Post Employment Benefits Other Than Pensions

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

LITTLE RIVER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Notes
2015	\$ 160,673
2016	152,808
2017	143,671
2018	11,080
Total Obligations	468,232
Less Interest	24,132
Total Principal	\$ 444,100

Reappraisal Contract

On December 27, 2012, the County entered into a contract with Arkansas CAMA Technologies, Inc., for county-wide real estate reappraisal. Terms of the contract require 60 payments of \$7,833. The County is obligated for the following amounts for the next three years:

Year	December 31, 2014
2015	\$ 94,000
2016	94,000
2017	94,000
Total	\$ 282,000

Reappraisal expense for 2014 was \$94,000.

Sales and Use Tax Overpayment

On January 3, 2011 and June 13, 2011, the County Judge notified the Quorum Court that two entities conducting business within Little River County had overpaid sales and use taxes. The amounts of the overpayments will be withheld from the sales and use tax remitted to the County. However, the amounts withheld will be reflected in these financial statements as loan principal. Based on the information provided by the Arkansas Department of Finance and Administration, the County is obligated for the following amounts for the next two years:

Year	December 31, 2014
2015	\$ 328,162
2016	101,000
Total	\$ 429,162

NOTE 10: Interfund Transfers

The General Fund transferred \$992,553 to Other Funds in the Aggregate. This amount was supplemental funding of \$35,000 for the County Library Fund, \$156,170 for the Landfill Fund, \$775,650 for the Jail Operation and Maintenance Fund, \$4,500 for the Public Defender Fund, \$2,951 for the Victim/Witness Fund, \$750 for the Juvenile Court Cost Fund, \$12,247 for the Rural Fire Protection Program Fund and \$5,285 for the County Grants in Aid Fund. Additionally, Other Funds in the Aggregate, CMRS 911 Board (Commercial Mobile Radio Service) transferred \$118,250 to the General Fund to reimburse for public safety expenditures.

LITTLE RIVER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 11: Prior Year Restatement

The General Fund and Other Funds in the Aggregate beginning fund balances were increased at January 1, 2014 in the amounts of \$2,538 and \$3,432, respectively. These restatements were due to the County reclassifying funds pursuant to implementation of the revised County Financial Management System Manual as authorized by Ark. Code Ann. § 14-21-101(a).

NOTE 12: Joint Venture: Tri-County Regional Library System

Sevier, Little River, and Howard Counties entered into an agreement on October 9, 2013 in accordance with Ark. Code Ann. § 13-2-401 to establish the Tri-County Regional Library System. The agreement states the Tri-County Regional Library System is governed by a six member board which is made up of two appointed representatives of each county library board. Each county library is to contribute .25 per capita per year from their one mill property tax fund for the operation of the Tri-County Regional Library System. Little River County contributed \$3,293 to the Tri-County Regional Library System in 2014.

NOTE 13: Jointly Governed Organizations

Upper Southwest Arkansas Regional Solid Waste Management District

The County paid \$175,448 to the Upper Southwest Arkansas Regional Solid Waste Management District in 2014. The Upper Southwest Arkansas Regional Solid Waste Management District is a jointly governed organization comprised of representatives from Howard, Pike, Sevier, Little River, Hempstead, Lafayette, Montgomery, Nevada, and Polk Counties and participating cities within the aforementioned counties. The Upper Southwest Arkansas Regional Solid Waste Management District is governed by a Board of Directors consisting of the respective county judges and mayors unless some other representative is appointed by the participating entity. Separate audited financial statements for the Upper Southwest Arkansas Regional Solid Waste Management District are available at www.arklegaudit.gov.

South Central Drug Task Force

The Prosecuting Attorneys of the Ninth-West, Eighth-South and Eighth-North Judicial Districts, the Sheriff's Departments of Howard, Nevada, Hempstead, Sevier, Lafayette, Little River, and Pike Counties, and the Police Departments of DeQueen, Ashdown, Nashville, Hope, and Prescott entered into an agreement to establish the South Central Drug Task Force. The agreement covers the period July 1, 2014 to June 30, 2015 and may be extended upon written mutual agreement. Funding is provided through federal and state grants in addition to contributions from participating entities. No expenditures were made to or on behalf of the South Central Drug Task Force by the County. Separate financial statements for the South Central Drug Task Force are not available.

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 area:

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

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

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

LITTLE RIVER COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 14: Risk Management (Continued)

Vehicle Program

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

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

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

NOTE 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.

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 \$300,796.

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Communication Facility and Equipment	Treasurer's Automation	County Library	Emergency Vehicle	Landfill	CMRS 911 Board (Commercial Mobile Radio Service)	Support Collection Costs	Assessor's Amendment no. 79	Boating Safety
ASSETS									
Cash and cash equivalents	\$ 2,480	\$ 58,012	\$ 11,567	\$ 679		\$ 199,336	\$ 2,052	\$ 5,514	\$ 7,073
Accounts receivable	332		315	80	\$ 44,856	2,294			
TOTAL ASSETS	\$ 2,812	\$ 58,012	\$ 11,882	\$ 759	\$ 44,856	\$ 201,630	\$ 2,052	\$ 5,514	\$ 7,073
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 587		\$ 19,379	\$ 2,853	\$ 33		
Settlements pending									
Total Liabilities			587		19,379	2,853	33		
Fund Balances:									
Restricted	\$ 2,812	\$ 58,012		\$ 759		198,777	2,019	\$ 5,514	\$ 7,073
Assigned			11,295		25,477				
Unassigned									
Total Fund Balances	2,812	58,012	11,295	759	25,477	198,777	2,019	5,514	7,073
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,812	\$ 58,012	\$ 11,882	\$ 759	\$ 44,856	\$ 201,630	\$ 2,052	\$ 5,514	\$ 7,073

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Collector's Automation	County Clerk's Cost	Jail Operations and Maintenance	Public Defender	Victim/Witness	County Recorder's Cost	Circuit Court Automation	Public Safety	Juvenile Court Cost
ASSETS									
Cash and cash equivalents	\$ 65,679	\$ 39,006		\$ 427		\$ 146,094	\$ 6,488	\$ 167	\$ 1,198
Accounts receivable		630	\$ 6,851	764	\$ 433	5,207	63	9	85
TOTAL ASSETS	\$ 65,679	\$ 39,636	\$ 6,851	\$ 1,191	\$ 433	\$ 151,301	\$ 6,551	\$ 176	\$ 1,283
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 80		\$ 11,354			\$ 483			
Settlements pending									
Total Liabilities	80		11,354			483			
Fund Balances:									
Restricted	65,599	\$ 39,636				150,818	\$ 6,551	\$ 176	\$ 533
Assigned				\$ 1,191	\$ 433				750
Unassigned			(4,503)						
Total Fund Balances	65,599	39,636	(4,503)	1,191	433	150,818	6,551	176	1,283
TOTAL LIABILITIES AND FUND BALANCES	\$ 65,679	\$ 39,636	\$ 6,851	\$ 1,191	\$ 433	\$ 151,301	\$ 6,551	\$ 176	\$ 1,283

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

Schedule 1

	SPECIAL REVENUE FUNDS			AGENCY FUNDS					Totals
	Voting System Grant	Cossatot Community College Sales Tax	Little River Memorial Hospital Sales Tax	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
ASSETS									
Cash and cash equivalents	\$ 9,225	\$ 317		\$ 25,438	\$ 75,285	\$ 4,914	\$ 3,242	\$ 43,872	\$ 708,065
Accounts receivable		22,278	\$ 44,555						128,752
TOTAL ASSETS	<u>\$ 9,225</u>	<u>\$ 22,595</u>	<u>\$ 44,555</u>	<u>\$ 25,438</u>	<u>\$ 75,285</u>	<u>\$ 4,914</u>	<u>\$ 3,242</u>	<u>\$ 43,872</u>	<u>\$ 836,817</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,085	\$ 22,150	\$ 44,555						\$ 103,559
Settlements pending		445		\$ 25,438	\$ 75,285	\$ 4,914	\$ 3,242	\$ 43,872	153,196
Total Liabilities	<u>2,085</u>	<u>22,595</u>	<u>44,555</u>	<u>25,438</u>	<u>75,285</u>	<u>4,914</u>	<u>3,242</u>	<u>43,872</u>	<u>256,755</u>
Fund Balances:									
Restricted	7,140								545,419
Assigned									39,146
Unassigned									(4,503)
Total Fund Balances	<u>7,140</u>								<u>580,062</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,225</u>	<u>\$ 22,595</u>	<u>\$ 44,555</u>	<u>\$ 25,438</u>	<u>\$ 75,285</u>	<u>\$ 4,914</u>	<u>\$ 3,242</u>	<u>\$ 43,872</u>	<u>\$ 836,817</u>

LITTLE RIVER 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								
	Communication Facility and Equipment	Treasurer's Automation	County Library	Emergency Vehicle	Landfill	CMRS 911 Board (Commercial Mobile Radio Service)	Support Collection Costs	Assessor's Amendment no. 79	Boating Safety
REVENUES									
State aid			\$ 7,544					\$ 1,563	\$ 1,466
Property taxes			64,811						
Sales taxes					\$ 732,665				
Fines, forfeitures, and costs				\$ 2,015					
Interest	\$ 4	\$ 101	8	1	10	\$ 463	\$ 8	9	12
Officers' fees	3,756						1,370		
Jail fees									
911 surcharge						152,025			
Contribution from cities									
Sanitation fees					21,070				
Treasurer's commission		11,607							
Collector's commission									
Other	3,070		6,401		698				100
TOTAL REVENUES	6,830	11,708	78,764	2,016	754,443	152,488	1,378	1,572	1,578
Less: Treasurer's commission	14	2	1,433	38	11,037	2,896	26		28
NET REVENUES	6,816	11,706	77,331	1,978	743,406	149,592	1,352	1,572	1,550
EXPENDITURES									
Current:									
General government		16,425					3,195		
Law enforcement	5,929			1,305					
Public safety						151,419			1,987
Sanitation					788,410				
Recreation and culture			116,974						
Total Current	5,929	16,425	116,974	1,305	788,410	151,419	3,195		1,987
Debt Service:									
Note principal					19,589				
Note interest					2,258				
Loan principal (sales tax withheld)					162,777				
TOTAL EXPENDITURES	5,929	16,425	116,974	1,305	973,034	151,419	3,195		1,987
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	887	(4,719)	(39,643)	673	(229,628)	(1,827)	(1,843)	1,572	(437)
OTHER FINANCING SOURCES (USES)									
Transfers in			35,000		156,170				
Transfers out						(118,250)			
Sales taxes remitted to Cossatot Community College									
Sales taxes remitted to Little River Memorial Hospital									
TOTAL OTHER FINANCING SOURCES (USES)			35,000		156,170	(118,250)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	887	(4,719)	(4,643)	673	(73,458)	(120,077)	(1,843)	1,572	(437)
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,925	62,731	15,938	86	98,935	318,854	3,862		7,510
Restatement adjustment (Note 11)								3,942	
FUND BALANCES - JANUARY 1, AS RESTATED	1,925	62,731	15,938	86	98,935	318,854	3,862	3,942	7,510
FUND BALANCES - DECEMBER 31	\$ 2,812	\$ 58,012	\$ 11,295	\$ 759	\$ 25,477	\$ 198,777	\$ 2,019	\$ 5,514	\$ 7,073

LITTLE RIVER 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								
	Collector's Automation	County Clerk's Cost	Jail Operations and Maintenance	Public Defender	Victim/Witness	County Recorder's Cost	Circuit Court Automation	Public Safety	Juvenile Court Cost
REVENUES									
State aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs			\$ 50,549	\$ 12,770	\$ 5,892		\$ 2,193	\$ 179	\$ 2,152
Interest	\$ 106	\$ 61				\$ 238	9		
Officers' fees		7,637				55,379			
Jail fees			90,272						
911 surcharge									
Contribution from cities			74,842						
Sanitation fees									
Treasurer's commission									
Collector's commission	39,259								
Other			4,128			22,250			
TOTAL REVENUES	39,365	7,698	219,791	12,770	5,892	77,867	2,202	179	2,152
Less: Treasurer's commission	2	145	1,054	207	96	1,038	42	3	39
NET REVENUES	39,363	7,553	218,737	12,563	5,796	76,829	2,160	176	2,113
EXPENDITURES									
Current:									
General government	47,220	493				67,834			
Law enforcement			835,233	16,500	8,873		70		1,580
Public safety									
Sanitation									
Recreation and culture									
Total Current	47,220	493	835,233	16,500	8,873	67,834	70		1,580
Debt Service:									
Note principal			115,378						
Note interest			15,583						
Loan principal (sales tax withheld)									
TOTAL EXPENDITURES	47,220	493	966,194	16,500	8,873	67,834	70		1,580
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,857)	7,060	(747,457)	(3,937)	(3,077)	8,995	2,090	176	533
OTHER FINANCING SOURCES (USES)									
Transfers in			775,650	4,500	2,951				750
Transfers out									
Sales taxes remitted to Cossatot Community College									
Sales taxes remitted to Little River Memorial Hospital									
TOTAL OTHER FINANCING SOURCES (USES)			775,650	4,500	2,951				750
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,857)	7,060	28,193	563	(126)	8,995	2,090	176	1,283
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	73,456	32,576	(32,696)	639	559	141,823	4,461		
Restatement adjustment (Note 11)				(11)					
FUND BALANCES - JANUARY 1, AS RESTATED	73,456	32,576	(32,696)	628	559	141,823	4,461		
FUND BALANCES - DECEMBER 31	\$ 65,599	\$ 39,636	\$ (4,503)	\$ 1,191	\$ 433	\$ 150,818	\$ 6,551	\$ 176	\$ 1,283

LITTLE RIVER 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							
	Voting System Grant	Allene Fire Department	Yarborough Fire Department	Oak Hill Fire Department	East Ogden Fire Department	Jack's Isle Fire Department	Rural Fire Protection Program	Cossatot Community College Sales Tax
REVENUES								
State aid	\$ 15,379	\$ 6,554	\$ 6,554	\$ 6,554	\$ 6,554	\$ 6,554		
Property taxes								
Sales taxes							\$ 284,944	\$ 569,888
Fines, forfeitures, and costs								
Interest								
Officers' fees								
Jail fees								
911 surcharge								
Contribution from cities								
Sanitation fees								
Treasurer's commission								
Collector's commission								
Other								
TOTAL REVENUES	15,379	6,554	6,554	6,554	6,554	6,554	284,944	569,888
Less: Treasurer's commission							5,381	
NET REVENUES	15,379	6,554	6,554	6,554	6,554	6,554	279,563	569,888
EXPENDITURES								
Current:								
General government	8,239							
Law enforcement								
Public safety		6,554	6,554	6,554	6,554	11,554	\$ 12,247	
Sanitation								
Recreation and culture								
Total Current	8,239	6,554	6,554	6,554	6,554	11,554	12,247	
Debt Service:								
Note principal								
Note interest								
Loan principal (sales tax withheld)								
TOTAL EXPENDITURES	8,239	6,554	6,554	6,554	6,554	11,554	12,247	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,140	0	0	0	0	(5,000)	(12,247)	279,563
OTHER FINANCING SOURCES (USES)								
Transfers in							12,247	
Transfers out								
Sales taxes remitted to Cossatot Community College							(279,563)	
Sales taxes remitted to Little River Memorial Hospital								(569,888)
TOTAL OTHER FINANCING SOURCES (USES)							12,247	(569,888)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	7,140					(5,000)		
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED						5,000		
Restatement adjustment (Note 11)								
FUND BALANCES - JANUARY 1, AS RESTATED						5,000		
FUND BALANCES - DECEMBER 31	\$ 7,140	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

LITTLE RIVER 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				Totals
	Arkansas Historic Preservation Grant	County Grants In Aid	Library Grants	First Responder	
REVENUES					
State aid	\$ 97,271		\$ 11,962		\$ 167,955
Property taxes					64,811
Sales taxes					1,587,497
Fines, forfeitures, and costs					75,750
Interest					1,030
Officers' fees					68,142
Jail fees					90,272
911 surcharge					152,025
Contribution from cities					74,842
Sanitation fees					21,070
Treasurer's commission					11,607
Collector's commission					39,259
Other					36,647
TOTAL REVENUES	<u>97,271</u>		<u>11,962</u>		<u>2,390,907</u>
Less: Treasurer's commission					<u>23,481</u>
NET REVENUES	<u>97,271</u>		<u>11,962</u>		<u>2,367,426</u>
EXPENDITURES					
Current:					
General government	97,271	\$ 4,350			245,027
Law enforcement					869,490
Public safety					203,423
Sanitation					788,410
Recreation and culture		935	11,962		129,871
Total Current	<u>97,271</u>	<u>5,285</u>	<u>11,962</u>		<u>2,236,221</u>
Debt Service:					
Note principal					134,967
Note interest					17,841
Loan principal (sales tax withheld)					162,777
TOTAL EXPENDITURES	<u>97,271</u>	<u>5,285</u>	<u>11,962</u>		<u>2,551,806</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>0</u>	<u>(5,285)</u>	<u>0</u>		<u>(184,380)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		5,285			992,553
Transfers out					(118,250)
Sales taxes remitted to Cossatot Community College					(279,563)
Sales taxes remitted to Little River Memorial Hospital					(569,888)
TOTAL OTHER FINANCING SOURCES (USES)		<u>5,285</u>			<u>24,852</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES					<u>(159,528)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED				\$ 499	736,158
Restatement adjustment (Note 11)				(499)	3,432
FUND BALANCES - JANUARY 1, AS RESTATED				<u>0</u>	<u>739,590</u>
FUND BALANCES - DECEMBER 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 580,062</u>

LITTLE RIVER 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
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.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for property tax millage levied by the Quorum Court for the support, operation, and maintenance of the public library.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund to account for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical and law enforcement vehicles, communications equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus to be used for those purposes.
Landfill	Little River County Ordinance no. 1995-7 (May 30, 1995) established fund to receive .5% sales and use tax as approved by referendum on May 23, 1995, to finance the operation of a solid waste management system.
CMRS 911 Board (Commercial Mobile Radio Service)	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Support Collection Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
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.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of Collector's gross commissions to operate the Collector's office and to purchase, maintain, and operate an automated record keeping system.
County Clerk's Cost	Ark. Code Ann. § 16-20-407 established fund to account for a \$2 marriage license fee to be used for operation of the county clerk's office. 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.

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

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

Fund Name	Fund Description
Jail Operations and Maintenance	Little River County Ordinance no. 2009-7 (June 8, 2009) (pursuant to Ark. Code Ann. § 16-17-129) levies 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 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.
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.
Victim/Witness	Ark. Code Ann. § 16-21-151 established fund to receive District Court costs levied to be used by prosecuting attorney for operating victim/witness program.
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.
Circuit Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive Circuit Court installment fees to be used for Circuit Court-related technology and to defray the cost of fine collection.
Public Safety	Ark. Code Ann. § 27-34-108 established fund to receive 25% of the District Court fines collected for violations of the Child Passenger Protection Act to be used solely for promotion of public safety.
Juvenile Court Cost	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.
Allene Fire Department	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.
Yarborough Fire Department	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.

LITTLE RIVER 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
Oak Hill Fire Department	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.
East Ogden Fire Department	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.
Jack's Isle Fire Department	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.
Rural Fire Protection Program	Established for the payment of expenditures associated with rural fire protection.
Cossatot Community College Sales Tax	Established to receive and remit 1/4 cent sales tax approved by Little River County ordinance no. 2007-6 (February 12, 2007) as approved by referendum May 8, 2007, for the purpose of operating and maintaining college facilities.
Little River Memorial Hospital Sales Tax	Established to receive and remit 1/2 cent sales tax approved by Little River County ordinance no. 2000-5 (February 24, 2000) as approved by referendum on March 28, 2000, for the purpose of operation and maintenance of hospital and nursing home facilities and related health care facilities.
Arkansas Historic Preservation Grant	Established with an Arkansas Historic Preservation Grant for courthouse repair.
County Grants in Aid	Established for the payment of expenditures associated with grants to other entities.
Library Grants	Established to receive General Improvement funds for library repairs.
First Responder	Little River County Ordinance no. 2002-5 (June 10, 2002) established fund to account for expenditures related to first responders to emergencies. This fund was reclassified on January 1, 2014.

Treasurer's accounts consist primarily of funds held for other entities.
Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.
Sheriff's accounts consist primarily of fees settlement, bond, and inmate trust money.
County Clerk's accounts consist primarily of trust money.
Circuit Clerk's accounts consist of trust money and settlements due to Treasurer.

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

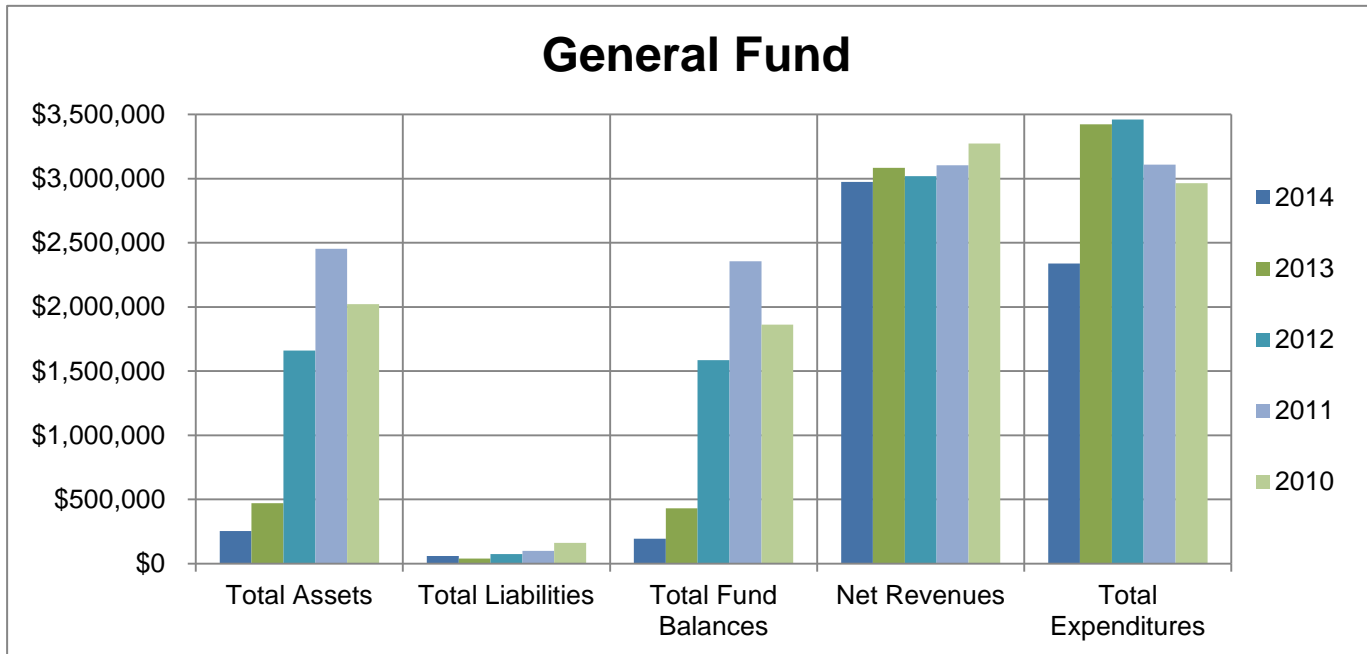
Schedule 3

	<u>December 31, 2014</u>
Land	\$ 199,689
Buildings	2,329,980
Equipment	<u>5,348,249</u>
Total	<u>\$ 7,877,918</u>

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

Schedule 4-1

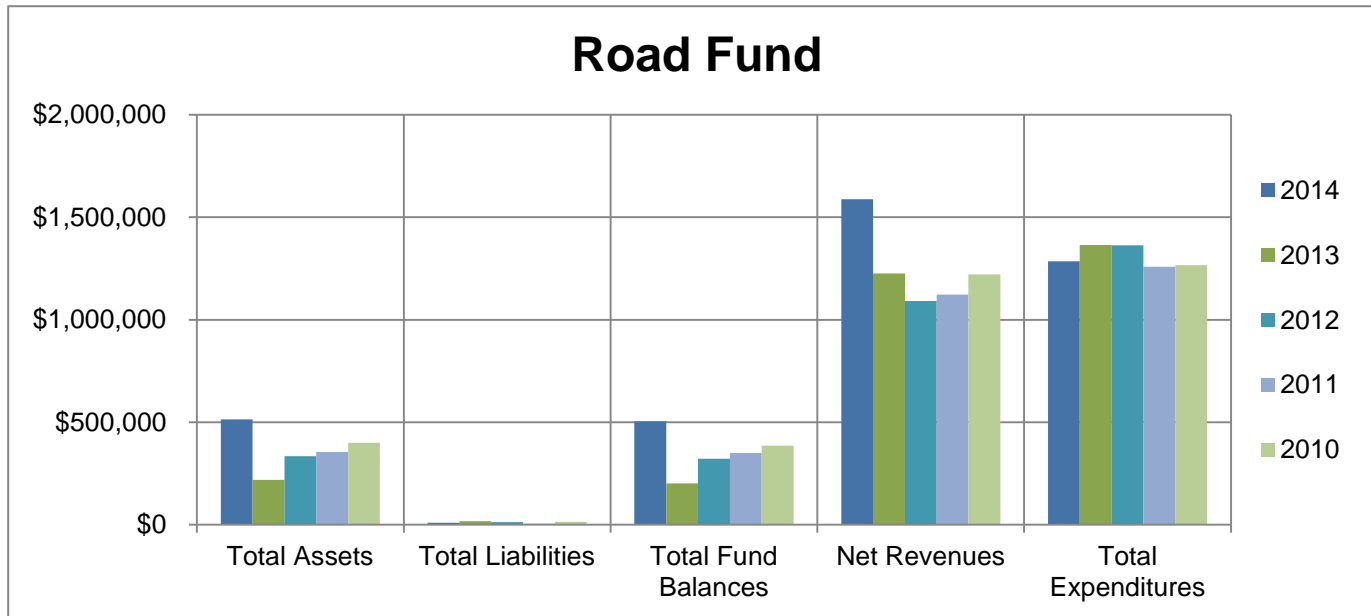
General	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 253,525	\$ 471,857	\$ 1,661,037	\$ 2,453,934	\$ 2,022,440
Total Liabilities	59,483	40,379	74,823	98,453	161,325
Total Fund Balances	194,042	431,478	1,586,214	2,355,481	1,861,115
Net Revenues	2,973,906	3,083,558	3,019,934	3,103,305	3,273,933
Total Expenditures	2,339,577	3,423,085	3,460,382	3,108,214	2,963,922
Total Other Financing Sources/Uses	(874,303)	(368,291)	(328,819)	93,359	(152,153)



LITTLE RIVER 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	\$ 514,797	\$ 218,767	\$ 335,117	\$ 354,936	\$ 400,514
Total Liabilities	10,264	17,043	13,292	4,722	15,192
Total Fund Balances	504,533	201,724	321,825	350,214	385,322
Net Revenues	1,588,743	1,225,858	1,092,198	1,123,073	1,220,728
Total Expenditures	1,285,934	1,365,251	1,363,531	1,258,181	1,265,941
Total Other Financing Sources/Uses		80,000	242,944	100,000	95,845



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2014	2013	2012	2011	2010
Total Assets	\$ 836,817	\$ 949,745	\$ 904,356	\$ 1,254,533	\$ 1,529,752
Total Liabilities	256,755	213,587	181,757	506,626	324,393
Total Fund Balances	580,062	736,158	722,599	747,907	1,205,359
Net Revenues	2,367,426	1,329,428	1,280,957	1,325,787	1,242,029
Total Expenditures	2,551,806	2,584,409	1,635,084	1,245,498	1,316,035
Total Other Financing Sources/Uses	24,852	888,291	328,819	(131,825)	48,951

