

Madison County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2014

LEGISLATIVE JOINT AUDITING COMMITTEE



MADISON COUNTY, ARKANSAS
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Arkansas

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Senate Chair
Sen. Linda Chesterfield
Senate Vice Chair



Rep. Mary Broadaway
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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

Madison 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 Madison 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 Madison 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 Madison 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 March 17, 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
March 17, 2016
LOCO04414

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

Madison 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 Madison 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 March 17, 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 commentary contained in this section relates to the following officials that held office during 2014:

County Judge: Frank Weaver
Treasurer: Toni Moffett
Sheriff: Phillip Morgan
Tax Collector: DeAnna McElhane
County Clerk: Faron Ledbetter
Circuit Clerk: Phyllis Villines
Assessor: Will Jones
County Librarian: Billie Whorton

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

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Marti Steel, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 17, 2016

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

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,058,279	\$ 995,815	\$ 2,056,656
Accounts receivable	37,990	147,274	207,389
Interfund receivables		2,866	
	\$ 1,096,269	\$ 1,145,955	\$ 2,264,045
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 22,866	\$ 71,169	\$ 29,823
Interfund payables	2,866		
Settlements pending	196,930		133,001
Total Liabilities	222,662	71,169	162,824
Fund Balances:			
Restricted		1,074,786	1,051,827
Committed			883,829
Assigned			165,565
Unassigned	873,607		
Total Fund Balances	873,607	1,074,786	2,101,221
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,096,269	\$ 1,145,955	\$ 2,264,045

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

MADISON 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	\$ 631,996	\$ 1,576,883	\$ 239,734
Federal aid	154,770	67,977	633,022
Property taxes	793,948	400,041	176,542
Sales taxes		1,219,367	1,040,839
Fines, forfeitures, and costs	268,480		33,012
Interest	7,079	6,748	18,013
Officers' fees	53,378		132,290
Jail fees	27,194		3,670
Ambulance fees			608,716
Solid waste fees			267,310
911 fees			233,264
Sales of material			363,063
Treasurer's commission	76,750		17,168
Collector's commission	102,923		28,183
Taxes apportioned - Assessor's salary and expense	126,556		
Other	<u>114,660</u>	<u>75,922</u>	<u>98,627</u>
 TOTAL REVENUES	 2,357,734	 3,346,938	 3,893,453
 Less: Treasurer's commission	 <u>25,189</u>	 <u>32,850</u>	 <u>26,856</u>
 NET REVENUES	 <u>2,332,545</u>	 <u>3,314,088</u>	 <u>3,866,597</u>
 EXPENDITURES			
Current:			
General government	971,552		180,154
Law enforcement	1,208,146		62,968
Highways and streets		3,190,273	
Public safety	44,207		284,885
Sanitation			896,364
Health	22,283		1,069,744
Recreation and culture	7,232		229,169
Social services	<u>38,661</u>		
Total Current	<u>2,292,081</u>	<u>3,190,273</u>	<u>2,723,284</u>
 Debt Service:			
Lease principal		72,723	
Lease interest		49,001	
Note principal		68,301	
Note interest		<u>1,498</u>	
 TOTAL EXPENDITURES	 <u>2,292,081</u>	 <u>3,381,796</u>	 <u>2,723,284</u>

MADISON 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>\$ 40,464</u>	<u>\$ (67,708)</u>	<u>\$ 1,143,313</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	234,178	434,190	800
Transfers out		<u>(20,790)</u>	<u>(648,378)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>234,178</u>	<u>413,400</u>	<u>(647,578)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	274,642	345,692	495,735
FUND BALANCES - JANUARY 1	<u>598,965</u>	<u>729,094</u>	<u>1,605,486</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 873,607</u></u>	<u><u>\$ 1,074,786</u></u>	<u><u>\$ 2,101,221</u></u>

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

MADISON 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	\$ 348,487	\$ 631,996	\$ 283,509	\$ 1,422,707	\$ 1,576,883	\$ 154,176
Federal aid	69,361	154,770	85,409	40,413	67,977	27,564
Property taxes	816,794	793,948	(22,846)	450,225	400,041	(50,184)
Sales taxes				855,000	1,219,367	364,367
Fines, forfeitures, and costs	211,500	268,480	56,980			
Interest	2,313	7,079	4,766	2,250	6,748	4,498
Officers' fees	86,850	53,378	(33,472)			
Jail fees		27,194	27,194			
Treasurer's commission	71,915	76,750	4,835			
Collector's commission	60,815	102,923	42,108			
Taxes apportioned - Assessor's salary and expense	105,653	126,556	20,903			
Other	141,040	114,660	(26,380)	14,734	75,922	61,188
TOTAL REVENUES	1,914,728	2,357,734	443,006	2,785,329	3,346,938	561,609
Less: Treasurer's commission		25,189	(25,189)		32,850	(32,850)
NET REVENUES	1,914,728	2,332,545	417,817	2,785,329	3,314,088	528,759
EXPENDITURES						
Current:						
General government	1,310,963	971,552	339,411			
Law enforcement	1,327,326	1,208,146	119,180			
Highways and streets				4,026,711	3,190,273	836,438
Public safety	52,301	44,207	8,094			
Health	25,000	22,283	2,717			
Recreation and culture	9,000	7,232	1,768			
Social services	8,228	38,661	(30,433)			
Total Current	2,732,818	2,292,081	440,737	4,026,711	3,190,273	836,438
Debt Service:						
Lease principal					72,723	(72,723)
Lease interest					49,001	(49,001)
Note principal					68,301	(68,301)
Note interest					1,498	(1,498)
TOTAL EXPENDITURES	2,732,818	2,292,081	440,737	4,026,711	3,381,796	644,915

MADISON 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	\$ (818,090)	\$ 40,464	\$ 858,554	\$ (1,241,382)	\$ (67,708)	\$ 1,173,674
OTHER FINANCING SOURCES (USES)						
Transfers in	234,178	234,178		434,190	434,190	
Transfers out				(20,790)	(20,790)	
TOTAL OTHER FINANCING SOURCES (USES)	234,178	234,178		413,400	413,400	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(583,912)	274,642	858,554	(827,982)	345,692	1,173,674
FUND BALANCES - JANUARY 1	477,747	598,965	121,218	589,500	729,094	139,594
FUND BALANCES - DECEMBER 31	<u>\$ (106,165)</u>	<u>\$ 873,607</u>	<u>\$ 979,772</u>	<u>\$ (238,482)</u>	<u>\$ 1,074,786</u>	<u>\$ 1,313,268</u>

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

MADISON 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, General Reserve, Treasurer's Commission, and Senior Activity Center.

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, federal aid, and sales 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: One-Percent Sales Tax, Community Grants, Communication Facility and Equipment, Solid Waste, Child Support Enforcement, Juvenile Probation, County Recorder's Automation, County Library, Court Automation, County Clerk's Cost, Treasurer's Automation, Assessor's Property Tax Relief, Emergency Rescue Service, Special Detention, Collector's Automation, Emergency 911, Disaster Relief, County Recorder's Cost, Fire Equipment and Training (Act 833), Circuit Clerk Commissioner's Fee, Sheriff's Office K9 Project, and Waste to Fuel Project.

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 (Collector's Unapportioned, County Property Tax Relief, Interest, Law Library, City of St. Paul, and Berryville School); Tax Collector (Current Tax and Delinquent Tax); Sheriff (Fee, Fine, and Bond); County Clerk (Fee); and Circuit Clerk (Fee, Trust, and Child Support).

MADISON 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, fees, taxes, and excess commissions 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.

MADISON 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 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
Federal aid	\$ 5,261		
Property taxes	6,438	\$ 14,323	\$ 3,792
Sales taxes		102,627	86,149
Fines, forfeitures, and costs	13,740		2,760
Interest	226		1
Jail fees	131		
Officers' fees	4,235		10,465
Ambulance fees			57,561
911 fees			21,901
Treasurer's commission		26,688	21,666
Other	7,959	3,636	3,094
Totals	<u>\$ 37,990</u>	<u>\$ 147,274</u>	<u>\$ 207,389</u>

MADISON 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	\$ 22,379	\$ 70,834	\$ 29,823
Salaries payable	487	335	
Totals	<u>\$ 22,866</u>	<u>\$ 71,169</u>	<u>\$ 29,823</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2014	
	Interfund Receivables	Interfund Payables
General		\$ 2,866
Road	\$ 2,866	
Totals	<u>\$ 2,866</u>	<u>\$ 2,866</u>

Interfund receivables and payables consist of errors in paying unallowable expenditures out of restricted funds. These balances were repaid in 2015.

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2014, the legal debt limit for bonded debt was \$16,517,446. 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 \$4,552,665. The amount of short-term financing obligations was \$2,617,643, leaving a legal debt margin of \$1,935,022.

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

NOTE 8: Details of Fund Balance Classifications

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

<u>Description</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Funds in the Aggregate</u>
Fund Balances:			
Restricted for:			
General government			\$ 226,983
Law enforcement			48,290
Highways and streets		\$ 1,074,786	
Public safety			507,423
Sanitation			45,423
Recreation and culture			223,708
Total Restricted		<u>1,074,786</u>	<u>1,051,827</u>
Committed for:			
Health			<u>883,829</u>
Assigned to:			
Public safety			72,102
Sanitation			93,463
Total Assigned			<u>165,565</u>
Unassigned	<u>\$ 873,607</u>		
Totals	<u>\$ 873,607</u>	<u>\$ 1,074,786</u>	<u>\$ 2,101,221</u>

NOTE 9: Commitments

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

	<u>December 31, 2014</u>
Long-term liabilities	\$ 2,829,878
Reappraisal contract	<u>258,280</u>
Total Commitments	<u>\$ 3,088,158</u>

Long-term Liabilities

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

	<u>December 31, 2014</u>
Lease-purchase agreement with Caterpillar Financial Services, dated March 14, 2013, for the purchase of 14 motor graders. The remaining monthly payments, at 1.85% interest, consist of 15 at \$6,782, 24 at \$45,231, and a final payment of \$1,568,000. These payments are to be made from the Road Fund.	\$ 2,617,643
Compensated absences	<u>212,235</u>
Total Long-term liabilities	<u>\$ 2,829,878</u>

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

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

NOTE 9: Commitments (Continued)

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,	Lease
2015	\$ 81,383
2016	427,429
2017	542,778
2018	1,703,694
Total Obligations	2,755,284
Less Interest	137,641
Total Principal	\$2,617,643

Reappraisal Contract

The County entered into a professional services contract for \$645,700 with Arkansas CAMA Technology for real estate reappraisal and reappraisal maintenance on January 30, 2012. Terms of the contract call for 60 equal monthly payments each subject to a 10% holdback that is to be released annually by December 31st of each year. The County is obligated for the following amounts for the next two years:

Year	December 31, 2014
2015	\$ 129,140
2016	129,140
Total	\$ 258,280

Reappraisal expense for 2014 was \$129,140.

NOTE 10: Interfund Transfers

The One-Percent Sales Tax Fund (Other Funds in the Aggregate) transferred \$192,000 to the General Fund to remit sales tax revenues received in excess of operating costs of the ambulance service. The Disaster Relief Fund (Other Funds in the Aggregate) and Road Fund transferred \$21,388 and \$20,790, respectively, to the General Fund for reimbursement of expenditures. The Disaster Relief Fund (Other Funds in the Aggregate) transferred \$434,190 to the Road Fund for reimbursement of expenditures. The Emergency Rescue Service Fund (Other Funds in the Aggregate) transferred \$800 to the One-Percent Sales Tax Fund (Other Funds in the Aggregate) for reimbursement of expenditures.

NOTE 11: Joint Venture: Regional Library

Carroll and Madison Counties entered into an agreement on January 19, 2000, in accordance with Ark. Code Ann. § 13-2-401 to establish the Carroll and Madison Library System (the System). The agreement states that the intent is to enhance public library services to all residents of Carroll and Madison Counties. The System is financed by state aid to which Carroll and Madison Counties were entitled with the provision that members would receive excess funding, distributed quarterly in the same ratio as paid in, as well as obligated to make up shortfalls in funding in the same proportion as their respective state aid allocations. Madison County paid \$16,428 for regional library expenditures in 2014. Separate financial statements of the Carroll and Madison Library System are available at: CAMLS, 106 Spring Street, Berryville, AR 72616-3846.

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

NOTE 12: Jointly Governed Organizations

Boston Mountain Solid Waste District

Madison, Washington, Carroll, and Benton Counties entered into an agreement in April 1991 to form the Four County (NW) Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-707. This agreement stated their emphasis will be on recycling, composting, and waste reduction. In February 2005, only Washington and Madison County remained in the agreement and the name was changed to Boston Mountain Solid Waste District. Madison County paid \$10,109 to the Boston Mountain Solid Waste District during 2014. Separate financial statements of the Boston Mountain Solid Waste District may be obtained at: 11398 Bond Road, Prairie Grove, AR 72752

Fourth Judicial District Drug Task Force

The Prosecuting Attorney of the Fourth Judicial District, the Washington County Sheriff's Department, the Madison County Sheriff's Department, and the Police Departments of the University of Arkansas, Fayetteville, Springdale, Prairie Grove, Lincoln, Farmington, Johnson, Elkins, Greenland, West Fork, Elm Springs, Tontitown, Huntsville, and Goshen entered into an agreement to establish the Fourth Judicial District Drug Task Force. Funding was provided through Justice Assistance Grants and local funding provided by the Prosecuting Attorney's Office, Washington County Sheriff's Department, and local police departments. Separate financial statements for the Fourth Judicial District Drug Task Force were not available.

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 \$350,000 per case with an annual aggregate of \$350,000. The County agrees to pay into the program each year a rate established by the Risk Management Fund Board. Each county also agrees to pay the first \$500 of the aggregate cost for all expenses on each lawsuit.

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

NOTE 13: Risk Management (Continued)

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

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (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 \$441,396.

NOTE 15: Subsequent Events

On January 5, 2015, the County entered into a construction contract totaling \$397,608 for courthouse roofing replacement and HVAC improvements.

On February 21, 2015, a winter storm caused a roof leak and the courthouse to flood. Claims totaling \$331,710 have been submitted to the Association of Arkansas Counties Program Risk Management Fund for payment.

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	One-Percent Sales Tax	Community Grants	Communication Facility and Equipment	Solid Waste	Child Support Enforcement	County Recorder's Automation	County Library	Court Automation
ASSETS								
Cash and cash equivalents	\$ 736,977	\$ 21,155	\$ 1,602	\$ 146,276	\$ 6,605	\$ 92,892	\$ 199,656	\$ 13,275
Accounts receivable	158,127		610	3,625	64	2,618	5,414	200
TOTAL ASSETS	\$ 895,104	\$ 21,155	\$ 2,212	\$ 149,901	\$ 6,669	\$ 95,510	\$ 205,070	\$ 13,475
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 11,275	\$ 1,125		\$ 11,115	\$ 96		\$ 1,392	
Settlements pending								
Total Liabilities	<u>11,275</u>	<u>1,125</u>		<u>11,115</u>	<u>96</u>		<u>1,392</u>	
Fund Balances:								
Restricted		20,030	\$ 2,212	45,323	6,573	\$ 95,510	203,678	\$ 13,475
Committed	883,829							
Assigned				93,463				
Total Fund Balances	<u>883,829</u>	<u>20,030</u>	<u>2,212</u>	<u>138,786</u>	<u>6,573</u>	<u>95,510</u>	<u>203,678</u>	<u>13,475</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 895,104	\$ 21,155	\$ 2,212	\$ 149,901	\$ 6,669	\$ 95,510	\$ 205,070	\$ 13,475

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

Schedule 1

SPECIAL REVENUE FUNDS								
	County Clerk's Cost	Treasurer's Automation	Assessor's Property Tax Relief	Emergency Rescue Service	Special Detention	Collector's Automation	Emergency 911	County Recorder's Cost
ASSETS								
Cash and cash equivalents	\$ 11,623	\$ 23,311	\$ 1,546	\$ 273	\$ 16,754	\$ 30,789	\$ 557,545	\$ 49,477
Accounts receivable	251		18	10	3,124		24,023	7,856
TOTAL ASSETS	\$ 11,874	\$ 23,311	\$ 1,564	\$ 283	\$ 19,878	\$ 30,789	\$ 581,568	\$ 57,333
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 1,002			\$ 928		\$ 2,326	\$ 564
Settlements pending								
Total Liabilities		1,002			928		2,326	564
Fund Balances:								
Restricted	\$ 11,874	22,309	\$ 1,564	\$ 283	18,950	\$ 30,789	507,140	56,769
Committed								
Assigned							72,102	
Total Fund Balances	11,874	22,309	1,564	283	18,950	30,789	579,242	56,769
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,874	\$ 23,311	\$ 1,564	\$ 283	\$ 19,878	\$ 30,789	\$ 581,568	\$ 57,333

MADISON 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	Sheriff's Office K9 Project	Waste to Fuel Project	Treasurer's Accounts	Tax Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
ASSETS									
Cash and cash equivalents	\$ 1,586	\$ 13,653	\$ 100	\$ 18,243	\$ 58,149	\$ 28,371	\$ 4,758	\$ 22,040	\$ 2,056,656
Accounts receivable	9			1,440					207,389
TOTAL ASSETS	\$ 1,595	\$ 13,653	\$ 100	\$ 19,683	\$ 58,149	\$ 28,371	\$ 4,758	\$ 22,040	\$ 2,264,045
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 29,823
Settlements pending				\$ 19,683	\$ 58,149	\$ 28,371	\$ 4,758	\$ 22,040	133,001
Total Liabilities				19,683	58,149	28,371	4,758	22,040	162,824
Fund Balances:									
Restricted	\$ 1,595	\$ 13,653	\$ 100						1,051,827
Committed									883,829
Assigned									165,565
Total Fund Balances	1,595	13,653	100						2,101,221
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,595	\$ 13,653	\$ 100	\$ 19,683	\$ 58,149	\$ 28,371	\$ 4,758	\$ 22,040	\$ 2,264,045

MADISON 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							
	One-Percent Sales Tax	Community Grants	Communication Facility and Equipment	Solid Waste	Child Support Enforcement	Juvenile Probation	County Recorder's Automation	County Library
REVENUES								
State aid	\$ 16,282	\$ 20,540						\$ 97,189
Federal aid								
Property taxes				\$ 20,996				155,546
Sales taxes	1,023,471			17,368				
Fines, forfeitures, and costs								
Interest	5,683		\$ 14	1,427	\$ 81		\$ 994	1,679
Officers' fees			6,860		783		29,476	
Jail fees								
Ambulance fees	608,716							
Solid waste fees				267,310				
911 fees								
Sales of material				363,063				
Treasurer's commission								
Collector's commission								
Other	5,363	3,500		54,988				12,331
TOTAL REVENUES	1,659,515	24,040	6,874	725,152	864		30,470	266,745
Less: Treasurer's commission	15,889		75	4,493	8		318	1,945
NET REVENUES	1,643,626	24,040	6,799	720,659	856		30,152	264,800
EXPENDITURES								
Current:								
General government							13,494	
Law enforcement			6,418		1,216	\$ 10		
Public safety								
Sanitation				696,364				
Health	1,069,744							
Recreation and culture		28,699						200,470
TOTAL EXPENDITURES	1,069,744	28,699	6,418	696,364	1,216	10	13,494	200,470
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	573,882	(4,659)	381	24,295	(360)	(10)	16,658	64,330
OTHER FINANCING SOURCES (USES)								
Transfers in	800							
Transfers out	(192,000)							
TOTAL OTHER FINANCING SOURCES (USES)	(191,200)							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	382,682	(4,659)	381	24,295	(360)	(10)	16,658	64,330
FUND BALANCES - JANUARY 1	501,147	24,689	1,831	114,491	6,933	10	78,852	139,348
FUND BALANCES - DECEMBER 31	\$ 883,829	\$ 20,030	\$ 2,212	\$ 138,786	\$ 6,573	\$ 0	\$ 95,510	\$ 203,678

MADISON 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							
	Court Automation	County Clerk's Cost	Treasurer's Automation	Assessor's Property Tax Relief	Emergency Rescue Service	Special Detention	Collector's Automation	Emergency 911
REVENUES								
State aid				\$ 2,015	\$ 1,082			
Federal aid								
Property taxes								
Sales taxes								
Fines, forfeitures, and costs						\$ 33,012		
Interest	\$ 145	\$ 160	\$ 220	23	5	243	\$ 113	\$ 6,339
Officers' fees	2,075	2,800				915		
Jail fees						3,670		
Ambulance fees								
Solid waste fees								
911 fees								233,264
Sales of material								
Treasurer's commission			17,168					
Collector's commission							28,183	
Other								555
TOTAL REVENUES	2,220	2,960	17,388	2,038	1,087	37,840	28,296	240,158
Less: Treasurer's commission	21	28		22	12	450		2,630
NET REVENUES	2,199	2,932	17,388	2,016	1,075	37,390	28,296	237,528
EXPENDITURES								
Current:								
General government		8,572	13,505	2,980			26,795	
Law enforcement	223					44,995		
Public safety								182,259
Sanitation								
Health								
Recreation and culture								
TOTAL EXPENDITURES	223	8,572	13,505	2,980		44,995	26,795	182,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,976	(5,640)	3,883	(964)	1,075	(7,605)	1,501	55,269
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out					(800)			
TOTAL OTHER FINANCING SOURCES (USES)					(800)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,976	(5,640)	3,883	(964)	275	(7,605)	1,501	55,269
FUND BALANCES - JANUARY 1	11,499	17,514	18,426	2,528	8	26,555	29,288	523,973
FUND BALANCES - DECEMBER 31	\$ 13,475	\$ 11,874	\$ 22,309	\$ 1,564	\$ 283	\$ 18,950	\$ 30,789	\$ 579,242

MADISON 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						
	Disaster Relief	County Recorder's Cost	Fire Equipment and Training (Act 833)	Circuit Clerk Commissioner's Fee	Sheriff's Office K9 Project	Waste to Fuel Project	Totals
REVENUES							
State aid			\$ 102,626				\$ 239,734
Federal aid	\$ 432,922					\$ 200,100	633,022
Property taxes							176,542
Sales taxes							1,040,839
Fines, forfeitures, and costs							33,012
Interest		\$ 887					18,013
Officers' fees		88,427		\$ 954			132,290
Jail fees							3,670
Ambulance fees							608,716
Solid waste fees							267,310
911 fees							233,264
Sales of material							363,063
Treasurer's commission							17,168
Collector's commission							28,183
Other		20			\$ 21,870		98,627
TOTAL REVENUES	432,922	89,334	102,626	954	21,870	200,100	3,893,453
Less: Treasurer's commission		954		11			26,856
NET REVENUES	432,922	88,380	102,626	943	21,870	200,100	3,866,597
EXPENDITURES							
Current:							
General government		113,592					180,154
Law enforcement					11,322		62,968
Public safety			102,626				284,885
Sanitation						200,000	896,364
Health							1,069,744
Recreation and culture							229,169
TOTAL EXPENDITURES		113,592	102,626		11,322	200,000	2,723,284
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	432,922	(25,212)		943	10,548	100	1,143,313
OTHER FINANCING SOURCES (USES)							
Transfers in							800
Transfers out	(455,578)						(648,378)
TOTAL OTHER FINANCING SOURCES (USES)	(455,578)						(647,578)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(22,656)	(25,212)		943	10,548	100	495,735
FUND BALANCES - JANUARY 1	22,656	81,981		652	3,105		1,605,486
FUND BALANCES - DECEMBER 31	<u>\$ 0</u>	<u>\$ 56,769</u>	<u>\$ 0</u>	<u>\$ 1,595</u>	<u>\$ 13,653</u>	<u>\$ 100</u>	<u>\$ 2,101,221</u>

MADISON 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
One-Percent Sales Tax	Madison County Ordinance no. 1982-3 (September 20, 1982) established a one percent county sales tax to provide emergency ambulance service operating costs.
Community Grants	Established to account for grants received from the Arkansas Department of Rural Services for the improvement of the County's community center and fire department.
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.
Solid Waste	Ark. Code Ann. § 8-6-212 authorizes counties to fund a solid waste management system for the County by assessing fees, charges, and licenses. Each fee, charge, and license shall be based on a fee schedule contained in an ordinance. Madison County Ordinance no. 2013-2 (January 1, 2013) authorized solid waste management fees to be used exclusively for the operation of the solid waste program.
Child Support Enforcement	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Juvenile Probation	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the Juvenile Division of Circuit Court.
County Recorder's Automation	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by circuit clerks to be used to purchase, maintain, and operate automated records system.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for Library property tax millage levied by the Quorum Court for the support, operation, and maintenance of the public library.
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.
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.
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.
Assessor's Property Tax Relief	Ark. Code Ann. § 26-26-310 provides that one percent 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.

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

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

Fund Name	Fund Description
Emergency Rescue Service	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Special Detention	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.
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.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Disaster Relief	Established to account for federal grants received to repair county roads and bridges damaged by floods and severe weather.
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.
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.
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.
Sheriff's Office K9 Project	Established to account for donations received for K9 unit expenditures.
Waste to Fuel Project	Established to account for grants received from the Arkansas Economic Development Commission for waste recycling.

Treasurer's accounts consist of monies held in trust for other agencies and interest not distributed to the appropriate authorities.

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

Sheriff's accounts consist primarily of fees settlement and bond money.

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

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

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

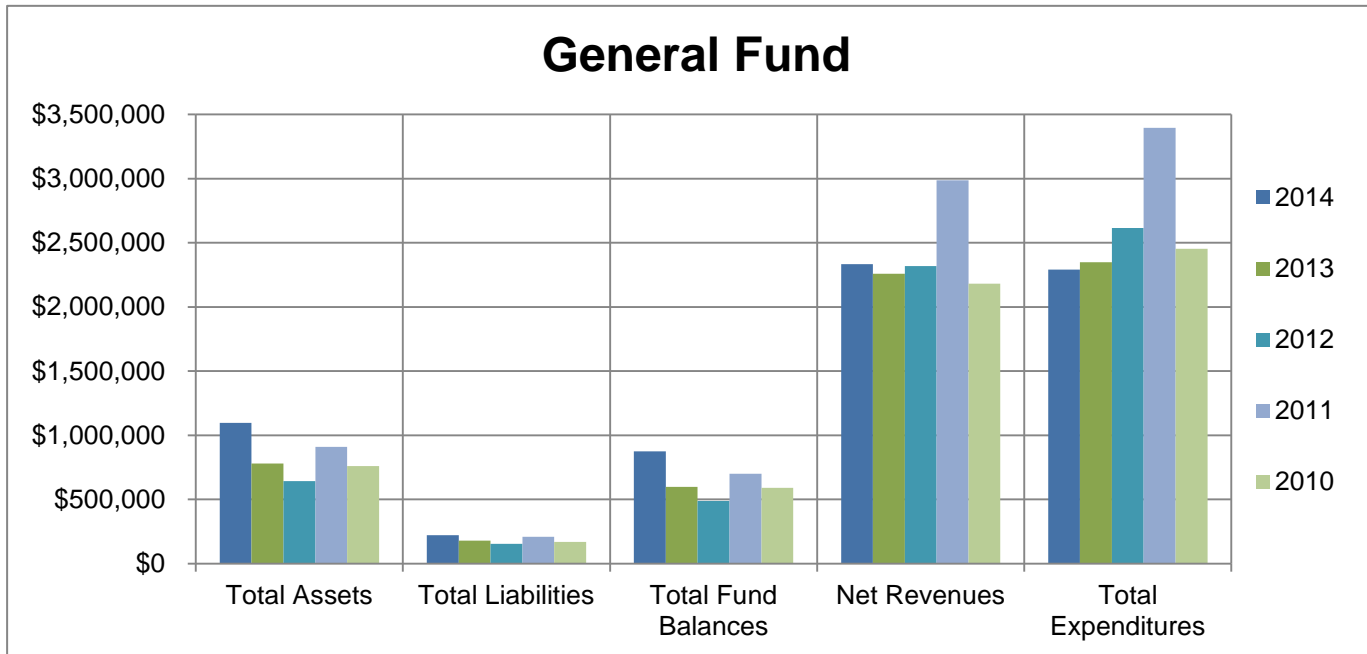
Schedule 3

	<u>December 31, 2014</u>
Land	\$ 394,589
Buildings	2,925,155
Equipment	8,881,775
Improvements other than buildings	<u>64,511</u>
Total	<u><u>\$ 12,266,030</u></u>

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

Schedule 4-1

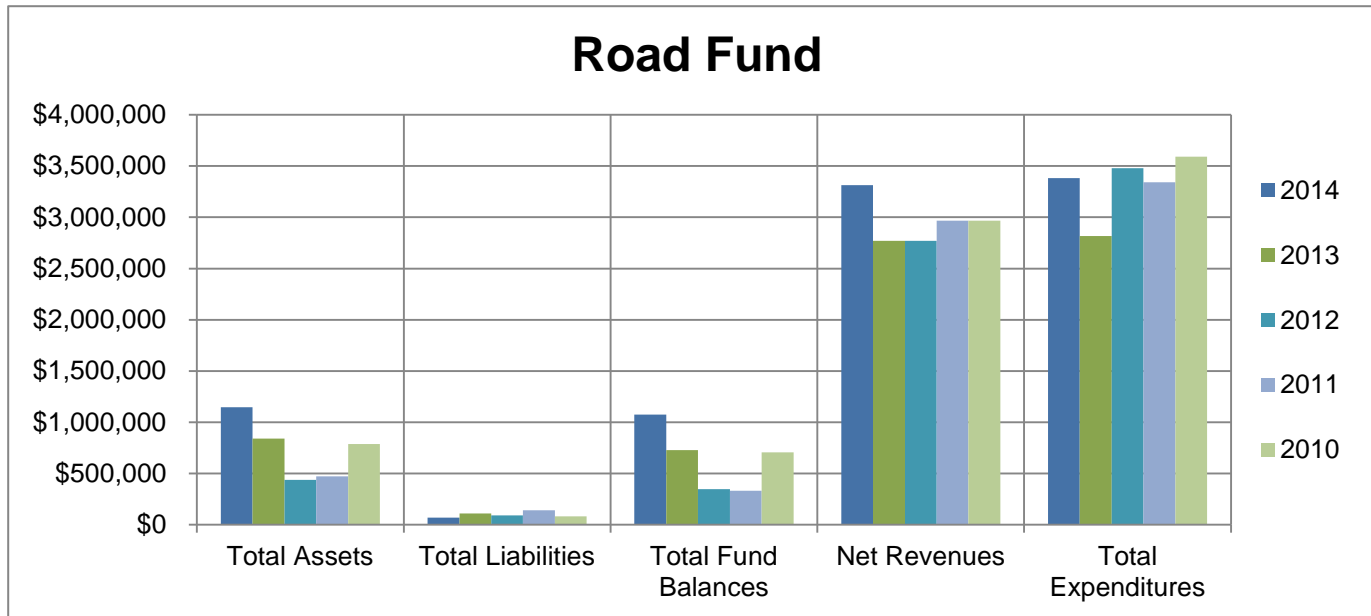
General	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 1,096,269	\$ 778,848	\$ 642,791	\$ 910,730	\$ 759,977
Total Liabilities	222,662	179,883	153,779	210,082	168,370
Total Fund Balances	873,607	598,965	489,012	700,648	591,607
Net Revenues	2,332,545	2,258,267	2,317,362	2,987,772	2,180,203
Total Expenditures	2,292,081	2,349,057	2,614,726	3,395,462	2,453,586
Total Other Financing Sources/Uses	234,178	200,743	177,398	460,000	198,000



MADISON 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	\$ 1,145,955	\$ 840,530	\$ 437,194	\$ 471,094	\$ 786,291
Total Liabilities	71,169	111,436	90,607	140,381	80,678
Total Fund Balances	1,074,786	729,094	346,587	330,713	705,613
Net Revenues	3,314,088	2,770,241	2,770,385	2,966,747	2,965,850
Total Expenditures	3,381,796	2,818,246	3,480,292	3,341,647	3,592,103
Total Other Financing Sources/Uses	413,400	430,512	800,000		848,854



MADISON 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

Other Funds in the Aggregate	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 2,264,045	\$ 1,759,335	\$ 1,935,694	\$ 2,752,855	\$ 1,559,713
Total Liabilities	162,824	153,849	221,142	358,227	371,911
Total Fund Balances	2,101,221	1,605,486	1,714,552	2,394,628	1,187,802
Net Revenues	3,866,597	2,860,080	3,305,987	3,202,042	2,741,102
Total Expenditures	2,723,284	2,337,891	3,039,976	1,478,485	2,535,741
Total Other Financing Sources/Uses	(647,578)	(631,255)	(977,398)	(460,000)	(1,046,854)

