

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

December 31, 2014

LEGISLATIVE JOINT AUDITING COMMITTEE



MONTGOMERY COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Independent Auditor's Report
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*

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Road Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate - Regulatory Basis (Unaudited)	4-3

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

Montgomery 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 Montgomery 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 Montgomery 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 Montgomery County Nursing Home Fund has 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 Montgomery County Nursing Home Fund 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 Montgomery 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 Montgomery 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 significance of the matters discussed 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 January 28, 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
January 28, 2016
LOCO04914

Arkansas

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



Rep. Mary Broadway
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

Montgomery 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 Montgomery 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 January 28, 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 opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Montgomery County Nursing Home Fund, which is 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 certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies to be material weaknesses:

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.

2014-2 Arkansas Code requires county management to maintain financial records. The financial records for the General Fund contained material misstatements for assets and revenues of \$29,880 and \$368,606, respectively, due to unrecorded accounts receivable and errors in the classification of revenues.

The effect of these misstatements constitutes a control deficiency in the process of preparing financial statements. The County Treasurer should implement procedures to ensure all accounts receivable and revenues are properly recorded.

The County Treasurer has concurred with the above recommendation and has approved the appropriate entries to the County's financial records.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the Internal Control over Financial Reporting section as item 2014-2.

Entity's Response to Findings

The County's response to the findings 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: Alvin Black
Treasurer: Betty Boling
Sheriff/Tax Collector: David White
County/Circuit Clerk: Debbie Baxter
Assessor: Tammy McCarter

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

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

County/Circuit Clerk

Password controls did not meet minimum industry standards. The minimum number of characters required for passwords was below industry standards. Failure to establish proper password controls increases the likelihood that an unauthorized person could gain access to the system.

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
January 28, 2016

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

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 968,684	\$ 1,680,839	\$ 989,049
Accounts receivable	53,051	8,199	96,392
TOTAL ASSETS	\$ 1,021,735	\$ 1,689,038	\$ 1,085,441
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 25,386	\$ 31,285	\$ 25,550
Settlements pending			196,580
Total Liabilities	25,386	31,285	222,130
Fund Balances:			
Restricted		1,657,753	867,922
Unassigned	996,349		(4,611)
Total Fund Balances	996,349	1,657,753	863,311
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,021,735	\$ 1,689,038	\$ 1,085,441

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 444,256	\$ 1,337,440	\$ 129,627
Federal aid	644,995	489,109	77,407
Property taxes	399,105	248,710	26,411
Sales taxes			513,736
Fines, forfeitures, and costs	148,755		46,383
Interest	2,018	4,317	2,650
Officers' fees	52,202		37,669
Sanitation fees			103,944
Recycling fees			26,334
Jail fees	14,280		840
911 fees			161,956
Natural gas severance tax		112,147	
Treasurer's commission	79,689		14,100
Collector's commission	172,822		18,089
Taxes apportioned - Assessor's salary and expense	191,484		
Other	256,893	71,631	54,785
TOTAL REVENUES	2,406,499	2,263,354	1,213,931
Less: Treasurer's commission	36,616	30,471	15,677
NET REVENUES	2,369,883	2,232,883	1,198,254
EXPENDITURES			
Current:			
General government	890,704		94,688
Law enforcement	1,373,203		84,041
Highways and streets		2,077,987	
Public safety	33,502		178,300
Sanitation			699,905
Health	22,327		
Recreation and culture			147,134
Social services	49,446		
Total Current	2,369,182	2,077,987	1,204,068
Debt Service:			
Lease principal			1,648
Lease interest			1,215
TOTAL EXPENDITURES	2,369,182	2,077,987	1,206,931

MONTGOMERY 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>\$ 701</u>	<u>\$ 154,896</u>	<u>\$ (8,677)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	68,800		4,789
Transfers out	(4,789)		(68,800)
Contributions from Ouachita Mountains Regional Library			<u>46,003</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,011</u>		<u>(18,008)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	64,712	154,896	(26,685)
FUND BALANCES - JANUARY 1	<u>931,637</u>	<u>1,502,857</u>	<u>889,996</u>
FUND BALANCES - DECEMBER 31	<u>\$ 996,349</u>	<u>\$ 1,657,753</u>	<u>\$ 863,311</u>

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

MONTGOMERY 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	\$ 350,000	\$ 444,256	\$ 94,256	\$ 1,000,000	\$ 1,337,440	\$ 337,440
Federal aid	525,000	644,995	119,995	300,000	489,109	189,109
Property taxes	700,000	399,105	(300,895)	235,000	248,710	13,710
Fines, forfeitures, and costs	125,000	148,755	23,755			
Interest	2,000	2,018	18	5,000	4,317	(683)
Officers' fees	55,000	52,202	(2,798)			
Jail fees	11,000	14,280	3,280			
Natural gas severance tax					112,147	112,147
Treasurer's commission	72,000	79,689	7,689			
Collector's commission		172,822	172,822			
Taxes apportioned - Assessor's salary and expense		191,484	191,484			
Other	280,000	256,893	(23,107)	60,000	71,631	11,631
TOTAL REVENUES	2,120,000	2,406,499	286,499	1,600,000	2,263,354	663,354
Less: Treasurer's commission		36,616	(36,616)		30,471	(30,471)
NET REVENUES	2,120,000	2,369,883	249,883	1,600,000	2,232,883	632,883
EXPENDITURES						
Current:						
General government	949,890	890,704	59,186			
Law enforcement	1,394,842	1,373,203	21,639			
Highways and streets				2,542,500	2,077,987	464,513
Public safety	77,343	33,502	43,841			
Health	23,883	22,327	1,556			
Social services	53,142	49,446	3,696			
TOTAL EXPENDITURES	2,499,100	2,369,182	129,918	2,542,500	2,077,987	464,513
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(379,100)	701	379,801	(942,500)	154,896	1,097,396
OTHER FINANCING SOURCES (USES)						
Transfers in		68,800	68,800			
Transfers out		(4,789)	(4,789)			
TOTAL OTHER FINANCING SOURCES (USES)		64,011	64,011			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(379,100)	64,712	443,812	(942,500)	154,896	1,097,396
FUND BALANCES - JANUARY 1	650,000	931,637	281,637	1,225,000	1,502,857	277,857
FUND BALANCES - DECEMBER 31	\$ 270,900	\$ 996,349	\$ 725,449	\$ 282,500	\$ 1,657,753	\$ 1,375,253

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

MONTGOMERY 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 Montgomery County Nursing Home Fund is not presented in this report.

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.

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

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Treasurer's Automation, Collector's Automation, Circuit Court Automation, District Court Automation, Assessor's Amendment no. 79, Recorder's Cost, County Library, Solid Waste, Child Support Cost, Drug Control, Breathalyzer, Jail Operation and Maintenance, Emergency Rescue, Emergency 911, Fire Equipment and Training (Act 833), Victim/Witness, Indigent Criminal Defense, Adult Drug Court, Public Safety, Circuit Court Juvenile Division, Voting System Grant, Park Maintenance, United States Treasury, District Court Cost, Justice Assistance Block Grant Program, Rural Community Grant Program, 18th West Judicial Drug Task Force, Circuit Clerk Commissioner's Fee, County Law Library, and Communication Facility and Equipment.

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The following Agency Funds are reported with other funds in the aggregate: Treasurer's Commission and Collector's Unapportioned; Tax Collector (Delinquent Personal Tax and Delinquent Real Estate Tax); Sheriff (Fee and Circuit Bond); and County/Circuit Clerk (Fee, Trust, Juvenile Representation, and Juvenile Court Bond and Fine).

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, and costs, property tax collections, officer's fees, and trust monies that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

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 except for the Communication Facility and Equipment Funds.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures

The County's highest level of decision-making authority is its Quorum Court. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the Quorum Court through passage of an ordinance. The Quorum Court is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The County does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The County does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

There were no committed or assigned 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			\$ 7,441
Federal aid			30,139
Sales taxes			34,869
Fines, forfeitures, and costs	\$ 9,295		2,773
Interest	1		
Officers' fees	4,286		3,270
Sanitation fees			3,219
Jail fees	1,260		40
911 fees			55
Treasurer's commission			11,345
Other	30,703	\$ 1,953	26
Treasurer's commission charged	7,506	6,246	3,215
Totals	\$ 53,051	\$ 8,199	\$ 96,392

MONTGOMERY 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	\$ 25,386	\$ 31,285	\$ 25,550

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 \$11,111,026. 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 \$2,913,132. The amount of short-term financing obligations was \$12,347, leaving a legal debt margin of \$2,900,785.

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			\$ 90,223
Law enforcement			130,355
Highways and streets		\$ 1,657,753	
Public safety			281,504
Sanitation			317,301
Recreation and culture			48,539
Total Restricted		<u>1,657,753</u>	<u>867,922</u>
Unassigned	<u>\$ 996,349</u>		<u>(4,611)</u>
Totals	<u>\$ 996,349</u>	<u>\$ 1,657,753</u>	<u>\$ 863,311</u>

NOTE 8: Deficit Fund Balance

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

	December 31, 2014
Other Funds in the Aggregate:	
Special Revenue:	
18th West Judicial Drug Task Force	<u>\$ (4,611)</u>

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

NOTE 9: Commitments

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

	December 31, 2014
Long-term liabilities	\$ 45,394
Noncancellable lease	9,705
Construction contract	134,466
Total Commitments	\$ 189,565

Long-term Liabilities

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

<u>Description</u>	December 31, 2014
Lease-purchase dated June 18, 2014, for digital fingerprinting system. 48 monthly payments of \$409 to Government Leasing, LLC. Interest rate of 17.71%. Payments are to be made from the Jail Operations and Maintenance Fund.	\$ 12,347
Compensated Absences	33,047
Total Long-term Liabilities	\$ 45,394

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.

Debt Service Requirements to Maturity

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

Years Ending December 31,	Leases
2015	\$ 4,908
2016	4,908
2017	4,908
2018	2,045
Total Obligations	16,769
Less Interest	4,422
Total Principal	\$ 12,347

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

NOTE 9: Commitments (Continued)

Noncancellable Lease

The County entered into noncancellable lease agreements for three copiers. Terms of the leases are quarterly rental payments of \$198 for 20 quarters and monthly rental payments of \$115 and \$98 for 60 months. The County is obligated for the following amounts for the next five years:

Year	December 31, 2014
2015	\$ 3,348
2016	2,952
2017	1,676
2018	1,383
2019	346
Total	\$ 9,705

Rental expense for 2014 was \$3,810.

Construction Contract

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

Project Name	Completion Date	Contract Balance December 31, 2014
Solid Waste Collection Facility T-3	July 2015	\$ 134,466

NOTE 10: Interfund Transfers

The General Fund transferred \$4,789 to the Other Funds in the Aggregate for the reimbursement of expenses. The Other Funds in the Aggregate transferred \$68,800 to the General Fund for the reimbursement of salaries and expenses.

NOTE 11: Joint Ventures

Ouachita Mountains Regional Library

Montgomery and Polk Counties entered into an agreement on April 12, 2010, in accordance with Ark. Code Ann. §13-2-401 to establish the Ouachita Mountains Regional Library (OMRL). The Ouachita Mountains Regional Library board consists of six members; three from the Montgomery County Library Board and three from the Polk County Library Board. The agreement states all per capita revenue received by the OMRL is to be prorated to each member county based on per capita for use by each County Library Board at its discretion; in return, each county is to contribute to the OMRL 10% of any per capita revenue received from the OMRL for the purpose of establishing and perpetuating reserve funds to be administered by the Regional Board; any non-per capita revenue received by the OMRL is to be used at the discretion of the Regional Board in support of the region and its staff, services, and facilities. The percentage of per capita revenue contributed back to the OMRL by each county is to be re-evaluated by the Regional Board at least every five years. The County Library paid \$2,650 for regional library expenditures in 2014. The Ouachita Mountains Regional Library contributed \$46,003 to the County Library in 2014. Financial statements for the OMRL are available at 145A Whittington Street, Mount Ida, Arkansas 71957.

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

NOTE 11: Joint Ventures (Continued)

Southwest Arkansas Regional Intermodal Authority

The Counties of Clark, Montgomery, Nevada, Pike, and Dallas and the cities of Gurdon, Prescott, Glenwood, Caddo Valley, Murfreesboro, Arkadelphia, Amity, and Fordyce entered into an agreement to establish the Southwest Arkansas Regional Intermodal Authority on May 18, 2010, in accordance with the Ark. Code Ann. § 14-143-103. The primary purpose of this agreement is for the acquiring, equipping, constructing, maintaining, and operating a regional intermodal facility or facilities. Funding for this agreement will be derived primarily from the Southwest Arkansas Regional Intermodal Authority dues consisting of \$2,000 per county and \$1,000 per city member and any revenues not inconsistent with the Arkansas Constitution or Arkansas law. The Board of Directors shall consist of 18 directors; one from each participating city and two from each participating county. Montgomery County paid \$2,163 to the Southwest Arkansas Regional Intermodal Authority in 2014. Separate financial statements of the Southwest Arkansas Regional Intermodal Authority are not available.

NOTE 12: Jointly Governed Organizations

Eighteenth-West Judicial Drug Crime Task Force

On July 2, 2014, the Montgomery County Sheriff's Department renewed their agreement with the Prosecuting Attorney of the Eighteenth-West Judicial District and the Sheriff's Department of Polk County to establish the Eighteenth- West Judicial District Drug Crime Task Force (DCTF). The term of the agreement is for the period July 1, 2014 to June 30, 2015. Funding was provided through federal and state grants in addition to contributions from the participating entities. The Montgomery County Sheriff's Department made \$10,000 in contributions to the Eighteenth-West Judicial Drug Crime Task Force in 2014. The County established a fund in the County records and appropriated funds for an investigator for the DCTF in 2014.

Upper Southwest Arkansas Regional Solid Waste Management District

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 the 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 of the county seats for the area served unless some other representatives are appointed by the respective entity. Montgomery County paid \$146,894 to the Upper Southwest Arkansas Regional Solid Waste Management District in 2014. The financial statements of the Upper Southwest Arkansas Regional Solid Waste Management District are available at P.O. Box 909, Nashville, AR 71852

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.

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

NOTE 13: Risk Management (Continued)

Vehicle Program

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

General Liability Program - The program shall provide legal defense in civil rights suits against the county government of a participating county and pay judgments imposed on County officials and employees and the county government and county-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$350,000. The County agrees to pay into the program each year a rate established by the Risk Management Fund Board. Each county also agrees to pay the first \$500 of the aggregate cost for all expenses on each lawsuit.

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

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 \$352,151.

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment no. 79	Recorder's Cost	County Library	Solid Waste	Child Support Cost
ASSETS									
Cash and cash equivalents	\$ 18,433	\$ 25,626	\$ 10,724	\$ 32,241	\$ 8,955	\$ 7,330	\$ 37,111	\$ 293,384	\$ 12,443
Accounts receivable	11,345	62	214	376	4	2,791	140	40,298	2
TOTAL ASSETS	<u>\$ 29,778</u>	<u>\$ 25,688</u>	<u>\$ 10,938</u>	<u>\$ 32,617</u>	<u>\$ 8,959</u>	<u>\$ 10,121</u>	<u>\$ 37,251</u>	<u>\$ 333,682</u>	<u>\$ 12,445</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,821			\$ 260			\$ 455	\$ 16,381	
Settlements pending									
Total Liabilities	<u>2,821</u>			<u>260</u>			<u>455</u>	<u>16,381</u>	
Fund Balances:									
Restricted	26,957	\$ 25,688	\$ 10,938	32,357	\$ 8,959	\$ 10,121	36,796	317,301	\$ 12,445
Unassigned									
Total Fund Balances	<u>26,957</u>	<u>25,688</u>	<u>10,938</u>	<u>32,357</u>	<u>8,959</u>	<u>10,121</u>	<u>36,796</u>	<u>317,301</u>	<u>12,445</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,778</u>	<u>\$ 25,688</u>	<u>\$ 10,938</u>	<u>\$ 32,617</u>	<u>\$ 8,959</u>	<u>\$ 10,121</u>	<u>\$ 37,251</u>	<u>\$ 333,682</u>	<u>\$ 12,445</u>

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Drug Control	Breathalyzer	Jail Operation and Maintenance	Emergency Rescue	Emergency 911	Victim/Witness	Indigent Criminal Defense	Adult Drug Court	Public Safety
ASSETS									
Cash and cash equivalents	\$ 4,647	\$ 3,321	\$ 25,382	\$ 12,055	\$ 270,756		\$ 5,818	\$ 5,440	\$ 297
Accounts receivable	1	45	929	8	606	\$ 617	169	23	
TOTAL ASSETS	\$ 4,648	\$ 3,366	\$ 26,311	\$ 12,063	\$ 271,362	\$ 617	\$ 5,987	\$ 5,463	\$ 297
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 41	\$ 4,762	\$ 209	\$ 155				
Settlements pending									
Total Liabilities		41	4,762	209	155				
Fund Balances:									
Restricted	\$ 4,648	3,325	21,549	11,854	271,207	\$ 617	\$ 5,987	\$ 5,463	\$ 297
Unassigned									
Total Fund Balances	4,648	3,325	21,549	11,854	271,207	617	5,987	5,463	297
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,648	\$ 3,366	\$ 26,311	\$ 12,063	\$ 271,362	\$ 617	\$ 5,987	\$ 5,463	\$ 297

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

Schedule 1

	SPECIAL REVENUE FUNDS							
	Circuit Court Juvenile Division	Park Maintenance	United States Treasury	District Court Cost	Justice Assistance Block Grant Program	Rural Community Grant Program	18th West Judicial Drug Task Force	Circuit Clerk Commissioner's Fee
ASSETS								
Cash and cash equivalents	\$ 462	\$ (18,210)	\$ 5,931	\$ 25,382	\$ 1,234	\$ 10,000	\$ (12,052)	\$ 122
Accounts receivable		30,139		516			7,441	
TOTAL ASSETS	\$ 462	\$ 11,929	\$ 5,931	\$ 25,898	\$ 1,234	\$ 10,000	\$ (4,611)	\$ 122
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 186		\$ 234				
Settlements pending								
Total Liabilities		186		234				
Fund Balances:								
Restricted	\$ 462	11,743	\$ 5,931	25,664	\$ 1,234	\$ 10,000		\$ 122
Unassigned							\$ (4,611)	
Total Fund Balances	462	11,743	5,931	25,664	1,234	10,000	(4,611)	122
TOTAL LIABILITIES AND FUND BALANCES	\$ 462	\$ 11,929	\$ 5,931	\$ 25,898	\$ 1,234	\$ 10,000	\$ (4,611)	\$ 122

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

Schedule 1

	SPECIAL REVENUE FUNDS		AGENCY FUNDS				Totals
	County Law Library	Communication Facility and Equipment	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County/Circuit Clerk's Accounts	
ASSETS							
Cash and cash equivalents	\$ 2,068	\$ 3,569	\$ 112,652	\$ 30,743	\$ 22,141	\$ 31,044	\$ 989,049
Accounts receivable	151	515					96,392
TOTAL ASSETS	<u>\$ 2,219</u>	<u>\$ 4,084</u>	<u>\$ 112,652</u>	<u>\$ 30,743</u>	<u>\$ 22,141</u>	<u>\$ 31,044</u>	<u>\$ 1,085,441</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 46						\$ 25,550
Settlements pending			\$ 112,652	\$ 30,743	\$ 22,141	\$ 31,044	196,580
Total Liabilities	<u>46</u>		<u>112,652</u>	<u>30,743</u>	<u>22,141</u>	<u>31,044</u>	<u>222,130</u>
Fund Balances:							
Restricted	2,173	\$ 4,084					867,922
Unassigned							(4,611)
Total Fund Balances	<u>2,173</u>	<u>4,084</u>					<u>863,311</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,219</u>	<u>\$ 4,084</u>	<u>\$ 112,652</u>	<u>\$ 30,743</u>	<u>\$ 22,141</u>	<u>\$ 31,044</u>	<u>\$ 1,085,441</u>

MONTGOMERY COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment no. 79	Recorder's Cost	County Library	Solid Waste	Child Support Cost
REVENUES									
State aid					\$ 1,239		\$ 5,928		
Federal aid									
Property taxes							26,411		
Sales taxes								\$ 513,736	
Fines, forfeitures, and costs			\$ 2,558	\$ 6,979					
Interest	\$ 42	\$ 36	25	74	21	\$ 104	203	1,252	\$ 30
Officers' fees						30,351			429
Sanitation fees								103,944	
Recycling fees								26,334	
Jail fees									
911 fees									
Treasurer's commission	14,100								
Collector's commission		18,089							
Other							6,270	13,398	
TOTAL REVENUES	14,142	18,125	2,583	7,053	1,260	30,455	38,812	658,664	459
Less: Treasurer's commission		300	44	116	21	489	558	10,780	7
NET REVENUES	14,142	17,825	2,539	6,937	1,239	29,966	38,254	647,884	452
EXPENDITURES									
Current:									
General government	2,821	22,772				37,078			441
Law enforcement			1,486	5,145					
Public safety								699,905	
Sanitation									
Recreation and culture							85,506		
Total Current	2,821	22,772	1,486	5,145		37,078	85,506	699,905	441
Debt Service:									
Lease principal									
Lease interest									
TOTAL EXPENDITURES	2,821	22,772	1,486	5,145		37,078	85,506	699,905	441
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,321	(4,947)	1,053	1,792	1,239	(7,112)	(47,252)	(52,021)	11
OTHER FINANCING SOURCES (USES)									
Transfers in							2,500		
Transfers out									
Contributions from Ouachita Mountains Regional Library							46,003		
TOTAL OTHER FINANCING SOURCES (USES)							48,503		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	11,321	(4,947)	1,053	1,792	1,239	(7,112)	1,251	(52,021)	11
FUND BALANCES - JANUARY 1	15,636	30,635	9,885	30,565	7,720	17,233	35,545	369,322	12,434
FUND BALANCES - DECEMBER 31	<u>\$ 26,957</u>	<u>\$ 25,688</u>	<u>\$ 10,938</u>	<u>\$ 32,357</u>	<u>\$ 8,959</u>	<u>\$ 10,121</u>	<u>\$ 36,796</u>	<u>\$ 317,301</u>	<u>\$ 12,445</u>

MONTGOMERY 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								
	Drug Control	Breathalyzer	Jail Operation and Maintenance	Emergency Rescue	Emergency 911	Fire Equipment and Training (Act 833)	Victim/Witness	Indigent Criminal Defense	Adult Drug Court
REVENUES									
State aid				\$ 2,349		\$ 65,537			
Federal aid									\$ 4,500
Property taxes									
Sales taxes									
Fines, forfeitures, and costs		\$ 577	\$ 15,168				\$ 7,918	\$ 4,347	272
Interest	\$ 11	7	63	30	\$ 671			13	7
Officers' fees			380						
Sanitation fees									
Recycling fees									
Jail fees			840						
911 fees					161,956				
Treasurer's commission									
Collector's commission									
Other	604				34,303			21	
TOTAL REVENUES	615	584	16,451	2,379	196,930	65,537	7,918	4,381	4,779
Less: Treasurer's commission	3	10	275	39	2,688		131	66	6
NET REVENUES	612	574	16,176	2,340	194,242	65,537	7,787	4,315	4,773
EXPENDITURES									
Current:									
General government									
Law enforcement	2,300	232	15,559	3,730			7,888	3,718	3,695
Public safety					87,974	65,537			
Sanitation									
Recreation and culture									
Total Current	2,300	232	15,559	3,730	87,974	65,537	7,888	3,718	3,695
Debt Service:									
Lease principal			1,648						
Lease interest			1,215						
TOTAL EXPENDITURES	2,300	232	18,422	3,730	87,974	65,537	7,888	3,718	3,695
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,688)	342	(2,246)	(1,390)	106,268	0	(101)	597	1,078
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out					(60,000)				
Contributions from Ouachita Mountains Regional Library									
TOTAL OTHER FINANCING SOURCES (USES)					(60,000)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,688)	342	(2,246)	(1,390)	46,268		(101)	597	1,078
FUND BALANCES - JANUARY 1	6,336	2,983	23,795	13,244	224,939		718	5,390	4,385
FUND BALANCES - DECEMBER 31	\$ 4,648	\$ 3,325	\$ 21,549	\$ 11,854	\$ 271,207	\$ 0	\$ 617	\$ 5,987	\$ 5,463

MONTGOMERY 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							
	Public Safety	Circuit Court Juvenile Division	Voting System Grant	Park Maintenance	United States Treasury	District Court Cost	Justice Assistance Block Grant Program	Rural Community Grant Program
REVENUES								
State aid			\$ 14,234					\$ 14,500
Federal aid				\$ 59,249	\$ 13,658			
Property taxes								
Sales taxes								
Fines, forfeitures, and costs	\$ 67					\$ 6,266		
Interest		\$ 1				56		
Officers' fees						284		
Sanitation fees								
Recycling fees								
Jail fees								
911 fees								
Treasurer's commission								
Collector's commission								
Other				39		150		
TOTAL REVENUES	67	1	14,234	59,288	13,658	6,756		14,500
Less: Treasurer's commission	1					110		
NET REVENUES	66	1	14,234	59,288	13,658	6,646		14,500
EXPENDITURES								
Current:								
General government			23,849		7,727			
Law enforcement						3,456		
Public safety								24,789
Sanitation								
Recreation and culture				61,628				
Total Current			23,849	61,628	7,727	3,456		24,789
Debt Service:								
Lease principal								
Lease interest								
TOTAL EXPENDITURES			23,849	61,628	7,727	3,456		24,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	66	1	(9,615)	(2,340)	5,931	3,190		(10,289)
OTHER FINANCING SOURCES (USES)								
Transfers in								2,289
Transfers out							\$ (4,300)	(4,500)
Contributions from Ouachita Mountains Regional Library								
TOTAL OTHER FINANCING SOURCES (USES)							(4,300)	(2,211)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	66	1	(9,615)	(2,340)	5,931	3,190	(4,300)	(12,500)
FUND BALANCES - JANUARY 1	231	461	9,615	14,083		22,474	5,534	22,500
FUND BALANCES - DECEMBER 31	<u>\$ 297</u>	<u>\$ 462</u>	<u>\$ 0</u>	<u>\$ 11,743</u>	<u>\$ 5,931</u>	<u>\$ 25,664</u>	<u>\$ 1,234</u>	<u>\$ 10,000</u>

MONTGOMERY 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
	18th West Judicial Drug Task Force	Circuit Clerk Commissioner's Fee	County Law Library	Communication Facility and Equipment	
REVENUES					
State aid	\$ 25,840				\$ 129,627
Federal aid					77,407
Property taxes					26,411
Sales taxes					513,736
Fines, forfeitures, and costs			\$ 2,231		46,383
Interest			2	\$ 2	2,650
Officers' fees		\$ 122		6,103	37,669
Sanitation fees					103,944
Recycling fees					26,334
Jail fees					840
911 fees					161,956
Treasurer's commission					14,100
Collector's commission					18,089
Other					54,785
TOTAL REVENUES	25,840	122	2,233	6,105	1,213,931
Less: Treasurer's commission			33		15,677
NET REVENUES	25,840	122	2,200	6,105	1,198,254
EXPENDITURES					
Current:					
General government					94,688
Law enforcement	30,451		1,858	4,523	84,041
Public safety					178,300
Sanitation					699,905
Recreation and culture					147,134
Total Current	30,451		1,858	4,523	1,204,068
Debt Service:					
Lease principal					1,648
Lease interest					1,215
TOTAL EXPENDITURES	30,451		1,858	4,523	1,206,931
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,611)	122	342	1,582	(8,677)
OTHER FINANCING SOURCES (USES)					
Transfers in					4,789
Transfers out					(68,800)
Contributions from Ouachita Mountains Regional Library					46,003
TOTAL OTHER FINANCING SOURCES (USES)					(18,008)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(4,611)	122	342	1,582	(26,685)
FUND BALANCES - JANUARY 1			1,831	2,502	889,996
FUND BALANCES - DECEMBER 31	\$ (4,611)	\$ 122	\$ 2,173	\$ 4,084	\$ 863,311

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

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

Fund Name	Fund Description
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of Collector's gross commissions to operate the Collector's office and to purchase, maintain, and operate an automated record keeping system.
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.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive District Court installment fees to be used solely for District Court-related technology.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the County's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the costs of administering Arkansas Constitution, Amendment no. 79.
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.
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.
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 fee schedule contained in an ordinance. Montgomery County Ordinance no. 1989-14 (August 22, 1989) established fund to account for sales tax and fees collected and used for solid waste disposal expenses in the county.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Breathalyzer	Ark. Cod Ann. § 16-10-307 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzer.

MONTGOMERY 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 Operation and Maintenance	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.
Emergency Rescue	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Fire Equipment and Training (Act 833)	Ark. Code Ann. § 14-284-403 requires fire protection premium tax funds to be distributed by the county to local fire districts for equipment, training, capital improvements, insurance for buildings, utility costs, or other expenditures necessary for upgrading fire service.
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.
Indigent Criminal Defense	Ark. Code Ann. § 14-20-102 established fund to receive funds distributed in accordance with Ark. Code Ann. § 16-10-307 to be used to pay reasonable and necessary costs incurred in the defense of indigent persons, the representation of persons against whom involuntary admissions procedures have been brought, and for representation of persons deemed incompetent by the court; defraying the costs of the juvenile division of Chancery Court; and for defraying the medical and dental costs for indigent defendants in the county jail.
Adult Drug Court	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
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.
Circuit Court Juvenile Division	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of Circuit Court.

MONTGOMERY 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
Voting System Grant	Ark. Code Ann. § 19-5-1247 established fund to receive grants from the County Voting System Grant Fund to purchase voting system equipment, programming, and maintenance.
Park Maintenance	Montgomery County Ordinance no. 2004-13 (April 12, 2004) established fund to provide for maintenance for parks in the County as determined by an agreement between the County and the U.S. Forest Service.
United States Treasury	Established fund to account for USDA Forest Service Title III funds to be used for certain types of public projects that involve wild land fire preparedness, emergency services on federal land, and community wildfire protection planning.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes District Court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District Court.
Justice Assistance Block Grant Program	Montgomery County Ordinance no. 2012-10 (October 8 2012) established and appropriated grant funds for law enforcement purposes.
Rural Community Grant Program	Montgomery County Ordinance no. 2014-01 (January 13, 2014) established and appropriated grant funds for volunteer fire departments and fairground improvements.
18th West Judicial Drug Task Force	Montgomery County Ordinance no. 2014-08 (April 14, 2014) established and appropriated funds for an investigator for the 18th West Judicial District Drug Task Force.
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.
County Law Library	Ark. Code Ann. § 16-23-105 established fund to receive collections from costs levied and to fund law library expenditures.
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 accounts consist primarily of treasurer's commission not yet distributed to the various funds.
 Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.
 Sheriff's accounts consist primarily of fees settlements and bonds not yet settled to various agencies.
 County/Circuit Clerk's accounts consist primarily of trust money awaiting disposition by the applicable court.

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

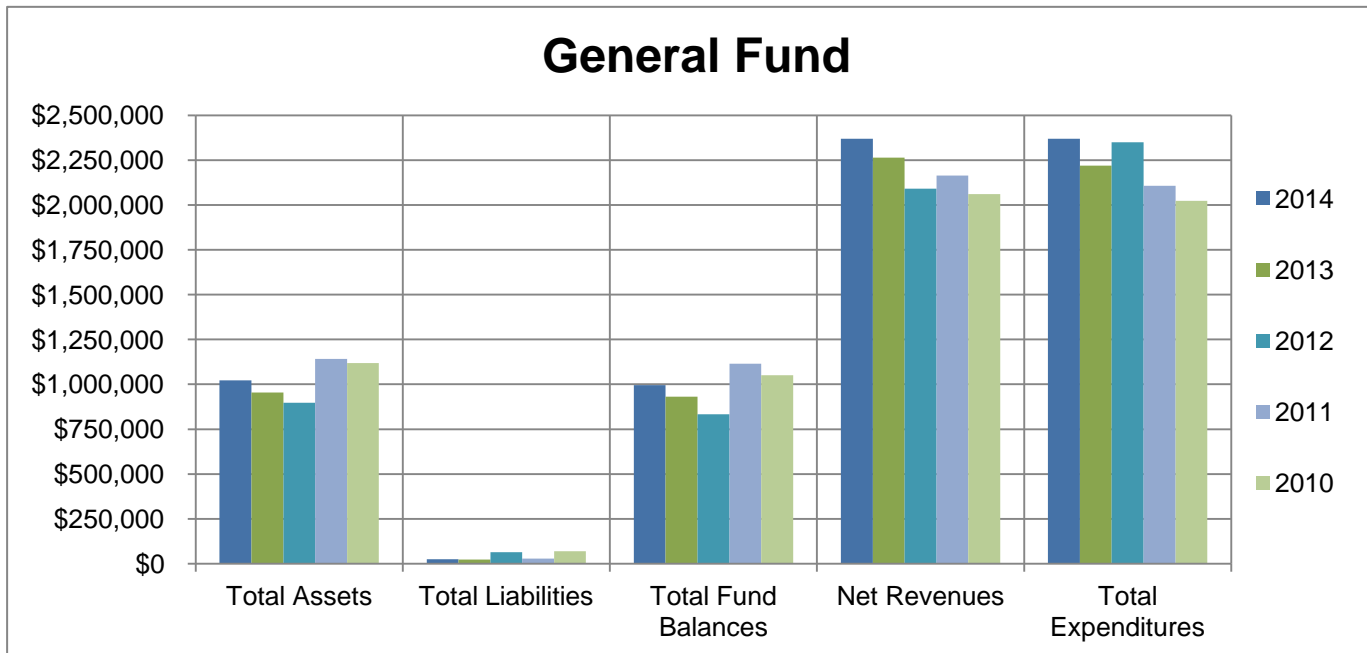
Schedule 3

	<u>December 31, 2014</u>
Land	\$ 260,325
Buildings	6,716,174
Equipment	<u>7,209,646</u>
Total	<u>\$ 14,186,145</u>

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

Schedule 4-1

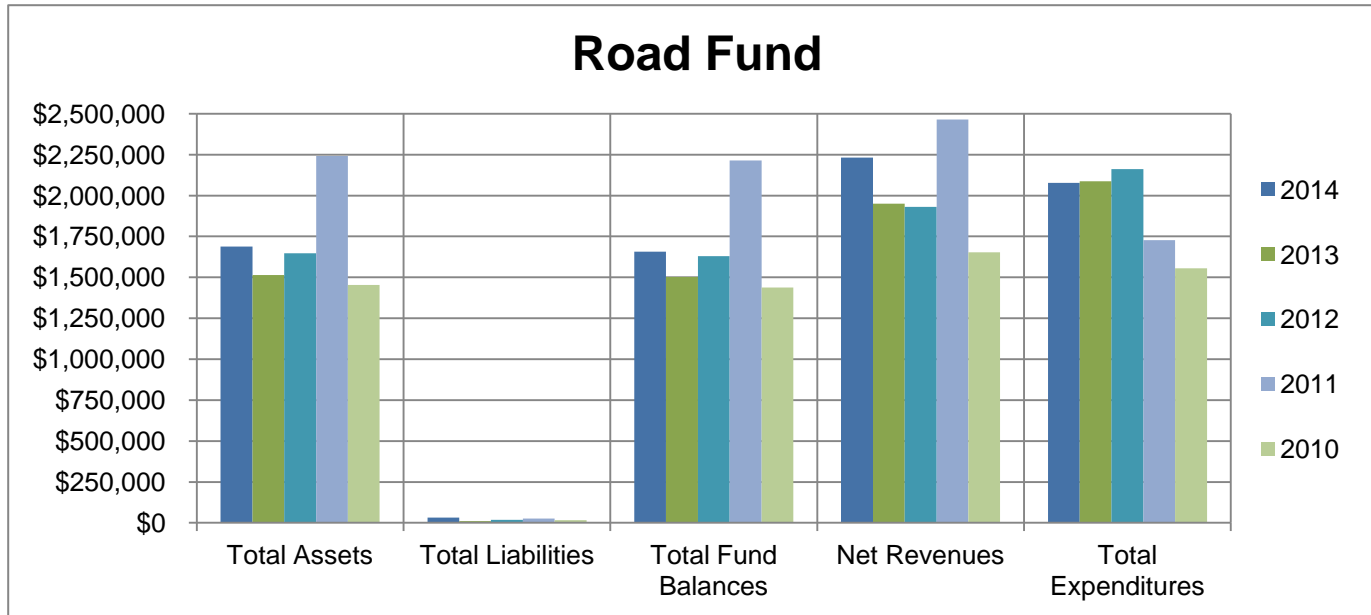
<u>General</u>	2014	2013	2012	2011	2010
Total Assets	\$ 1,021,735	\$ 954,697	\$ 897,450	\$ 1,142,653	\$ 1,118,766
Total Liabilities	25,386	23,360	64,599	27,797	68,555
Total Fund Balances	996,349	931,337	832,851	1,114,856	1,050,211
Net Revenues	2,369,883	2,264,060	2,091,423	2,163,574	2,061,545
Total Expenditures	2,369,182	2,218,832	2,349,478	2,107,966	2,022,626
Total Other Financing Sources/Uses	64,011	53,258	19,303	9,037	(12,050)



MONTGOMERY 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	\$ 1,689,038	\$ 1,513,555	\$ 1,647,230	\$ 2,241,202	\$ 1,454,147
Total Liabilities	31,285	10,698	18,093	26,439	15,596
Total Fund Balances	1,657,753	1,502,857	1,629,137	2,214,763	1,438,551
Net Revenues	2,232,883	1,951,308	1,931,145	2,465,036	1,653,115
Total Expenditures	2,077,987	2,087,691	2,161,062	1,728,372	1,555,844
Total Other Financing Sources/Uses		10,103	1,739	39,548	34,848



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Assets	\$ 1,085,441	\$ 1,169,085	\$ 3,628,036	\$ 1,940,927	\$ 1,757,225
Total Liabilities	222,130	279,089	2,534,274	520,161	284,877
Total Fund Balances	863,311	889,996	1,093,762	1,420,766	1,472,348
Net Revenues	1,198,254	1,250,995	1,163,124	1,361,649	1,225,273
Total Expenditures	1,206,931	1,432,975	1,478,655	1,414,230	1,263,805
Total Other Financing Sources/Uses	(18,008)	(23,058)	(10,069)	999	12,050

