

Independence County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



INDEPENDENCE COUNTY, ARKANSAS
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Arkansas

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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Independence 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 Independence County, Arkansas, as of and for the year ended December 31, 2017, and the related notes to the financial statements as listed in the table of contents.

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 from 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 control. 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 Independence County, Arkansas, as of December 31, 2017, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, 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 Independence County, Arkansas, as of December 31, 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the County would have included another fund under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*. However, under the regulatory basis, this fund is not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Other Matters

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, 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 August 14, 2018, 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, CFF
Legislative Auditor

Little Rock, Arkansas
August 14, 2018
LOCO03217

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
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

Independence 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 Independence County, Arkansas, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2018. 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 unmodified.

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:

2017-1 Arkansas Code requires county management to maintain accurate financial records. Other Funds in the Aggregate financial records contained misstatements for assets, revenues, and expenditures of \$10,485, \$1,464,570 and \$18,673, respectively, due primarily to errors in accounts receivable and classification of revenues. The effects of these misstatements constitute a significant control deficiency in the process of preparing financial records. The County Treasurer should implement procedures to ensure that all assets, liabilities, and revenues are properly recorded.

The Treasurer 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 matters that are required to be reported under *Government Auditing Standards* and which are described in the Internal Control over Financial Reporting section as item 2017-1.

Entity's Response to Finding

The County's response to the finding identified in our audit is described above. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Issues

The following issues are not significant deficiencies, material weaknesses, or material instances of noncompliance, but are issues that are presented to assist in the efficient operation of the County.

The commentary contained in this section relates to the following officials that held office during 2017:

County Judge: Robert Griffin
Treasurer: Robert Treadway
Sheriff: Shawn Stephens
Tax Collector: Janet Perkey (January 1, 2017 to June 13, 2017)
Diana Thompson (June 13, 2017 to December 31, 2017)
County Clerk: Tracey Mitchell
Circuit Clerk: Deborah Finley
Assessor: Diane Tucker
County Librarian: Vanessa Adams
District Court Clerk: Tammy Gregory

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

County Judge

1. The County entered into a 143 month installment contract with a local bank, on February 2, 2017, in the amount of \$114,000, for the purpose of funding the District Court Judge's retirement, which appears to conflict with Ark. Const. amend. 78, § 2, which limits short-term financing obligations for the purpose of acquiring, constructing, installing or renting real property or tangible property having an expected useful life of more than one year and limits the terms of these obligations to five years.
2. Competitive bids were not provided for jail repairs of \$87,958, as required by Ark. Code Ann. § 14-22-104. Furthermore, additional options totaling \$3,093 each were included in the purchase amount for two (2) trucks purchased on state contract, in noncompliance with Ark. Code Ann. § 14-22-106.
3. On November 2, 1948, Independence County voters approved a one-mill tax pursuant to Ark. Const. amend. 38, which provides for an annual tax on real and personal property for maintaining a public county library service or system. Ark. Const. amend. 72 changed the language of the original amendment to include "maintenance and operation" and added a section allowing voters to dedicate up to three mills for "capital improvements ... or construction of a county public library." To our knowledge, no vote subsequent to 1948 has changed the purpose for which the Independence County Library (Library) millage can be used.

On March 21, 2017, the Library loaned \$2 million to the County to fund the renovation of a County-owned building to be used for the Library. As of report date, the Library had loaned the County an additional \$920,819 in 2018. These funds primarily consist of surplus millage funds accumulated since the inception of this tax. A promissory note was issued by the County for the initial \$2 million loan; indicated the loan would be repaid by December 31, 2017; and was not amended to include the funds loaned in 2018. The loan was still outstanding as of August 14, 2018. The use of the library millage to fund these capital improvements appears to conflict with Ark. Const. art. 16, § 11, which states, in part, "...no moneys arising from a tax levied for any purpose shall be used for any other purpose."

It should be noted that Ark. Code. Ann. § 13-2-404(a)(2)(B) permits the use of "maintaining and operating" funds for minor and major property repairs and upkeep and appears to permit the use of library millage funds for renovations; however, Op. Att'y Gen. nos. 2005-090 and 2012-140 prohibit this use. The County should request an Attorney General opinion as to which legal authority governs the use of the funds in question and whether it is permissible to loan library millage funds to the County to be used for capital purchases.

County Judge (Continued)

4. The Quorum Court adopted Independence County Ordinance no. 2013-48 (December 9, 2013) which directs the County Treasurer to distribute general sales tax receipts to the following funds: County Road (45%), Solid Waste (21%), Sales Tax Law Enforcement (12%), Sales Tax Fire Departments (12%), Sales Tax Recreation (5.5%), County General (4.5%). In 2017, the County transferred \$75,000 of the sales tax revenue distributed to the County Road Fund back to the General Fund by an appropriation ordinance. Furthermore, the Sales Tax Law Enforcement Fund was reclassified to the General Fund in 2016. We question whether Ordinance no. 2013-48 may be amended with subsequent appropriation ordinances in light of Ark. Code Ann. § 14-14-905(b)(B)(2), which states, "No county ordinance shall be revised or amended, or the provisions thereof extended or conferred, by reference to its title only, but so much thereof as is revised, amended, extended, or conferred shall be reenacted and published at length." Ordinance 2013-48 was not "reenacted and published at length" by the 2017 or 2016 appropriation ordinances. In summary, it appears that the \$75,000 transfer from the County Road Fund to the County General Fund in 2017 and the treatment of the general sales tax revenue committed for law enforcement was in conflict with the general sales tax distribution ordinance adopted by the Quorum Court.

We recommend the County review its general sales tax distribution ordinance and amend as necessary in accordance with Ark. Code Ann. § 14-14-905(b)(B)(2).

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
August 14, 2018

INDEPENDENCE COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,660,480	\$ 1,107,559	\$ 6,987,440
Accounts receivable	371,217	172,030	679,867
Interfund receivables		939	
	<u>2,031,697</u>	<u>1,280,528</u>	<u>7,667,307</u>
TOTAL ASSETS	\$ 2,031,697	\$ 1,280,528	\$ 7,667,307
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 502,970	\$ 65,104	\$ 515,804
Interfund payables	939		
Settlements pending			1,110,099
Total Liabilities	<u>503,909</u>	<u>65,104</u>	<u>1,625,903</u>
Fund Balances:			
Restricted			4,010,683
Committed		1,215,424	1,308,967
Assigned	299,254		721,754
Unassigned	1,228,534		
Total Fund Balances	<u>1,527,788</u>	<u>1,215,424</u>	<u>6,041,404</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,031,697	\$ 1,280,528	\$ 7,667,307

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

INDEPENDENCE COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 1,521,622	\$ 2,062,635	\$ 306,387
Federal aid	123,340	182,279	1,845,340
Property taxes	2,357,098	1,151,600	484,072
Sales taxes	493,984	1,347,230	5,530,316
Fines, forfeitures, and costs	742,300		165,588
Interest	15,369	20,257	38,243
Officers' fees	346,836		221,551
Jail fees	655,937		36,406
911 fees	3,335		386,994
Reimbursement for law enforcement	605,425		
Sanitation fees			1,104,917
Treasurer's commission	103,489		45,000
Collector's commission	253,218		103,672
Taxes apportioned - Assessor's salary and expense	428,292		
Other	338,740	289,415	1,103,530
	<u>7,988,985</u>	<u>5,053,416</u>	<u>11,372,016</u>
TOTAL REVENUES			
Less: Treasurer's commission	50,985	29,031	49,633
	<u>7,938,000</u>	<u>5,024,385</u>	<u>11,322,383</u>
NET REVENUES			
EXPENDITURES			
Current:			
General government	1,995,199		276,722
Law enforcement	6,150,281		380,448
Highways and streets		4,947,440	
Public safety	104,089		869,666
Sanitation			2,009,021
Health	2,934		40,653
Recreation and culture	380,819		1,784,016
Social services	106,609		435,571
Hydroelectric project			150,523
Economic development			1,579,798
Total Current	<u>8,739,931</u>	<u>4,947,440</u>	<u>7,526,418</u>
Debt Service:			
Lease principal		138,899	
Lease interest		9,739	
Note principal	37,042	116,879	240,993
Note interest	4,569	7,235	10,187
	<u>8,781,542</u>	<u>5,220,192</u>	<u>7,777,598</u>
TOTAL EXPENDITURES			

INDEPENDENCE COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (843,542)	\$ (195,807)	\$ 3,544,785
OTHER FINANCING SOURCES (USES)			
Transfers in	87,240		2,256,751
Transfers out	(158,001)	(87,240)	(2,098,750)
Loan proceeds	114,000	177,500	
Sales taxes collected and remitted to community college			(1,527,744)
Sales taxes collected and remitted to fire departments			(3,055,487)
Donation of sales taxes from City of Southside	99,717	314,747	116,236
TOTAL OTHER FINANCING SOURCES (USES)	142,956	405,007	(4,308,994)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(700,586)	209,200	(764,209)
FUND BALANCES - JANUARY 1	2,228,374	1,006,224	6,805,613
FUND BALANCES - DECEMBER 31	\$ 1,527,788	\$ 1,215,424	\$ 6,041,404

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

INDEPENDENCE 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, 2017

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,458,916	\$ 1,521,622	\$ 62,706	\$ 2,028,550	\$ 2,062,635	\$ 34,085
Federal aid	75,000	123,340	48,340	200,000	182,279	(17,721)
Property taxes	2,199,075	2,357,098	158,023	1,149,595	1,151,600	2,005
Sales taxes	475,323	493,984	18,661	1,296,000	1,347,230	51,230
Fines, forfeitures, and costs	516,363	742,300	225,937			
Interest	9,500	15,369	5,869	2,500	20,257	17,757
Officers' fees	376,347	346,836	(29,511)			
Jail fees	819,600	655,937	(163,663)			
911 fees		3,335	3,335			
Reimbursement for law enforcement	530,091	605,425	75,334			
Treasurer's commission		103,489	103,489			
Collector's commission	291,527	253,218	(38,309)			
Taxes apportioned - Assessor's salary and expense	427,218	428,292	1,074			
Other	806,527	338,740	(467,787)	920,181	289,415	(630,766)
TOTAL REVENUES	7,985,487	7,988,985	3,498	5,596,826	5,053,416	(543,410)
Less: Treasurer's commission		50,985	(50,985)		29,031	(29,031)
NET REVENUES	7,985,487	7,938,000	(47,487)	5,596,826	5,024,385	(572,441)
EXPENDITURES						
Current:						
General government	2,235,146	1,995,199	239,947			
Law enforcement	6,938,403	6,150,281	788,122			
Highways and streets				5,403,105	4,947,440	455,665
Public safety	148,696	104,089	44,607			
Health	5,782	2,934	2,848			
Recreation and culture	2,000,000	380,819	1,619,181			
Social services	149,153	106,609	42,544			
Total Current	11,477,180	8,739,931	2,737,249	5,403,105	4,947,440	455,665
Debt Service:						
Lease principal				126,000	138,899	(12,899)
Lease interest				9,800	9,739	61
Note principal	29,168	37,042	(7,874)	163,665	116,879	46,786
Note interest	1,879	4,569	(2,690)	15,776	7,235	8,541
TOTAL EXPENDITURES	11,508,227	8,781,542	2,726,685	5,718,346	5,220,192	498,154

INDEPENDENCE 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, 2017

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (3,522,740)	\$ (843,542)	\$ 2,679,198	\$ (121,520)	\$ (195,807)	\$ (74,287)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,560,502	87,240	(2,473,262)			
Transfers out	(155,470)	(158,001)	(2,531)	(154,566)	(87,240)	67,326
Loan proceeds	114,000	114,000		188,300	177,500	(10,800)
Donation of sales taxes from City of Southside		99,717	99,717		314,747	314,747
TOTAL OTHER FINANCING SOURCES (USES)	2,519,032	142,956	(2,376,076)	33,734	405,007	371,273
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,003,708)	(700,586)	303,122	(87,786)	209,200	296,986
FUND BALANCES - JANUARY 1	1,601,650	2,228,374	626,724	204,000	1,006,224	802,224
FUND BALANCES - DECEMBER 31	\$ 597,942	\$ 1,527,788	\$ 929,846	\$ 116,214	\$ 1,215,424	\$ 1,099,210

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

INDEPENDENCE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following fund of the County would have been included in the reporting entity: Independence County White River Hydroelectric Fund. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included 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, 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. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for Agency Funds as reported with other funds in the aggregate.

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.

INDEPENDENCE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, state aid, sales taxes, officer's fees, commission and property taxes that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. 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.

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, except for the District Court Funding/City of Batesville Fund; Road Fund; and the other operating funds.

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

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.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	December 31, 2017	
	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 567,288	\$ 569,321
Collateralized:		
Collateral held by the County's agent, pledging bank, or pledging bank's trust department or agent in the County's name	9,182,722	9,896,559
Total Deposits	\$ 9,750,010	\$ 10,465,880

The above total deposits do not include cash on hand of \$5,469.

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.

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2017, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid	\$ 61,790	\$ 1,797	\$ 4,216
Federal aid	10,119		24,401
Property taxes	25,786	8,256	3,455
Sales taxes	42,194	115,075	462,552
Fines, forfeitures, and costs	40,407		10,302
Interest	6		144
Officers' fees	16,345		14,197
Jail fees	66,840		191
911 fees			10,200
Sanitation fees			101,060
Other	107,730	46,902	49,149
Totals	<u>\$ 371,217</u>	<u>\$ 172,030</u>	<u>\$ 679,867</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2017, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 423,601	\$ 58,737	\$ 512,922
Salaries payable	79,369	6,367	2,882
Totals	<u>\$ 502,970</u>	<u>\$ 65,104</u>	<u>\$ 515,804</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

Fund	December 31, 2017	
	Interfund Receivables	Interfund Payables
General Fund		\$ 939
Road Fund	\$ 939	
Totals	<u>\$ 939</u>	<u>\$ 939</u>

Interfund receivables and payables consist of errors in the use of restricted revenues. These balances were repaid on August 13, 2018.

INDEPENDENCE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2017, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 812,686
Law enforcement			463,656
Public safety			27,122
Recreation and culture			1,165,958
Economic development			374,225
Capital outlay			1,167,036
Total Restricted			<u>4,010,683</u>
Committed for:			
Law enforcement			331,474
Highways and streets		\$ 1,215,424	
Public safety			30,687
Sanitation			376,141
Health			180,887
Recreation and culture			222,392
Hydroelectric project			5,322
Capital outlay			162,064
Total Committed		<u>1,215,424</u>	<u>1,308,967</u>
Assigned to:			
Law enforcement	\$ 299,254		4,381
Public safety			57,117
Sanitation			633,412
Social services			10,299
Capital outlay			16,545
Total Assigned	<u>299,254</u>		<u>721,754</u>
Unassigned	<u>1,228,534</u>		
Totals	<u>\$ 1,527,788</u>	<u>\$ 1,215,424</u>	<u>\$ 6,041,404</u>

NOTE 8: 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, 2017, the legal debt limit for bonded debt was \$45,677,259. 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, 2017, the legal debt limit for short-term financing obligations was \$14,173,702. The amount of short-term financing obligations was \$1,033,950, leaving a legal debt margin of \$13,139,752.

INDEPENDENCE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2017:

	December 31, 2017
Long-term liabilities	\$ 1,033,950
Noncancellable leases	7,238
Construction contract	1,591,672
 Total Commitments	 \$ 2,632,860

Long-term Liabilities

Long-term liabilities at December 31, 2017, are comprised of the following:

	December 31, 2017
Loan payable to White River Planning & Development District, entered into on October 12, 2015, for the purchase of a truck to be repaid in 60 monthly payments of \$420 beginning November 12, 2015. The interest rate is 4.5%. Payments are to be made from the General Fund.	\$ 13,383
Loan payable to White River Planning & Development District, entered into on October 12, 2015, for the purchase of software to be repaid in 36 monthly payments of \$888 beginning November 12, 2015. The interest rate is 4.5%. Payments are to be made from the Jail Fine Fund.	8,699
Loan payable to Citizens Bank, entered into on September 20, 2012, to refinance the USDA loan used to construct and equip a recycling facility to be repaid in 66 monthly payments of \$4,941 beginning October 20, 2012. The interest rate is 2.63%. Payments are to be made from the Solid Waste Fund.	14,758
Loan payable to Citizens Bank, entered into on March 14, 2014, to purchase a Ford F350 truck to be repaid in 48 monthly payments of \$547 beginning April 14, 2014. The interest rate is 2.99%. Payments are to be made from the Road Fund.	1,633
Loan payable to Citizens Bank, entered into on September 20, 2012, to refinance the Department of Human Services and Health Building to be repaid in 84 monthly payments of \$10,665 beginning October 20, 2012. The interest rate is 2.73%. Payments are to be made from the Department of Human Services/ Health Building Fund.	218,383
Lease-purchase agreement with BancorpSouth Equipment Finance, entered into on November 19, 2015 for the purchase of three Mack Trucks to be repaid with 36 payments of \$5,875 and a final payment of \$222,750 beginning July 30, 2015. The interest rate is 2.29%. Payments are to be made from the Road Fund.	254,813
Lease-purchase agreement with BancorpSouth, entered into on March 31, 2017, for the purchase of a tractor with boom mower to be repaid with 48 payments of \$1,806 beginning May 12, 2017. The interest rate is 2.4399%. Payments are to be made from the Road Fund.	69,302

INDEPENDENCE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9: Commitments (Continued)

Long-term Liabilities (Continued)

	<u>December 31, 2017</u>
Loan payable (unsecured) to First Community Bank, entered into on February 14, 2017, for the purpose of paying off the District Court Judge's unfunded retirement liability to be repaid with 144 payments of \$939 beginning March 14, 2017. The interest rate is 2.88%. Payments are to be made from the General Fund.	\$ 107,296
Loan payable to First Community Bank, entered into on July 28, 2017, for the purchase of an excavator to be repaid with 59 payments of \$2,052 beginning August 15, 2017. The interest rate is 2.93%. Payments are to be made from the Road Fund.	102,598
Loan payable to First Community Bank, entered into on February 14, 2017, for the purchase of a scalper screen machine to be repaid with 60 payments of \$3,408 beginning March 14, 2017. The interest rate is 2.49%. Payments are to be made from the Road Fund.	161,576
Loan payable to First Community Bank, entered into on March 29, 2017, for the purchase of a loader to be repaid with 60 payments of \$1,687 beginning April 29, 2017. The interest rate is 2.49%. Payments are to be made from the Road Fund.	<u>81,509</u>
Total Long-term liabilities	<u><u>\$ 1,033,950</u></u>

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, 2017:

Years Ending December 31,	Notes	Leases	Total
2018	\$ 255,398	\$ 279,668	\$ 535,066
2019	198,058	21,669	219,727
2020	101,234	21,669	122,903
2021	97,035	7,223	104,258
2022	34,474		34,474
2023 through 2027	56,363		56,363
2028 through 2029	13,151		13,151
Total Obligations	755,713	330,229	1,085,942
Less Interest	45,878	6,114	51,992
Total Principal	\$ 709,835	\$ 324,115	\$ 1,033,950

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

NOTE 9: Commitments (Continued)

Noncancellable Leases

The County entered into a noncancellable lease agreement for two John Deere 770G motor graders on April 8, 2016. Terms of the lease are monthly rental payments of \$2,214 for 24 months. At the end of the lease term, the County will return the equipment.

The County entered into a noncancellable lease agreement for a Toshiba ST-357 copier on April 7, 2015. Terms of the lease are monthly rental payments of \$149 for 36 months. At the end of the lease term, the County will return the copier to Batesville Typewriter.

The County is obligated for the following amounts for the next year:

Year	December 31, 2017
2018	\$ 7,238

Rental expense for 2017 was \$28,356.

Construction Contract

The County was contractually obligated for the following construction contract at December 31, 2017:

Project Name	Estimated Completion Date	Contract Balance December 31, 2017
Independence County Library	June 2018	\$ 1,591,672

NOTE 10: Interfund Transfers

The General Fund transferred \$158,001 to Other Funds in the Aggregate (Indigent Defense, Emergency 911, and Senior Citizens) for supplemental funding. Additionally, the Road Fund transferred \$87,240 to the General Fund for supplemental funding of \$75,000 and prior year corrections of \$12,240. Within the Other Funds in the Aggregate, Sales Tax – Recreation transferred \$98,750 to Independence County Shooting Sports and Senior Citizens for supplemental funding and County Library transferred \$2,000,000 to Library Building Construction for renovations to the new Library building.

NOTE 11: 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.

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.

INDEPENDENCE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 11: 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 \$300,000 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 12: Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. APERS, administered by a Board of Trustees, 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 APERS. 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

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law 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 June 30, 2017 (date of APERS Employer Allocation Report) were \$958,771.

Net Pension Liability

The County's proportionate share of the collective net pension liability at June 30, 2017 (actuarial valuation date and measurement date) was \$9,480,568.

NOTE 13: Interlocal Agreement

The County entered into an interlocal agreement with the City of Southside on January 2, 2017, to provide various services. Under the agreement, the City will donate 82.5% of its sales tax revenue to be used by the County for the following purposes: general use (4.5%); law enforcement (12%); road repairs, maintenance, and improvements (45%); and solid waste supplements, garbage and roadside pickup (21%).

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder Cost	County Library	Solid Waste	Child Support Fee
ASSETS									
Cash and cash equivalents	\$ 127,707	\$ 378,835	\$ 113,093	\$ 91,376	\$ 5,063	\$ 162,502	\$ 1,173,558	\$ 915,145	\$ 29,546
Accounts receivable	541	388	808		661	10,455	4,197	197,628	435
TOTAL ASSETS	\$ 128,248	\$ 379,223	\$ 113,901	\$ 91,376	\$ 5,724	\$ 172,957	\$ 1,177,755	\$ 1,112,773	\$ 29,981
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 535				\$ 51	\$ 580	\$ 11,797	\$ 114,794	
Settlements pending									
Total Liabilities	535				51	580	11,797	114,794	
Fund Balances:									
Restricted	127,713	\$ 379,223	\$ 113,901	\$ 91,376	5,673	172,377	1,165,958		\$ 29,981
Committed								364,567	
Assigned								633,412	
Total Fund Balances	127,713	379,223	113,901	91,376	5,673	172,377	1,165,958	997,979	29,981
TOTAL LIABILITIES AND FUND BALANCES	\$ 128,248	\$ 379,223	\$ 113,901	\$ 91,376	\$ 5,724	\$ 172,957	\$ 1,177,755	\$ 1,112,773	\$ 29,981

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

SPECIAL REVENUE FUNDS									
	Communication Facility and Equipment	Jail Fine	County Detention Facility	Boating Safety	Emergency 911	Emergency Vehicle	Indigent Defense	Juvenile Probation	Juvenile Court Representation
ASSETS									
Cash and cash equivalents	\$ 71,182	\$ 87,362	\$ 27,571	\$ 10,647	\$ 47,318	\$ 17,717	\$ 5,415		
Accounts receivable	2,000	7,747	572		10,739	899	554	\$ 360	\$ 751
TOTAL ASSETS	\$ 73,182	\$ 95,109	\$ 28,143	\$ 10,647	\$ 58,057	\$ 18,616	\$ 5,969	\$ 360	\$ 751
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,003				\$ 940		\$ 1,588		
Settlements pending									
Total Liabilities	2,003				940		1,588		
Fund Balances:									
Restricted	71,179	\$ 95,109	\$ 28,143	\$ 10,647		\$ 18,616		\$ 360	\$ 751
Committed									
Assigned					57,117		4,381		
Total Fund Balances	71,179	95,109	28,143	10,647	57,117	18,616	4,381	360	751
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,182	\$ 95,109	\$ 28,143	\$ 10,647	\$ 58,057	\$ 18,616	\$ 5,969	\$ 360	\$ 751

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

	SPECIAL REVENUE FUNDS								
	Circuit Clerks Commissioners Fee	Assessor's Late Assessment Fee	Facilities Depreciation	Hydroelectric Project	Department of Human Services/ Health Building	Disaster Recovery	County Economic Development	Sales Tax - Fire Department	Sales Tax - Recreation
ASSETS									
Cash and cash equivalents	\$ 5,391	\$ 952	\$ 9,864	\$ 5,322	\$ 185,513	\$ 16,375	\$ 374,335		\$ 109,428
Accounts receivable			1,710					\$ 30,687	14,065
TOTAL ASSETS	\$ 5,391	\$ 952	\$ 11,574	\$ 5,322	\$ 185,513	\$ 16,375	\$ 374,335	\$ 30,687	\$ 123,493
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 4,626		\$ 110		\$ 5,547
Settlements pending									
Total Liabilities					<u>4,626</u>		<u>110</u>		<u>5,547</u>
Fund Balances:									
Restricted	\$ 5,391	\$ 952				\$ 16,375	374,225		
Committed			\$ 11,574	\$ 5,322	180,887			\$ 30,687	117,946
Assigned									
Total Fund Balances	<u>5,391</u>	<u>952</u>	<u>11,574</u>	<u>5,322</u>	<u>180,887</u>	<u>16,375</u>	<u>374,225</u>	<u>30,687</u>	<u>117,946</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,391	\$ 952	\$ 11,574	\$ 5,322	\$ 185,513	\$ 16,375	\$ 374,335	\$ 30,687	\$ 123,493

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

	SPECIAL REVENUE FUNDS								
	Drug Court Program	Independence County Driving While Intoxicated Court	Independence County Shooting Sports	Juvenile Detention Depreciation	Act 490 of 2009 Drug Court Program Fee	Drug Court Graduation	Fire Department 1/2 Cent Sales Tax	Sheriff's Special Needs	Sheriff Drug Investigation
ASSETS									
Cash and cash equivalents	\$ 3,880	\$ 63,350	\$ 104,734	\$ 331,474	\$ 13,756	\$ 184		\$ 13,170	\$ 6,812
Accounts receivable		8,858			20		\$ 242,733	101	579
TOTAL ASSETS	\$ 3,880	\$ 72,208	\$ 104,734	\$ 331,474	\$ 13,776	\$ 184	\$ 242,733	\$ 13,271	\$ 7,391
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 737	\$ 288				\$ 242,733	\$ 101	
Settlements pending									
Total Liabilities		<u>737</u>	<u>288</u>				<u>242,733</u>	<u>101</u>	
Fund Balances:									
Restricted	\$ 3,880	71,471			\$ 13,776	\$ 184		13,170	\$ 7,391
Committed			104,446	\$ 331,474					
Assigned									
Total Fund Balances	<u>3,880</u>	<u>71,471</u>	<u>104,446</u>	<u>331,474</u>	<u>13,776</u>	<u>184</u>		<u>13,170</u>	<u>7,391</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,880	\$ 72,208	\$ 104,734	\$ 331,474	\$ 13,776	\$ 184	\$ 242,733	\$ 13,271	\$ 7,391

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

	SPECIAL REVENUE FUNDS								University of Arkansas Community College Batesville
	Senior Citizen	Sheriff's Grant	Court Security Grant	Adult Specialty Drug Grant	Swift Court Grant	Driving While Intoxicated Court Grant	Veteran's Treatment Court Grant	Donation Fund 911	
ASSETS									
Cash and cash equivalents		\$ 2,710	\$ 1	\$ 1,230	\$ 11,400	\$ 2,777	\$ 5,001		
Accounts receivable	\$ 18,307	2,606						\$ 100	\$ 121,366
TOTAL ASSETS	\$ 18,307	\$ 5,316	\$ 1	\$ 1,230	\$ 11,400	\$ 2,777	\$ 5,001	\$ 100	\$ 121,366
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable									\$ 121,366
Settlements pending									
Total Liabilities	\$ 8,008								\$ 121,366
Fund Balances:									
Restricted		\$ 5,316	\$ 1	\$ 1,230	\$ 11,400	\$ 2,777	\$ 5,001	\$ 100	
Committed									
Assigned	10,299								
Total Fund Balances	10,299	5,316	1	1,230	11,400	2,777	5,001	100	
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,307	\$ 5,316	\$ 1	\$ 1,230	\$ 11,400	\$ 2,777	\$ 5,001	\$ 100	\$ 121,366

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

	CAPITAL PROJECTS FUNDS							
	Ozark Mountain Poultry Magness Feed Mill Project	Departee Creek General Improvement Grant	Library Lease Payment	Intimidator	Charlotte Volunteer Fire Department General Improvement	Cord Volunteer Fire Department General Improvement	Library Building Construction	Juvenile Detention Construction
ASSETS								
Cash and cash equivalents	\$ 105,992	\$ 10,000	\$ 162,064	\$ 36	\$ 8,500	\$ 7,500	\$ 1,035,008	\$ 16,545
Accounts receivable								
TOTAL ASSETS	<u>\$ 105,992</u>	<u>\$ 10,000</u>	<u>\$ 162,064</u>	<u>\$ 36</u>	<u>\$ 8,500</u>	<u>\$ 7,500</u>	<u>\$ 1,035,008</u>	<u>\$ 16,545</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								
Settlements pending								
Total Liabilities								
Fund Balances:								
Restricted	\$ 105,992	\$ 10,000		\$ 36	\$ 8,500	\$ 7,500	\$ 1,035,008	
Committed			\$ 162,064					
Assigned								\$ 16,545
Total Fund Balances	<u>105,992</u>	<u>10,000</u>	<u>162,064</u>	<u>36</u>	<u>8,500</u>	<u>7,500</u>	<u>1,035,008</u>	<u>16,545</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,992</u>	<u>\$ 10,000</u>	<u>\$ 162,064</u>	<u>\$ 36</u>	<u>\$ 8,500</u>	<u>\$ 7,500</u>	<u>\$ 1,035,008</u>	<u>\$ 16,545</u>

INDEPENDENCE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017

Schedule 1

AGENCY FUNDS							
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 385,086	\$ 248,679	\$ 45,038	\$ 10,103	\$ 272,470	\$ 148,723	\$ 6,987,440
Accounts receivable							679,867
TOTAL ASSETS	<u>\$ 385,086</u>	<u>\$ 248,679</u>	<u>\$ 45,038</u>	<u>\$ 10,103</u>	<u>\$ 272,470</u>	<u>\$ 148,723</u>	<u>\$ 7,667,307</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 515,804
Settlements pending	\$ 385,086	\$ 248,679	\$ 45,038	\$ 10,103	\$ 272,470	\$ 148,723	1,110,099
Total Liabilities	<u>385,086</u>	<u>248,679</u>	<u>45,038</u>	<u>10,103</u>	<u>272,470</u>	<u>148,723</u>	<u>1,625,903</u>
Fund Balances:							
Restricted							4,010,683
Committed							1,308,967
Assigned							721,754
Total Fund Balances							<u>6,041,404</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 385,086</u>	<u>\$ 248,679</u>	<u>\$ 45,038</u>	<u>\$ 10,103</u>	<u>\$ 272,470</u>	<u>\$ 148,723</u>	<u>\$ 7,667,307</u>

INDEPENDENCE 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, 2017

Schedule 2

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder Cost	County Library	Solid Waste	Child Support Fee
REVENUES									
State aid				\$ 7,856			\$ 124,812	\$ 48,348	
Federal aid							483,115		
Property taxes								628,707	
Sales taxes									
Fines, forfeitures, and costs									
Interest	\$ 2,436						24,709	161	
Officers' fees			\$ 11,827		\$ 8,538	\$ 147,708			\$ 6,059
Jail fees									
911 fees									
Sanitation fees								1,093,286	
Treasurer's commission	45,000								
Collector's commission		\$ 103,672							
Other	6,996	765				2,606	119,294	479,021	
TOTAL REVENUES	54,432	104,437	11,827	7,856	8,538	150,314	751,930	2,249,523	6,059
Less: Treasurer's commission			68	45	50	876	3,774	12,116	33
NET REVENUES	54,432	104,437	11,759	7,811	8,488	149,438	748,156	2,237,407	6,026
EXPENDITURES									
Current:									
General government	55,167	47,121			5,057	169,377			
Law enforcement			2,305						
Public safety									
Sanitation								2,009,021	
Health									
Recreation and culture							545,905		
Social services									
Hydroelectric project									
Economic development									
Total Current	55,167	47,121	2,305		5,057	169,377	545,905	2,009,021	
Debt Service:									
Note principal					2,083			108,763	
Note interest					14			1,685	
TOTAL EXPENDITURES	55,167	47,121	2,305		7,154	169,377	545,905	2,119,469	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(735)	57,316	9,454	7,811	1,334	(19,939)	202,251	117,938	6,026
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out							(2,000,000)		
Sales taxes collected and remitted to community college									
Sales taxes collected and remitted to fire departments									
Donation of sales taxes from City of Southside								116,236	
TOTAL OTHER FINANCING SOURCES (USES)							(2,000,000)	116,236	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(735)	57,316	9,454	7,811	1,334	(19,939)	(1,797,749)	234,174	6,026
FUND BALANCES - JANUARY 1	128,448	321,907	104,447	83,565	4,339	192,316	2,963,707	763,805	23,955
FUND BALANCES - DECEMBER 31	\$ 127,713	\$ 379,223	\$ 113,901	\$ 91,376	\$ 5,673	\$ 172,377	\$ 1,165,958	\$ 997,979	\$ 29,981

INDEPENDENCE 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, 2017

Schedule 2

SPECIAL REVENUE FUNDS									
	Communication Facility and Equipment	Jail Fine	County Detention Facility	Boating Safety	Emergency 911	Emergency Vehicle	Indigent Defense	Juvenile Probation	Juvenile Court Representation
REVENUES									
State aid				\$ 2,843					
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs		\$ 110,174	\$ 5,911			\$ 25,126	\$ 9,438		\$ 12,036
Interest	\$ 1,622								
Officers' fees	23,482						2,588	\$ 4,247	3,967
Jail fees	34,203		2,203						
911 fees					\$ 386,994				
Sanitation fees									
Treasurer's commission									
Collector's commission									
Other	104	87			17,372	18,591			
TOTAL REVENUES	59,411	110,261	8,114	2,843	404,366	43,717	12,026	4,247	16,003
Less: Treasurer's commission		636	47	17	2,330	147	56	23	94
NET REVENUES	59,411	109,625	8,067	2,826	402,036	43,570	11,970	4,224	15,909
EXPENDITURES									
Current:									
General government									
Law enforcement	43,349	115,012				64,842	30,571	4,019	16,259
Public safety				298	509,776				
Sanitation									
Health									
Recreation and culture									
Social services									
Hydroelectric project									
Economic development									
Total Current	43,349	115,012		298	509,776	64,842	30,571	4,019	16,259
Debt Service:									
Note principal		10,019							
Note interest		637							
TOTAL EXPENDITURES	43,349	125,668		298	509,776	64,842	30,571	4,019	16,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,062	(16,043)	8,067	2,528	(107,740)	(21,272)	(18,601)	205	(350)
OTHER FINANCING SOURCES (USES)									
Transfers in					101,475		20,170		
Transfers out									
Sales taxes collected and remitted to community college									
Sales taxes collected and remitted to fire departments									
Donation of sales taxes from City of Southside									
TOTAL OTHER FINANCING SOURCES (USES)					101,475		20,170		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	16,062	(16,043)	8,067	2,528	(6,265)	(21,272)	1,569	205	(350)
FUND BALANCES - JANUARY 1	55,117	111,152	20,076	8,119	63,382	39,888	2,812	155	1,101
FUND BALANCES - DECEMBER 31	\$ 71,179	\$ 95,109	\$ 28,143	\$ 10,647	\$ 57,117	\$ 18,616	\$ 4,381	\$ 360	\$ 751

INDEPENDENCE 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, 2017

Schedule 2

SPECIAL REVENUE FUNDS									
	Juvenile Diversion Fees	Circuit Clerks Commissioners Fee	Assessor's Late Assessment Fee	Facilities Depreciation	Hydroelectric Project	Department of Human Services/ Health Building	Disaster Recovery	County Economic Development	Sales Tax - Fire Department
REVENUES									
State aid									
Federal aid					\$ 148,381				
Property taxes			\$ 957						
Sales taxes									\$ 359,261
Fines, forfeitures, and costs	\$ 510								
Interest							\$ 438		
Officers' fees		\$ 879							
Jail fees									
911 fees									
Sanitation fees				\$ 11,631					
Treasurer's commission									
Collector's commission									
Other		130			2,142	\$ 200,850			
TOTAL REVENUES	510	1,009	957	11,631	150,523	200,850	438		359,261
Less: Treasurer's commission	4	5	5	57		1,159	3		2,064
NET REVENUES	506	1,004	952	11,574	150,523	199,691	435		357,197
EXPENDITURES									
Current:									
General government									
Law enforcement	626								
Public safety							1,006		355,591
Sanitation									
Health						40,653			
Recreation and culture									
Social services									
Hydroelectric project					150,523				
Economic development								\$ 577	
Total Current	626				150,523	40,653	1,006	577	355,591
Debt Service:									
Note principal						120,128			
Note interest						7,851			
TOTAL EXPENDITURES	626				150,523	168,632	1,006	577	355,591
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120)	1,004	952	11,574		31,059	(571)	(577)	1,606
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out									
Sales taxes collected and remitted to community college									
Sales taxes collected and remitted to fire departments									
Donation of sales taxes from City of Southside									
TOTAL OTHER FINANCING SOURCES (USES)									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(120)	1,004	952	11,574		31,059	(571)	(577)	1,606
FUND BALANCES - JANUARY 1	120	4,387			5,322	149,828	16,946	374,802	29,081
FUND BALANCES - DECEMBER 31	\$ 0	\$ 5,391	\$ 952	\$ 11,574	\$ 5,322	\$ 180,887	\$ 16,375	\$ 374,225	\$ 30,687

INDEPENDENCE 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, 2017

Schedule 2

	SPECIAL REVENUE FUNDS								
	Sales Tax - Recreation	Drug Court Program	Independence County Driving While Intoxicated Court	Independence County Shooting Sports	Juvenile Detention Depreciation	Act 490 of 2009 Drug Court Program Fee	Drug Court Graduation	Fire Department 1/2 Cent Sales Tax	Sheriff's Special Needs
REVENUES									
State aid									
Federal aid			\$ 65,319						
Property taxes									
Sales taxes	\$ 164,661							\$ 2,841,779	
Fines, forfeitures, and costs									
Interest					\$ 8,496				\$ 381
Officers' fees			10,356			\$ 1,900			
Jail fees									
911 fees									
Sanitation fees									
Treasurer's commission									
Collector's commission									
Other			294	\$ 81,171					4,755
TOTAL REVENUES	164,661		75,969	81,171	8,496	1,900		2,841,779	5,136
Less: Treasurer's commission	947		60	461	49	12		16,328	3
NET REVENUES	163,714		75,909	80,710	8,447	1,888		2,825,451	5,133
EXPENDITURES									
Current:									
General government									
Law enforcement		\$ 2,150	61,567						6,810
Public safety									
Sanitation									
Health									
Recreation and culture	81,013			151,650					
Social services									
Hydroelectric project									
Economic development									
Total Current	81,013	2,150	61,567	151,650					6,810
Debt Service:									
Note principal									
Note interest									
TOTAL EXPENDITURES	81,013	2,150	61,567	151,650					6,810
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	82,701	(2,150)	14,342	(70,940)	8,447	1,888		2,825,451	(1,677)
OTHER FINANCING SOURCES (USES)									
Transfers in				73,750					
Transfers out	(98,750)								
Sales taxes collected and remitted to community college									
Sales taxes collected and remitted to fire departments								(3,055,487)	
Donation of sales taxes from City of Southside									
TOTAL OTHER FINANCING SOURCES (USES)	(98,750)			73,750				(3,055,487)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(16,049)	(2,150)	14,342	2,810	8,447	1,888		(230,036)	(1,677)
FUND BALANCES - JANUARY 1	133,995	6,030	57,129	101,636	323,027	11,888	\$ 184	230,036	14,847
FUND BALANCES - DECEMBER 31	\$ 117,946	\$ 3,880	\$ 71,471	\$ 104,446	\$ 331,474	\$ 13,776	\$ 184	\$ 0	\$ 13,170

INDEPENDENCE 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, 2017

Schedule 2

	SPECIAL REVENUE FUNDS								
	Sheriff Drug Investigation	Senior Citizen	Sheriff's Grant	Court Security Grant	Parks and Tourism Reimbursement Southside School	Adult Specialty Drug Grant	Swift Court Grant	Driving While Intoxicated Court Grant	Veteran's Treatment Court Grant
REVENUES									
State aid		\$ 59,562			\$ 28,695			\$ 6,666	
Federal aid	\$ 579	150,449	\$ 2,606						
Property taxes									
Sales taxes									
Fines, forfeitures, and costs	2,393								
Interest									
Officers' fees									
Jail fees									
911 fees									
Sanitation fees									
Treasurer's commission									
Collector's commission									
Other	800	167,237	1,215						
TOTAL REVENUES	3,772	377,248	3,821		28,695			6,666	
Less: Treasurer's commission									
NET REVENUES	3,772	377,248	3,821		28,695			6,666	
EXPENDITURES									
Current:									
General government									
Law enforcement	6,639		7,402			\$ 11,674		7,223	
Public safety									
Sanitation									
Health									
Recreation and culture					28,695				
Social services		435,571							
Hydroelectric project									
Economic development									
Total Current	6,639	435,571	7,402		28,695	11,674		7,223	
Debt Service:									
Note principal									
Note interest									
TOTAL EXPENDITURES	6,639	435,571	7,402		28,695	11,674		7,223	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,867)	(58,323)	(3,581)			(11,674)		(557)	
OTHER FINANCING SOURCES (USES)									
Transfers in		61,356							
Transfers out									
Sales taxes collected and remitted to community college									
Sales taxes collected and remitted to fire departments									
Donation of sales taxes from City of Southside									
TOTAL OTHER FINANCING SOURCES (USES)		61,356							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,867)	3,033	(3,581)			(11,674)		(557)	
FUND BALANCES - JANUARY 1	10,258	7,266	8,897	\$ 1		12,904	\$ 11,400	3,334	\$ 5,001
FUND BALANCES - DECEMBER 31	\$ 7,391	\$ 10,299	\$ 5,316	\$ 1	\$ 0	\$ 1,230	\$ 11,400	\$ 2,777	\$ 5,001

INDEPENDENCE 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, 2017

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS					
	Donation Fund 911	University of Arkansas Community College Batesville	General Improvement Fund Workforce Training	Ozark Mountain Poultry Magness Feed Mill Project	Departee Creek General Improvement Grant	Bethesda Community Center General Improvement Grant	Library Lease Payment	Intimidator	Charlotte Volunteer Fire Department General Improvement
REVENUES									
State aid									\$ 8,500
Federal aid			\$ 42,606					\$ 1,435,400	
Property taxes									
Sales taxes		\$ 1,535,908							
Fines, forfeitures, and costs									
Interest									
Officers' fees									
Jail fees									
911 fees									
Sanitation fees									
Treasurer's commission									
Collector's commission									
Other	\$ 100								
TOTAL REVENUES	100	1,535,908	42,606				1,435,400	8,500	
Less: Treasurer's commission		8,164							
NET REVENUES	100	1,527,744	42,606				1,435,400	8,500	
EXPENDITURES									
Current:									
General government									
Law enforcement									
Public safety									
Sanitation									
Health									
Recreation and culture						\$ 3,151			
Social services									
Hydroelectric project									
Economic development			141,257	\$ 2,600			1,435,364		
Total Current			141,257	2,600		3,151	1,435,364		
Debt Service:									
Note principal									
Note interest									
TOTAL EXPENDITURES			141,257	2,600		3,151	1,435,364		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	1,527,744	(98,651)	(2,600)		(3,151)	36	8,500	
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out									
Sales taxes collected and remitted to community college		(1,527,744)							
Sales taxes collected and remitted to fire departments									
Donation of sales taxes from City of Southside									
TOTAL OTHER FINANCING SOURCES (USES)		(1,527,744)							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	100		(98,651)	(2,600)		(3,151)	36	8,500	
FUND BALANCES - JANUARY 1			98,651	108,592	\$ 10,000	3,151	\$ 162,064		
FUND BALANCES - DECEMBER 31	\$ 100	\$ 0	\$ 0	\$ 105,992	\$ 10,000	\$ 0	\$ 162,064	\$ 36	

INDEPENDENCE 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, 2017

Schedule 2

CAPITL PROJECTS FUNDS						
	Cord Volunteer Fire Department General Improvement	Library Building Construction	Juvenile Detention Construction	Thida Community Center General Improvement	Pleasant Plains Volunteer Fire Department Grant	Totals
REVENUES						
State aid	\$ 7,500			\$ 8,610	\$ 2,995	\$ 306,387
Federal aid						1,845,340
Property taxes						484,072
Sales taxes						5,530,316
Fines, forfeitures, and costs						165,588
Interest						38,243
Officers' fees						221,551
Jail fees						36,406
911 fees						386,994
Sanitation fees						1,104,917
Treasurer's commission						45,000
Collector's commission						103,672
Other						1,103,530
TOTAL REVENUES	7,500			8,610	2,995	11,372,016
Less: Treasurer's commission						49,633
NET REVENUES	7,500			8,610	2,995	11,322,383
EXPENDITURES						
Current:						
General government						276,722
Law enforcement						380,448
Public safety					2,995	869,666
Sanitation						2,009,021
Health						40,653
Recreation and culture		\$ 964,992		8,610		1,784,016
Social services						435,571
Hydroelectric project						150,523
Economic development						1,579,798
Total Current		964,992		8,610	2,995	7,526,418
Debt Service:						
Note principal						240,993
Note interest						10,187
TOTAL EXPENDITURES		964,992		8,610	2,995	7,777,598
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,500	(964,992)				3,544,785
OTHER FINANCING SOURCES (USES)						
Transfers in						2,256,751
Transfers out		2,000,000				(2,098,750)
Sales taxes collected and remitted to community college						(1,527,744)
Sales taxes collected and remitted to fire departments						(3,055,487)
Donation of sales taxes from City of Southside						116,236
TOTAL OTHER FINANCING SOURCES (USES)		2,000,000				(4,308,994)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	7,500	1,035,008				(764,209)
FUND BALANCES - JANUARY 1			\$ 16,545			6,805,613
FUND BALANCES - DECEMBER 31	\$ 7,500	\$ 1,035,008	\$ 16,545	\$ 0	\$ 0	\$ 6,041,404

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the costs of administering Arkansas Constitution, Amendment no. 79.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive at least 35% of fees collected by county clerks to be used to purchase, maintain, and operate an automated records system.
County Recorder 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. Independence County Ordinance no. 2012-58 (December 11, 2012) authorized solid waste management fees.
Child Support Fee	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Jail Fine	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners; construction, maintenance, and operation of the county jail; purchase and maintenance of jail equipment; and training, salaries, and certificate pay for jailers and deputy sheriffs.
County Detention Facility	Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund to account for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communications equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus to be used for those purposes.
Indigent 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.
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.
Juvenile Court Representation	Ark. Code Ann. § 9-27-316 established fund to collect fees and costs to offset expenses of juvenile representation.
Juvenile Diversion Fees	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and provide services and supplies to juveniles at the discretion of the juvenile division of Circuit Court.
Circuit Clerks Commissioners 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 the general operations expenses of the office of County Clerk.
Assessor's Late Assessment Fee	Ark. Code Ann. § 26-26-201 established fund to receive the 50 cent assessor's fee collected on delinquent taxes to help pay for the expense of assessing property.
Facilities Depreciation	Independence County Ordinance no. 2017-39 (August 14, 2017) established fund to account for funds derived from solid waste fees collected from IESI.
Hydroelectric Project	Independence County Ordinance no. 264-83 (March 11, 1983) established fund to account for expenses associated with the development of the hydroelectric project.

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
Department of Human Services/ Health Building	Independence County Ordinance no. 99-18 (June 15, 1999) established fund to account for rent and expenses associated with the County Health Office Building.
Disaster Recovery	Independence County Ordinance no. 97-15 (June 10, 1997) established fund to account for Special Disaster Recovery Grant from the Department of Emergency Services.
County Economic Development	Independence County Ordinance no. 2009-42 (August 10, 2009) established fund to account for funds derived from an election approving an economic development sales tax for the purpose of economic development.
Sales Tax - Fire Department	Independence County Ordinance no. 2013-48 (December 9, 2013) established fund to account for 12% of 1% sales tax for fire department expenses.
Sales Tax - Recreation	Independence County Ordinance no. 2013-48 (December 9, 2013) established fund to account for 5.5% of 1% sales tax for recreation and culture expenses.
Drug Court Program	Established to account for a grant received from the Administrative Office of the Courts for graduation incentives.
Independence County Driving While Intoxicated Court	Independence County Ordinance no. 2009-34 (July 13, 2009) established fund to account for state fines, client contribution fees, and grants to be used for court and class purposes.
Independence County Shooting Sports	Independence County Ordinance no. 2011-09 (February 14, 2011) established fund to account for grants, donations, fees, and expenses associated with the shooting range.
Juvenile Detention Depreciation	Independence County Ordinance no. 2012-48 (October 8, 2012) established fund to account for inmate fees to be used for Juvenile Detention Center purposes.
Act 490 of 2009 Drug Court Program Fee	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.
Drug Court Graduation	Independence County Ordinance no. 2011-45 (November 15, 2011) established fund to account for drug court grant.
Fire Department 1/2 Cent Sales Tax	Independence County Ordinance no. 2013-27 (June 10, 2013) established fund to account for 1/2% sales tax for fire department purposes.
Sheriff's Special Needs	Independence County Ordinance no. 2001-07 (March 13, 2001) established fund to account for donations, gifts, and receipts that are designated to be used only for special needs and projects of the Sheriff's office.
Sheriff Drug Investigation	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
Senior Citizen	Independence County Ordinance no. 2013-33 (July 9, 2013) established fund to account for grants, donations, fees, and expenses associated with the Senior Citizens program.
Sheriff's Grant	Independence County Ordinance no. 2004-02 (January 13, 2004) established fund to account for the Law Enforcement Block Grant.
Court Security Grant	Ark. Code Ann. § 16-10-1006 established fund for the purpose of providing financial assistance to local governments to assist in the implementation of local security and emergency preparedness plans for circuit and district courts.
Parks and Tourism Reimbursement Southside School	Independence County Ordinance no. 2015-13 (March 9, 2015) established fund to account for grants and expenses associated with improvements for the Southside School District.
Adult Specialty Drug Grant	Independence County Ordinance no. 2016-16 (April 11, 2016) established fund to account for grants from the Arkansas Department of Community Corrections for court related programs and expenses.
Swift Court Grant	Independence County Ordinance no. 2016-16 (April 11, 2016) established fund to account for grants from the Arkansas Department of Community Corrections for court related programs and expenses.
Driving While Intoxicated Court Grant	Independence County Ordinance no. 2016-16 (April 11, 2016) established fund to account for grants from the Arkansas Department of Community Corrections for court related programs and expenses.
Veteran's Treatment Court Grant	Independence County Ordinance no. 2016-16 (April 11, 2016) established fund to account for grants from the Arkansas Department of Community Corrections for court related programs and expenses.
Donation Fund 911	Independence County Ordinance no. 2017-46 (December 11, 2017) established fund to account for donations to be used for 911 dispatch.
University of Arkansas Community College Batesville	Established to receive one-quarter cent sales and use tax, approved by voters on February 24, 1998, levied for the purpose of acquisition, construction, equipping, operations and maintenance of the University of Arkansas Community College at Batesville.
General Improvement Fund Workforce Training	Established to account for state grant for construction of a workforce/firefighter training center.
Ozark Mountain Poultry Magness Feed Mill Project	Established to account for federal grants received from the United States Department of Housing and Urban Development and the United States Commerce Department Economic Development Administration for expansion of a poultry facility.

INDEPENDENCE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017

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

<u>Fund Name</u>	<u>Fund Description</u>
Departee Creek General Improvement Grant	Independence County Ordinance no. 2016-47 (November 18, 2016) established fund to account for grants from the Arkansas Economic Development grant for Departee Creek.
Bethesda Community Center General Improvement Grant	Established to account for state grant for construction of a community center in Bethesda.
Library Lease Payment	Independence County Ordinance no. 2016-49 (November 14, 2016) established fund to account for rental income expenses associated with the Library Building.
Intimidator	Independence County Ordinance no. 2017-08 (February 13, 2017) established fund to account for funds derived from an Arkansas Economic Development Grant administered through White River Planning and Development.
Charlotte Volunteer Fire Department General Improvement	Independence County Ordinance no. 2017-13 (March 13, 2017) established fund to account for funds derived from state General Improvement Fund grants.
Cord Volunteer Fire Department General Improvement	Independence County Ordinance no. 2017-13 (March 13, 2017) established fund to account for funds derived from state General Improvement Fund grants.
Library Building Construction	Independence County Ordinance no. 2017-23 (May 8, 2017) established fund to transfer funds from Library Fund to County General as needed during construction/renovation of the new library location.
Juvenile Detention Construction	Independence County Ordinance no. 98-13 (August 11, 1998) established fund to account for expenses associated with the construction of the Juvenile Detention Center.
Thida Community Center General Improvement	Independence County Ordinance no. 2017-36 (July 10, 2017) established fund to account for funds derived from and AEDC Rural Services Grant.
Pleasant Plains Volunteer Fire Department Grant	Independence County Ordinance no. 2017-42 (September 11, 2017) established fund to account for funds derived from an Arkansas Fire Prevention Commission Grant.

Treasurer's accounts consist primarily of property taxes not yet distributed to the various taxing units and funds held for a rural fire department.
 Collector's accounts consist primarily of delinquent taxes not yet distributed to the various taxing units.
 Sheriff's accounts consist primarily of fees settlement, bond, evidence, and inmate trust 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.
 District Court accounts consist primarily of fines and costs not yet distributed to the county and/or state.

INDEPENDENCE COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2017 AND 2016

Schedule 3

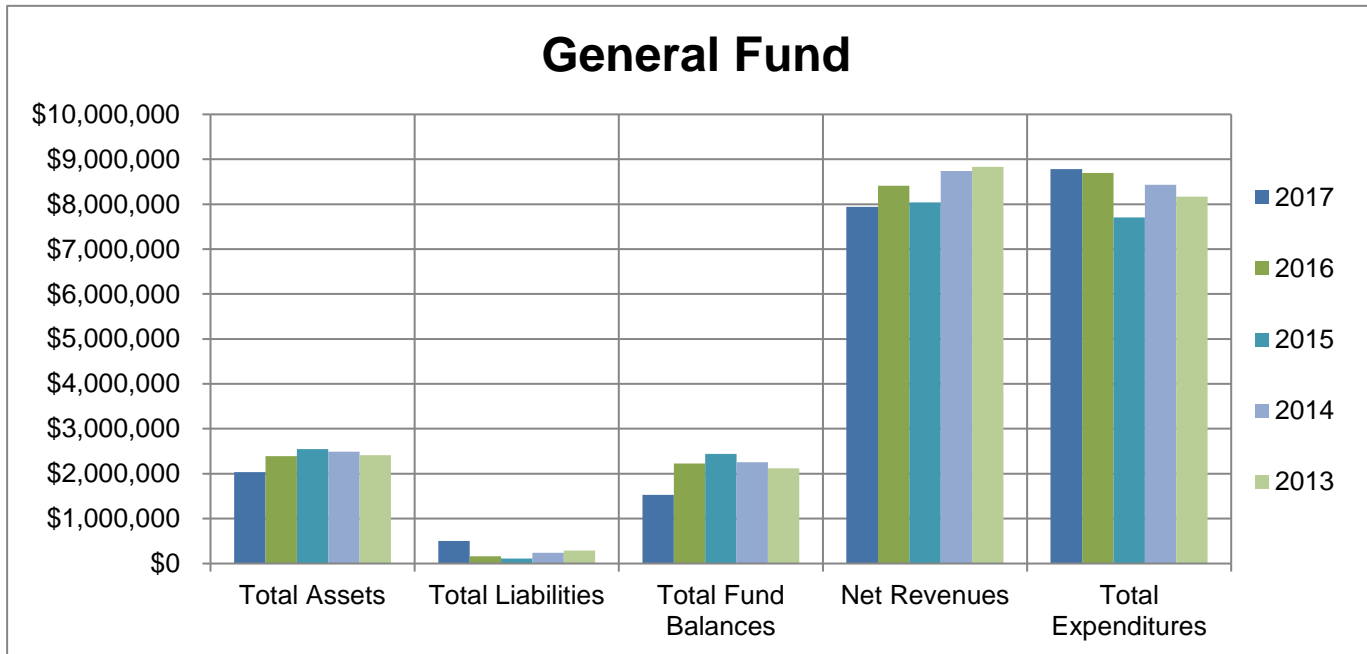
(Unaudited)

	<u>December 31, 2017</u>
Land	\$ 2,258,617
Construction in progress	1,035,087
Buildings	11,671,379
Equipment	<u>10,413,677</u>
Total	<u>\$ 25,378,760</u>

INDEPENDENCE COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2017
 (Unaudited)

Schedule 4-1

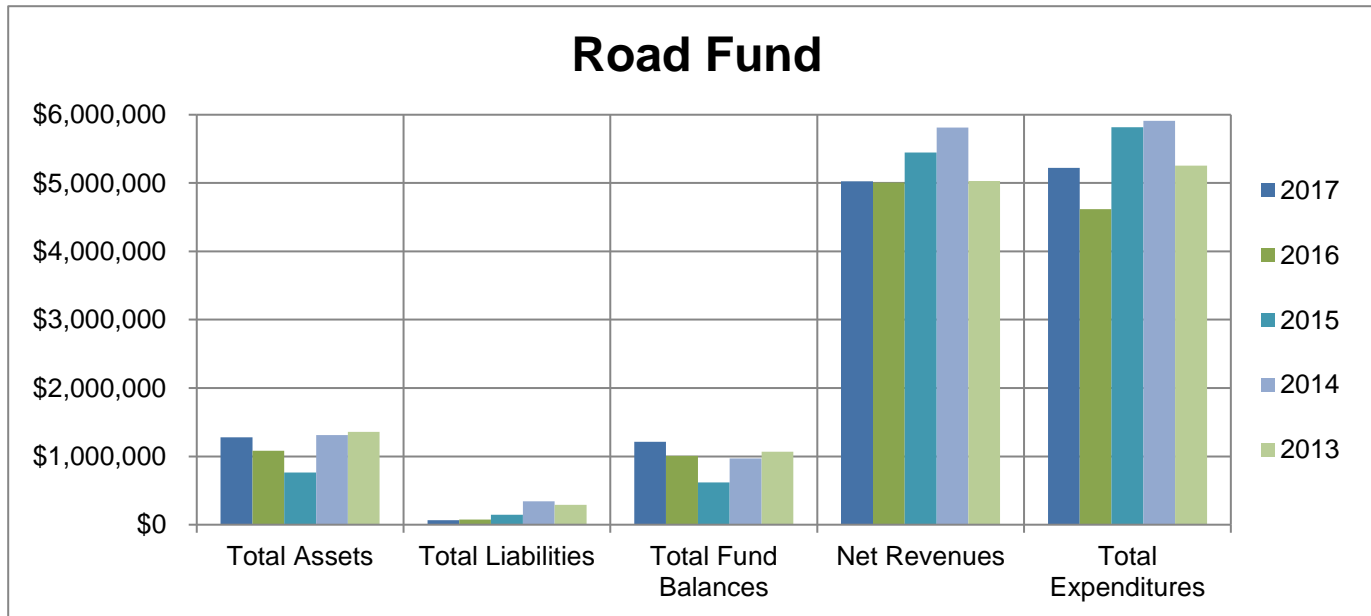
General	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 2,031,697	\$ 2,392,024	\$ 2,550,264	\$ 2,493,568	\$ 2,414,240
Total Liabilities	503,909	163,650	112,431	238,904	292,124
Total Fund Balances	1,527,788	2,228,374	2,437,833	2,254,664	2,122,116
Net Revenues	7,938,000	8,408,171	8,037,365	8,741,764	8,830,579
Total Expenditures	8,781,542	8,696,754	7,703,179	8,435,446	8,171,007
Total Other Financing Sources/Uses	142,956	79,124	(151,017)	(173,770)	(398,926)



INDEPENDENCE COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
 DECEMBER 31, 2017
 (Unaudited)

Schedule 4-2

<u>Road</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 1,280,528	\$ 1,082,071	\$ 763,381	\$ 1,310,768	\$ 1,360,028
Total Liabilities	65,104	75,847	144,621	340,073	291,130
Total Fund Balances	1,215,424	1,006,224	618,760	970,695	1,068,898
Net Revenues	5,024,385	5,005,391	5,447,699	5,812,145	5,028,921
Total Expenditures	5,220,192	4,617,927	5,814,634	5,910,348	5,253,406
Total Other Financing Sources/Uses	405,007		15,000		241,890



INDEPENDENCE COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2017
 (Unaudited)

Schedule 4-3

Other Funds in the Aggregate	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 7,667,307	\$ 7,984,964	\$ 8,167,341	\$ 8,160,261	\$ 8,403,921
Total Liabilities	1,625,903	1,179,351	1,517,443	1,086,169	1,668,060
Total Fund Balances	6,041,404	6,805,613	6,649,898	7,074,092	6,735,861
Net Revenues	11,322,383	10,155,205	9,216,490	9,015,469	10,117,481
Total Expenditures	7,777,598	9,920,366	9,776,430	8,864,508	10,180,221
Total Other Financing Sources/Uses	(4,308,994)	(79,124)	136,017	187,270	496,426

