

Lawrence County, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



LAWRENCE COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Independent Auditor's Report
Report on Internal Control Over Financial Reporting, Compliance and Other Matters, and Other Issues Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

REGULATORY BASIS FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

Arkansas

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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

INDEPENDENT AUDITOR'S REPORT

Lawrence 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 Lawrence 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 Lawrence 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 Lawrence 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 some funds 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, these funds are 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 September 5, 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
September 5, 2018
LOCO03817

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

Lawrence 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 Lawrence 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 September 5, 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.

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. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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: John Thomison
Treasurer: Marilyn Crafton
Sheriff: Jeff Yates
Tax Collector: Stephanie Harris
County Clerk: Tina Stowers
Circuit Clerk: Michelle Evans
Assessor: Becky Holder
County Librarian: Ashley Burris

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

County Judge/County Clerk

The County disbursed \$3,000 to a nonprofit organization and included property rented by this organization, but owned by a school district, on the County's insurance policy without a contract, in conflict with Ark. Const. art. 12, § 5, and the "public purpose" doctrine. Subsequently, the County received insurance proceeds of \$70,861 for this property and expended \$55,700 for repairs. Competitive bids were not sought for these repairs, in noncompliance with Ark. Code Ann. § 22-9-203.

A County employee received mileage reimbursement in excess of the County's travel policy, resulting in an overpayment of \$2,296. Subsequently, on July 31, 2018, the employee reimbursed these funds to the County.

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
September 5, 2018

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

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 1,089,002	\$ 872,916	\$ 4,644,428
Accounts receivable	<u>133,557</u>	<u>2,136</u>	<u>145,278</u>
TOTAL ASSETS	<u><u>\$ 1,222,559</u></u>	<u><u>\$ 875,052</u></u>	<u><u>\$ 4,789,706</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 140,342	\$ 64,064	\$ 422,680
Settlements pending			<u>491,825</u>
Total Liabilities	<u>140,342</u>	<u>64,064</u>	<u>914,505</u>
Fund Balances:			
Restricted		175,889	3,767,120
Assigned		635,099	110,067
Unassigned	<u>1,082,217</u>		<u>(1,986)</u>
Total Fund Balances	<u>1,082,217</u>	<u>810,988</u>	<u>3,875,201</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,222,559</u></u>	<u><u>\$ 875,052</u></u>	<u><u>\$ 4,789,706</u></u>

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

LAWRENCE 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	\$ 481,511	\$ 1,297,160	\$ 231,151
Federal aid	27,292	421,895	126,533
Property taxes	858,768	252,771	376,979
Sales taxes	886,520		886,520
Fines, forfeitures, and costs	274,868		108,993
Interest	1,598	1,559	27,709
Officers' fees	25,712		121,277
Jail fees	79,145		46,616
Emergency 911 fees			310,978
Treasurer's commission	91,622		12,002
Collector's commission	143,156		33,221
Taxes apportioned - Assessor's salary and expense	210,051		
Other	<u>266,481</u>	<u>29,130</u>	<u>14,891</u>
 TOTAL REVENUES	 3,346,724	 2,002,515	 2,296,870
 Less: Treasurer's commission	 <u>42,487</u>	 <u>25,899</u>	 <u>15,907</u>
 NET REVENUES	 <u>3,304,237</u>	 <u>1,976,616</u>	 <u>2,280,963</u>
 EXPENDITURES			
Current:			
General government	1,266,417		309,940
Law enforcement	1,884,469		5,424,357
Highways and streets		1,645,862	1,506
Public safety	46,688		325,086
Health	33,365		
Recreation and culture	80,249		420,274
Social services	<u>108,147</u>		
Total Current	3,419,335	1,645,862	6,481,163
 Debt Service:			
Bond principal			280,000
Bond interest and other charges			264,584
Lease principal	9,036	138,687	683
Lease interest	1,509	16,178	
Note principal	32,902		6,246
Note interest	<u>1,993</u>		<u>198</u>
 TOTAL EXPENDITURES	 <u>3,464,775</u>	 <u>1,800,727</u>	 <u>7,032,874</u>

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

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (160,538)</u>	<u>\$ 175,889</u>	<u>\$ (4,751,911)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			20,227
Transfers out	<u>(20,227)</u>		<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,227)</u>		<u>20,227</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(180,765)	175,889	(4,731,684)
FUND BALANCES - JANUARY 1	<u>1,262,982</u>	<u>635,099</u>	<u>8,606,885</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 1,082,217</u></u>	<u><u>\$ 810,988</u></u>	<u><u>\$ 3,875,201</u></u>

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

LAWRENCE 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	\$ 422,000	\$ 481,511	\$ 59,511	\$ 1,131,000	\$ 1,297,160	\$ 166,160
Federal aid	7,500	27,292	19,792		421,895	421,895
Property taxes	757,700	858,768	101,068	234,400	252,771	18,371
Sales taxes	800,000	886,520	86,520			
Fines, forfeitures, and costs	237,000	274,868	37,868			
Interest	950	1,598	648	1,050	1,559	509
Officers' fees	25,500	25,712	212			
Jail fees	17,900	79,145	61,245			
Treasurer's commission	82,000	91,622	9,622			
Collector's commission	275,000	143,156	(131,844)			
Taxes apportioned - Assessor's salary and expense	190,000	210,051	20,051			
Other	70,350	266,481	196,131	9,000	29,130	20,130
TOTAL REVENUES	2,885,900	3,346,724	460,824	1,375,450	2,002,515	627,065
Less: Treasurer's commission		42,487	(42,487)		25,899	(25,899)
NET REVENUES	2,885,900	3,304,237	418,337	1,375,450	1,976,616	601,166
EXPENDITURES						
Current:						
General government	1,221,483	1,266,417	(44,934)			
Law enforcement	1,777,400	1,884,469	(107,069)			
Highways and streets				1,828,555	1,645,862	182,693
Public safety	108,071	46,688	61,383			
Health	41,722	33,365	8,357			
Recreation and culture	82,861	80,249	2,612			
Social services	121,817	108,147	13,670			
Total Current	3,353,354	3,419,335	(65,981)	1,828,555	1,645,862	182,693
Debt Service:						
Lease principal	8,000	9,036	(1,036)	150,000	138,687	11,313
Lease interest	2,000	1,509	491	22,000	16,178	5,822
Note principal	30,851	32,902	(2,051)			
Note interest	4,225	1,993	2,232			
TOTAL EXPENDITURES	3,398,430	3,464,775	(66,345)	2,000,555	1,800,727	199,828

LAWRENCE 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	\$ (512,530)	\$ (160,538)	\$ 351,992	\$ (625,105)	\$ 175,889	\$ 800,994
OTHER FINANCING SOURCES (USES)						
Transfers in				100,000		(100,000)
Transfers out	(100,000)	(20,227)	79,773			
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	(20,227)	79,773	100,000		(100,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(612,530)	(180,765)	431,765	(525,105)	175,889	700,994
FUND BALANCES - JANUARY 1	1,017,250	1,262,982	245,732	697,500	635,099	(62,401)
FUND BALANCES - DECEMBER 31	<u>\$ 404,720</u>	<u>\$ 1,082,217</u>	<u>\$ 677,497</u>	<u>\$ 172,395</u>	<u>\$ 810,988</u>	<u>\$ 638,593</u>

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

LAWRENCE 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: Lawrence Memorial Hospital. 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, and federal aid that are restricted for maintaining and constructing roads.

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Fund 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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and tax settlements that have not been transferred to the appropriate entities.

Fund Balance Classifications

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

E. Property Taxes

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

1. Legal Requirements

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

2. Accounting

The County prepared an annual budget on the regulatory basis for the General Fund, Road Fund, and the other operating funds.

G. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year-end.

NOTE 2: Cash 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)	\$ 1,000,933	\$ 995,909
Collateralized:		
Collateral held by the County's agent, pledging bank, or pledging bank's trust department or agent in the County's name	5,604,763	5,850,831
Total Deposits	\$ 6,605,696	\$ 6,846,740

The above total deposits do not include cash on hand of \$650.

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

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

NOTE 4: Accounts Receivable

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid			\$ 10,642
Federal aid	\$ 4,946		8,680
Property taxes	10,184	\$ 1,819	2,524
Sales taxes	71,464		71,464
Fines, forfeitures, and costs	16,556		7,684
Interest	8		
Officers' fees	2,063		12,175
Jail fees	7,215		
Emergency 911 fees			32,108
Other	21,121	317	1
Totals	<u>\$ 133,557</u>	<u>\$ 2,136</u>	<u>\$ 145,278</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	<u>\$ 140,342</u>	<u>\$ 64,064</u>	<u>\$ 422,680</u>

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

NOTE 6: 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			\$ 280,479
Law enforcement			639,230
Highways and streets		\$ 175,889	
Recreation and culture			155,825
Capital outlay			2,003,274
Debt service			688,312
Total Restricted		<u>175,889</u>	<u>3,767,120</u>
Assigned to:			
Highways and streets		635,099	
Public safety			110,067
Total Assigned		<u>635,099</u>	<u>110,067</u>
Unassigned	<u>\$ 1,082,217</u>		<u>(1,986)</u>
Totals	<u>\$ 1,082,217</u>	<u>\$ 810,988</u>	<u>\$ 3,875,201</u>

NOTE 7: Deficit Fund Balances

The following funds have deficit fund balances as of December 31, 2017:

	December 31, 2017
Other Funds in the Aggregate:	
Special Revenue Funds:	
Public Defender	\$ (1,567)
Drug Free Community Grant	<u>(419)</u>
	<u>\$ (1,986)</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 \$16,853,890. 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 \$5,117,163. The amount of short-term financing obligations was \$696,499, leaving a legal debt margin of \$4,420,664.

LAWRENCE 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	\$ 9,552,119
Noncancellable leases	102,906
Construction contract	975,026
 Total Commitments	 \$10,630,051

Long-term Liabilities

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

	December 31, 2017
Lawrence County Sales and Use Tax Bonds, Series 2016 due in semi-annual installments of varying amounts through June 1, 2037; interest at 2-3.75%. Payments are to be made from the Lawrence County Sales and Use Tax Bonds, Series 2016 Debt Service Fund.	\$ 8,765,000
Lease-purchase agreement entered January 9, 2017, with Ally Financial for purchase of a Dodge Ram 1500 Crew Cab truck, monthly installments of \$881 for 36 months at 6.84% interest. Payments are to be made from the General Fund.	17,446
Lease-purchase agreement entered May 10, 2016, with Bancorp South for purchase of two Mack dump trucks, monthly installments of \$2,962 for 49 months with a final payment of \$178,637 at 2.14% interest. Payments are to be made from the Road Fund.	251,940
Note agreement entered June 2, 2015, with Regions Bank for purchase of five Dodge 1500 crew cab trucks, monthly installments of \$2,923 for 48 months at 3.25% interest. Payments are to be made from the General Fund.	48,458
Lease-purchase agreement entered July 13, 2015, with Bancorp South for purchase of three Mack dump trucks, monthly installments of \$3,613 for 36 months final payment of \$345,000 at 2.29% interest. Payments are to be made from the Road Fund.	364,876
Lease-purchase agreement entered July 29, 2014, with Caterpillar Financial Services for purchase of a Caterpillar 420F Backhoe Loader, monthly installments of \$1,740 for 48 months at 2.14% interest. Payments are to be made from the Road Fund.	13,779
Arkansas District Judge Retirement unfunded accrued liabilities. Payments are to be made from the General Fund.	75,250
Compensated absences	15,370
 Total Long-term liabilities	 \$ 9,552,119

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

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

NOTE 9: Commitments (Continued)

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2017:

Years Ending December 31,	Bonds	Notes	Leases	Total
2018	\$ 612,290	\$ 35,076	\$ 429,484	\$ 1,076,850
2019	610,140	14,465	44,470	669,075
2020	612,840		193,449	806,289
2021	610,390			610,390
2022	612,790			612,790
2023 through 2027	3,048,639			3,048,639
2028 through 2032	3,047,250			3,047,250
2033 through 2037	2,713,344			2,713,344
Total Obligations	11,867,683	49,541	667,403	12,584,627
Less Interest	3,102,683	1,083	19,362	3,123,128
Total Principal	<u>\$8,765,000</u>	<u>\$ 48,458</u>	<u>\$ 648,041</u>	<u>\$ 9,461,499</u>

Noncancellable Leases

The County entered into a noncancellable lease agreement for two road graders on September 30, 2015. Terms of the lease are monthly rental payments of \$2,602 for 36 months. At the end of the lease term, the County will return the graders or enter into another agreement.

The County entered into a noncancellable lease agreement for two road graders on November 22, 2016. Terms of the lease are monthly rental payments of \$1,728 for 36 months. At the end of the lease term, the County will return the graders or enter into another agreement.

The County entered into a noncancellable lease agreement for two road graders on November 22, 2016. Terms of the lease are monthly rental payments of \$1,728 for 36 months. At the end of the lease term, the County will return the graders or enter into another agreement.

The County is obligated for the following amounts for the next two years:

Year	December 31, 2017
2018	\$ 64,890
2019	38,016
Total	<u>\$ 102,906</u>

Rental expense for 2017 was \$73,824.

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

NOTE 9: Commitments (Continued)

Construction Contract

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

<u>Project Name</u>	<u>Completion Date</u>	<u>Contract Balance December 31, 2017</u>
Jail Construction	February 28, 2018	<u>\$ 975,026</u>

NOTE 10: Interfund Transfers

The General Fund transferred \$20,227 to the Other Funds in the Aggregate (Public Defender) for operations.

NOTE 11: Subsequent Events

On April 17, 2018, the County executed a lease purchase agreement with Bancorp South Bank for the purchase of five Mack dump trucks for the Road Department. Terms are as follows: monthly payments of \$8,648 for 60 months at 3.64% interest and a final payment of \$405,350.

NOTE 12: Pledged Revenues

Lawrence County Sales and Use Tax Bonds Series 2017

The County pledged future .5% sales and use taxes to repay \$9,045,000 in bonds that were issued in 2016 to provide funding for acquiring, constructing, equipping, and furnishing new jail and law enforcement facilities. Total principal and interest remaining on the bonds are \$8,765,000 and \$3,102,683, respectively, payable through June 1, 2037. For 2017, principal and interest paid were \$280,000 and \$264,584, respectively.

The Jail Construction Sales and Use Tax Bond Series 2016 (Debt Service) Fund received \$675,356 in sales taxes in 2017. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for the early retirement of the bonds until it is repaid.

NOTE 13: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The County participates in the Association of Arkansas Counties Program (public entity risk pools) for coverage in the following areas:

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

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

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

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

NOTE 13: Risk Management (Continued)

Vehicle Program

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

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

The County also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$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 14: 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 were \$329,898.

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 \$3,262,114.

LAWRENCE 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's Cost	County Library	Reappraisal Cost	Child Support Costs
ASSETS									
Cash and cash equivalents	\$ 30,705	\$ 99,546	\$ 34,415	\$ 16,430	\$ 8,939	\$ 99,951	\$ 158,835	\$ 11,767	\$ 6,242
Accounts receivable			145		797	8,139	2,524	1	30
TOTAL ASSETS	\$ 30,705	\$ 99,546	\$ 34,560	\$ 16,430	\$ 9,736	\$ 108,090	\$ 161,359	\$ 11,768	\$ 6,272
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 68		\$ 2,310		\$ 2,075	\$ 9,584	\$ 69	
Settlements pending									
Total Liabilities		68		2,310		2,075	9,584	69	
Fund Balances:									
Restricted	\$ 30,705	99,478	\$ 34,560	14,120	\$ 9,736	106,015	151,775	11,699	\$ 6,272
Committed									
Assi Total Fund Balances	30,705	99,478	34,560	14,120	9,736	106,015	151,775	11,699	6,272
Unassigned									
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,705	\$ 99,546	\$ 34,560	\$ 16,430	\$ 9,736	\$ 108,090	\$ 161,359	\$ 11,768	\$ 6,272

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

Schedule 1

SPECIAL REVENUE FUNDS									
	Drug Control	Jail Maintenance	Jail Booking and Administration	Boating Safety and Enforcement	Emergency 911	Public Defender	Indigent Defense	Adult Drug Court	Juvenile Probation
ASSETS									
Cash and cash equivalents	\$ 29,445	\$ 88,593	\$ 5,717	\$ 1,650	\$ 80,483		\$ 14,444	\$ 11,584	\$ 21,932
Accounts receivable		6,247	245	10,642	32,109		306		740
TOTAL ASSETS	\$ 29,445	\$ 94,840	\$ 5,962	\$ 12,292	\$ 112,592		\$ 14,750	\$ 11,584	\$ 22,672
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 9,172	\$ 608		\$ 2,525	\$ 1,567			
Settlements pending									
Total Liabilities		9,172	608		2,525	1,567			
Fund Balances:									
	\$ 29,445	85,668	5,354	\$ 12,292			\$ 14,750	\$ 11,584	\$ 22,672
Restricted					110,067				
Committed						(1,567)			
Assi Total Fund Balances	29,445	85,668	5,354	12,292	110,067	(1,567)	14,750	11,584	22,672
Unassigned									
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,445	\$ 94,840	\$ 5,962	\$ 12,292	\$ 112,592	\$ 0	\$ 14,750	\$ 11,584	\$ 22,672

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	Jail Operation and Maintenance Sales Tax	Rails to Trails	Enforcing Underage Drinking Laws Grant	Lead and Seed Grant	County Fair Building General Improvement Grant	Drug Free Community Grant	Community Facility and Equipment
ASSETS									
Cash and cash equivalents	\$ 1,947	\$ 457	\$ 337,829	\$ 50	\$ 874	\$ 2,758	\$ 4,000	\$ (8,680)	\$ 61,975
Accounts receivable	50		17,866					8,680	3,159
TOTAL ASSETS	\$ 1,997	\$ 457	\$ 355,695	\$ 50	\$ 874	\$ 2,758	\$ 4,000	\$ 0	\$ 65,134
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable								\$ 419	\$ 1,556
Settlements pending									
Total Liabilities								419	1,556
Fund Balances:									
Restricted	\$ 1,997	\$ 457	\$ 355,695	\$ 50	\$ 874	\$ 2,758	\$ 4,000		63,578
Committed								(419)	
Assi Total Fund Balances	1,997	457	355,695	50	874	2,758	4,000	(419)	63,578
Unassigned									
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,997	\$ 457	\$ 355,695	\$ 50	\$ 874	\$ 2,758	\$ 4,000	\$ 0	\$ 65,134

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

Schedule 1

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	AGENCY FUNDS					Totals
	Wildlife Recreation Facility Program Grant	Jail Construction	Lawrence County Sales and Use Tax Bonds, Series 2016	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
ASSETS									
Cash and cash equivalents	\$ 854	\$ 2,395,147	\$ 634,714	\$ 55,097	\$ 46,525	\$ 131,066	\$ 24,499	\$ 234,638	\$ 4,644,428
Accounts receivable			53,598						145,278
TOTAL ASSETS	<u>\$ 854</u>	<u>\$ 2,395,147</u>	<u>\$ 688,312</u>	<u>\$ 55,097</u>	<u>\$ 46,525</u>	<u>\$ 131,066</u>	<u>\$ 24,499</u>	<u>\$ 234,638</u>	<u>\$ 4,789,706</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 392,727							\$ 422,680
Settlements pending				\$ 55,097	\$ 46,525	\$ 131,066	\$ 24,499	\$ 234,638	491,825
Total Liabilities		<u>392,727</u>		<u>55,097</u>	<u>46,525</u>	<u>131,066</u>	<u>24,499</u>	<u>234,638</u>	<u>914,505</u>
Fund Balances:									
Restricted	\$ 854	2,002,420	\$ 688,312						3,767,120
Committed									110,067
Assi Total Fund Balances	<u>854</u>	<u>2,002,420</u>	<u>688,312</u>						<u>(1,986)</u>
Unassigned									3,875,201
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 854</u>	<u>\$ 2,395,147</u>	<u>\$ 688,312</u>	<u>\$ 55,097</u>	<u>\$ 46,525</u>	<u>\$ 131,066</u>	<u>\$ 24,499</u>	<u>\$ 234,638</u>	<u>\$ 4,789,706</u>

LAWRENCE 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's Cost	County Library	Reappraisal Cost	Child Support Costs
REVENUES									
State aid				\$ 3,651			\$ 101,630	\$ 112,406	
Federal aid									
Property taxes							324,160	52,361	
Sales taxes									
Fines, forfeitures, and costs			\$ 2,988						
Interest	\$ 45	\$ 124	57	28	\$ 20	\$ 154	170		\$ 11
Officers' fees					9,358	104,332			1,260
Jail fees									
Emergency 911 fees									
Treasurer's commission	12,002								
Collector's commission		33,221							
Other					160		13,858	166	
TOTAL REVENUES	12,047	33,345	3,045	3,679	9,538	104,486	439,818	164,933	1,271
Less: Treasurer's commission		2	53	63	155	1,826	7,118		21
NET REVENUES	12,047	33,343	2,992	3,616	9,383	102,660	432,700	164,933	1,250
EXPENDITURES									
Current:									
General government	12,289	31,477		2,310	12,154	92,796		157,033	1,881
Law enforcement									
Highways and streets									
Public safety									
Recreation and culture							417,094		
Total Current	12,289	31,477		2,310	12,154	92,796	417,094	157,033	1,881
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal							683		
Note principal								6,246	
Note interest								198	
TOTAL EXPENDITURES	12,289	31,477		2,310	12,154	92,796	417,777	163,477	1,881
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(242)	1,866	2,992	1,306	(2,771)	9,864	14,923	1,456	(631)
OTHER FINANCING SOURCES (USES)									
Transfers in									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(242)	1,866	2,992	1,306	(2,771)	9,864	14,923	1,456	(631)
FUND BALANCES - JANUARY 1	30,947	97,612	31,568	12,814	12,507	96,151	136,852	10,243	6,903
FUND BALANCES - DECEMBER 31	\$ 30,705	\$ 99,478	\$ 34,560	\$ 14,120	\$ 9,736	\$ 106,015	\$ 151,775	\$ 11,699	\$ 6,272

LAWRENCE 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

	Drug Control	Jail Maintenance	Jail Booking and Administration	Boating Safety and Enforcement	Emergency 911	Public Defender	Indigent Defense	Adult Drug Court	Juvenile Probation
REVENUES									
State aid				\$ 11,958					
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs	\$ 8,329	\$ 76,431	\$ 4,611			\$ 2,085	\$ 3,934	\$ 2,550	\$ 8,065
Interest	51	153	8	4	\$ 143		22	18	32
Officers' fees									
Jail fees									
Emergency 911 fees					310,978				
Treasurer's commission									
Collector's commission									
Other					679				
TOTAL REVENUES	8,380	76,584	4,619	11,962	311,800	2,085	3,956	2,568	8,097
Less: Treasurer's commission	1	1,333	78	23	4,983	36	64		135
NET REVENUES	8,379	75,251	4,541	11,939	306,817	2,049	3,892	2,568	7,962
EXPENDITURES									
Current:									
General government									
Law enforcement	9,091	86,327	4,544	2,361		22,240		919	440
Highways and streets									
Public safety					325,086				
Recreation and culture									
Total Current	9,091	86,327	4,544	2,361	325,086	22,240		919	440
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal									
Note principal									
Note interest									
TOTAL EXPENDITURES	9,091	86,327	4,544	2,361	325,086	22,240		919	440
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(712)	(11,076)	(3)	9,578	(18,269)	(20,191)	3,892	1,649	7,522
OTHER FINANCING SOURCES (USES)									
Transfers in						20,227			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(712)	(11,076)	(3)	9,578	(18,269)	36	3,892	1,649	7,522
FUND BALANCES - JANUARY 1	30,157	96,744	5,357	2,714	128,336	(1,603)	10,858	9,935	15,150
FUND BALANCES - DECEMBER 31	\$ 29,445	\$ 85,668	\$ 5,354	\$ 12,292	\$ 110,067	\$ (1,567)	\$ 14,750	\$ 11,584	\$ 22,672

LAWRENCE 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							
	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	Jail Operation and Maintenance Sales Tax	Rails to Trails	Enforcing Underage Drinking Laws Grant	Lead and Seed Grant	County Fair Building General Improvement Grant	Drug Free Community Grant
REVENUES								
State aid								
Federal aid							\$ 123,033	\$ 3,500
Property taxes		\$ 458						
Sales taxes			\$ 211,164					
Fines, forfeitures, and costs								
Interest	\$ 3		363					
Officers' fees	675							
Jail fees								
Emergency 911 fees								
Treasurer's commission								
Collector's commission								
Other								
TOTAL REVENUES	678	458	211,527				123,033	3,500
Less: Treasurer's commission	13	1	2					
NET REVENUES	665	457	211,525				123,033	3,500
EXPENDITURES								
Current:								
General government								
Law enforcement					\$ 1,982		123,262	3,500
Highways and streets								
Public safety								
Recreation and culture								
Total Current					1,982		123,262	3,500
Debt Service:								
Bond principal								
Bond interest and other charges								
Lease principal								
Note principal								
Note interest								
TOTAL EXPENDITURES					1,982		123,262	3,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	665	457	211,525		(1,982)		(229)	
OTHER FINANCING SOURCES (USES)								
Transfers in								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	665	457	211,525		(1,982)		(229)	
FUND BALANCES - JANUARY 1	1,332		144,170	\$ 50	2,856	\$ 2,758	\$ 4,000	(190)
FUND BALANCES - DECEMBER 31	\$ 1,997	\$ 457	\$ 355,695	\$ 50	\$ 874	\$ 2,758	\$ 4,000	\$ (419) \$ 0

LAWRENCE 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		DEBT SERVICE FUND	Totals
	Community Development Block Grant	Community Facility and Equipment	Wildlife Recreation Facility Program Grant	Jail Construction	Lawrence County Sales and Use Tax Bonds, Series 2016	
REVENUES						
State aid	\$ 1,506					\$ 231,151
Federal aid						126,533
Property taxes						376,979
Sales taxes					\$ 675,356	886,520
Fines, forfeitures, and costs						108,993
Interest		\$ 80		\$ 23,199	3,024	27,709
Officers' fees		5,652				121,277
Jail fees		46,616				46,616
Emergency 911 fees						310,978
Treasurer's commission						12,002
Collector's commission						33,221
Other		28				14,891
TOTAL REVENUES	1,506	52,376		23,199	678,380	2,296,870
Less: Treasurer's commission						15,907
NET REVENUES	1,506	52,376		23,199	678,380	2,280,963
EXPENDITURES						
Current:						
General government						309,940
Law enforcement		47,400		5,122,291		5,424,357
Highways and streets	1,506					1,506
Public safety						325,086
Recreation and culture			\$ 3,180			420,274
Total Current	1,506	47,400	3,180	5,122,291		6,481,163
Debt Service:						
Bond principal					280,000	280,000
Bond interest and other charges					264,584	264,584
Lease principal						683
Note principal						6,246
Note interest						198
TOTAL EXPENDITURES	1,506	47,400	3,180	5,122,291	544,584	7,032,874
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		4,976	(3,180)	(5,099,092)	133,796	(4,751,911)
OTHER FINANCING SOURCES (USES)						
Transfers in						20,227
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		4,976	(3,180)	(5,099,092)	133,796	(4,731,684)
FUND BALANCES - JANUARY 1		58,602	4,034	7,101,512	554,516	8,606,885
FUND BALANCES - DECEMBER 31	\$ 0	\$ 63,578	\$ 854	\$ 2,002,420	\$ 688,312	\$ 3,875,201

LAWRENCE 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 Ark. Const. amend. 79.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive at least 35% of fees collected by county clerks to be used to purchase, maintain, and operate an automated records system.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by circuit clerks to be used to purchase, maintain, and operate an 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.
Reappraisal Cost	Ark. Code Ann. § 26-26-1907 established fund to pay reappraisals of real property with revenue received from State.
Child Support Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Jail Maintenance	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners; construction, maintenance, and operation of the county jail; purchase and maintenance of jail equipment; and training, salaries, and certificate pay for jailers and deputy sheriffs.
Jail Booking and Administration	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.

LAWRENCE 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 and Enforcement	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund used for defense of indigents.
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.
Adult Drug Court	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
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.
Circuit Clerk Commissioner's Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as Commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioner's duties and for general operations expenses of the office of Circuit Clerk.
Assessor's Late Assessment Fee	Ark. Code Ann. § 26-26-201 established fund to receive 10% penalty of all taxes due on all persons and property delinquent in assessment to be used for tax assessment purposes.
Jail Operation and Maintenance Sales Tax	Lawrence County Ordinance no. 15-5 (September 2, 2015) provided for the passage of a sales and use tax of .125% by the voters, to pay for operation and jail capital improvements.
Rails to Trails	Established to account for grant received for purpose of constructing a bike and walking trail.
Enforcing Underage Drinking Laws Grant	Established to account for grant from Union Pacific Foundation to help prevent and reduce youth substance abuse.
Lead and Seed Grant	Established to account for grant received from Arkansas Department of Human Services for drug prevention in youth.

LAWRENCE 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>
County Fair Building General Improvement Grant	Established to account for a grant received from the State of Arkansas for county fair improvements.
Drug Free Community Grant	Established to account for grant to support the efforts of community coalitions to prevent and reduce substance use among youths.
Sheriff Local Law Enforcement Block Grant	Established to account for a grant received from the Edward Byrne Memorial Justice Assistance Grant (JAG) Program for law enforcement expenditures that are not used to supplant state and local funds, but to increase the amount of funds that would be made available for these activities.
Community Development Block Grant	Established to account for grant received from the Arkansas Economic Development Commission to improve county road conditions.
Community 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.
Wildlife Recreation Facility Program Grant	Established to account for grants received for the construction of a wildlife recreation facility.
Jail Construction	Lawrence County Ordinance no. 15-7 (September 2, 2015) provided for the passage of a sales and use tax of .375% by the voters, to pay the principal of and interest on the bonds for the purpose of financing all or a portion of the cost of capital improvements.
Lawrence County Sales and Use Tax Bonds, Series 2016	Lawrence County Ordinance nos. 6 and 7 (September 2, 2015) and 16-4 (February 2, 2016) as approved by voters authorized the issuance of sales and use tax bonds. This fund was set up in order to facilitate the retirement of the related debt.

Treasurer's accounts consist primarily of Law Library funds and settlements not yet distributed.

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, seizure, and inmate trust money.

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

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

LAWRENCE COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2017
(Unaudited)

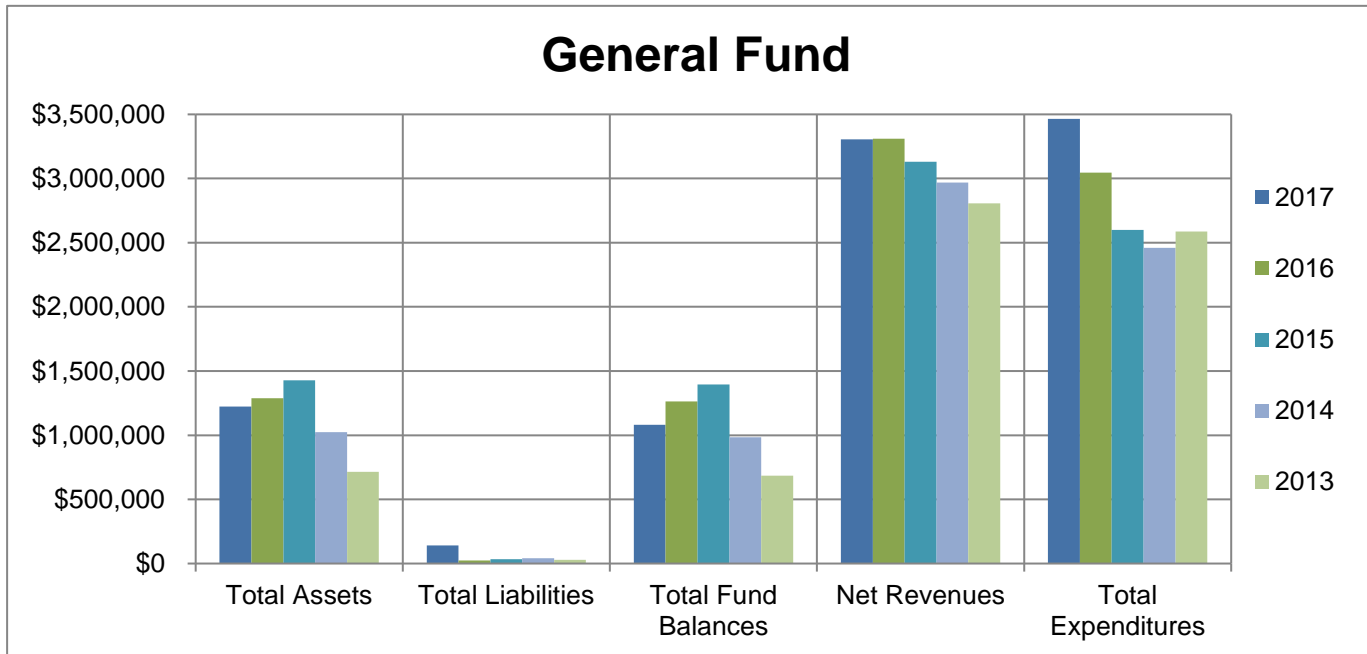
Schedule 3

	<u>December 31, 2017</u>
Land	\$ 318,868
Buildings	1,576,012
Equipment	5,550,928
Construction in progress	<u>6,553,064</u>
Total	<u><u>\$ 13,998,872</u></u>

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

Schedule 4-1

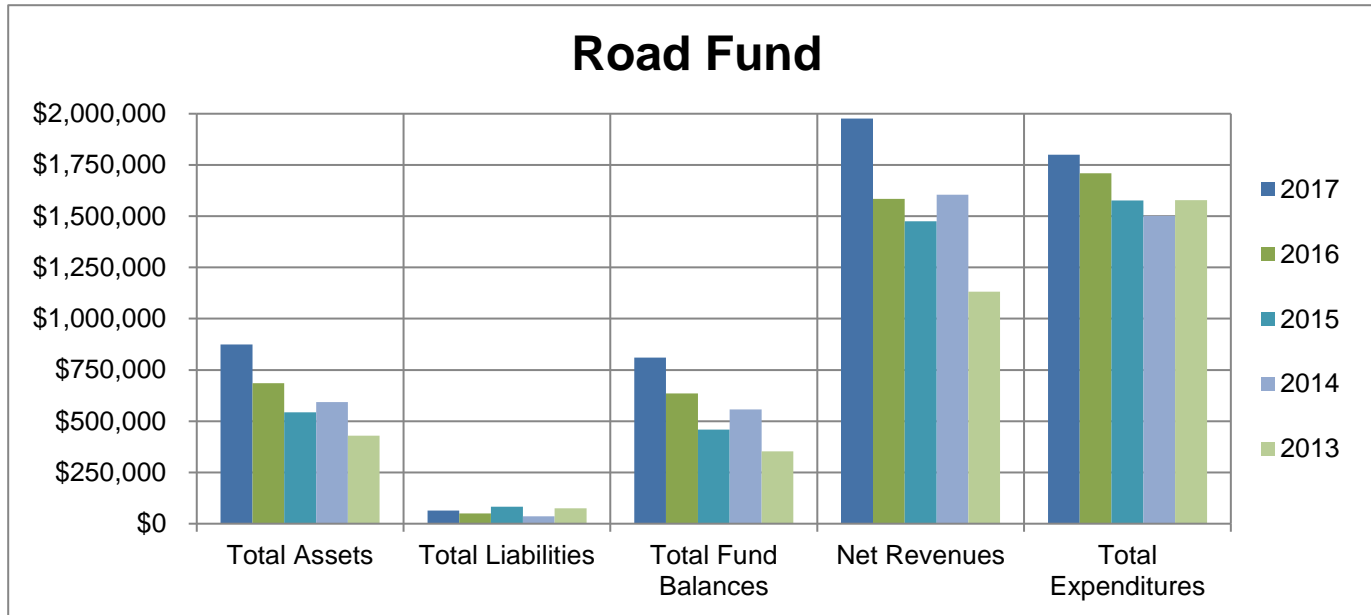
General	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 1,222,559	\$ 1,287,133	\$ 1,427,991	\$ 1,023,093	\$ 713,929
Total Liabilities	140,342	24,151	33,512	40,235	29,033
Total Fund Balances	1,082,217	1,262,982	1,394,479	982,858	684,896
Net Revenues	3,304,237	3,309,395	3,130,215	2,969,281	2,807,449
Total Expenditures	3,464,775	3,045,851	2,600,409	2,460,190	2,585,936
Total Other Financing Sources/Uses	(20,227)	(395,041)	(118,185)	(211,129)	(22,068)



LAWRENCE 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>	2017	2016	2015	2014	2013
Total Assets	\$ 875,052	\$ 684,994	\$ 542,782	\$ 593,290	\$ 429,358
Total Liabilities	64,064	49,895	83,490	36,317	75,812
Total Fund Balances	810,988	635,099	459,292	556,973	353,546
Net Revenues	1,976,616	1,584,992	1,475,095	1,604,991	1,132,661
Total Expenditures	1,800,727	1,709,185	1,577,313	1,501,564	1,578,385
Total Other Financing Sources/Uses		300,000	4,537	100,000	172,804



LAWRENCE 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	\$ 4,789,706	\$ 9,154,252	\$ 1,044,837	\$ 1,126,252	\$ 1,122,011
Total Liabilities	914,505	547,367	353,726	476,028	422,012
Total Fund Balances	3,875,201	8,606,885	691,111	650,224	699,999
Net Revenues	2,280,963	1,953,208	1,266,905	1,238,594	1,357,332
Total Expenditures	7,032,874	3,198,901	1,339,666	1,399,498	1,139,153
Total Other Financing Sources/Uses	20,227	9,140,041	113,648	111,129	22,068

