

Monroe County, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



MONROE COUNTY, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2017

Financial and Compliance Report

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Monroe County, Arkansas Officials and Quorum Court Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist county government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of county governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to regulatory basis financial information and compliance with certain state laws and accepted accounting practices for Monroe County, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated September 20, 2018. Management of the County is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2017:

County Judge: Larry Taylor
Treasurer/Tax Collector: Steve Mitchell
Sheriff: Michael Neal
County Clerk: Tina Wofford
Circuit Clerk: Alice Smith
Assessor: Renee Neal
County Librarian: Jimmy Rogers

We evaluated the County's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Our procedures indicated that the above offices of **Treasurer/Tax Collector**, **County Clerk**, **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 **Sheriff**.

County Judge/Sheriff

Our review revealed the following questionable events related to a purchase of a boat, motor, and trailer for \$10,500 by the Sheriff's Department:

- On May 11, 2017, the Sheriff issued a memo stating the Department was purchasing a boat for emergency use and requesting proper appropriation of funds. Two documents were on file to support this purchase: (a) a bill of sale, labeled as an invoice and also dated May 11, that neither the Sheriff nor vendor signed and (b) a separate, generic invoice dated June 11.
- Invoices indicate that these items were purchased from a non-marine vendor in Little Rock; however, a review of Department of Finance and Administration records revealed that the title for these items was in the name of the Sheriff's Chief Deputy at the time of purchase. It appears this transaction was executed with a vendor to allow the County to circumvent the requirement to obtain an authorizing ordinance to conduct business with an employee, found in Ark. Code Ann. § 14-14-1202.

Subsequent to the exit conference on September 20, 2018, the Chief Deputy provided a bill of sale dated February 17, 2017, that transferred ownership from the Chief Deputy to the non-marine vendor but was signed only by the seller, who is the Chief Deputy. However, according to County assessment records, these items were not deleted from the Chief Deputy's personal property assessment records until seven months later, on September 28, 2017. As of report date, the County had not applied for a title for these items; therefore, they remain in the Chief Deputy's name.

Sheriff

1. We noted the following questionable transactions:

- The cell phone plan that bears the Sheriff's office mailing address includes lines for three members of the Sheriff's family. The County files a claim for its portion of the monthly charges, the Sheriff issues a personal check for the portion covering the lines used by his family members, and both are mailed to the cell phone provider. The Sheriff made payments totaling \$2,936 to the cell phone provider for the lines for three members of his family for January 2017 through June 2018. Additionally, the phone number for the Sheriff's cellular account, which is paid for by the County, is listed on his personal business website as his contact information.
 - A credit card that bears the Sheriff's name and title as well as the County's mailing address was used for both County and personal purchases. The County files a claim for its portion of the monthly charges, the Sheriff issues a personal check for his portion, and both are mailed to the credit card company. The Sheriff made \$4,950 in personal charges from January 2017 through July 2018 that included airfare, airport parking, a cruise, fuel, car rental, lodging, and skincare products. The Sheriff paid \$4,572 of these charges, leaving a balance of \$378. On September 20, 2018, the Sheriff stated the credit card no longer bears the mailing address of the County.
 - The Sheriff and Department employees purchased food through the County Jail food service vendor for apparent private use. For the four invoices tested, the Sheriff and Jail Administrator submitted to the County Clerk personal checks totaling \$180 and \$68, respectively, payable to the vendor. Additionally, food service records were not properly maintained, as required by Arkansas Criminal Detention Facility Standards Section 11-1002.
2. The Sheriff's Chief Jailer used the prisoner transport van to commute to and from work daily. This use was not included on the Jailer's Internal Revenue Service (IRS) Form W-2, as required by IRS regulations. Additionally, on 16 days he was not working, the Jailer purchased fuel totaling \$758, for the van using the County's fuel credit card. Four of those purchases were made outside the County, and a business purpose could not be verified.
3. A Sheriff's Deputy was simultaneously employed by Clarendon High School as a School Resource Officer (SRO), without a formal agreement between the County and the School or approval by the Quorum Court. While employed in both positions, the Deputy placed fuel in the SRO vehicle using the County's fuel credit card and used various County vehicles for SRO business. Subsequent to employment termination by the County on August 11, 2017, the former Deputy:
- Continued to sign affidavits of arrest.
 - Attended out-of-state K9 training, with the County paying for half of her lodging expense (\$476).
 - Used the County's credit card to purchase \$2,865 in fuel.

As of report date, the former Deputy still possessed a County vehicle, a County credit card, and the full authority of a Deputy, according to the Sheriff.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. 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



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

Little Rock, Arkansas
September 20, 2018
LOCO04817

MONROE COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017
(UNAUDITED)

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,296,924	\$ 3,470,578	\$ 1,158,547
Accounts receivable	32,018	8,747	13,350
TOTAL ASSETS	\$ 1,328,942	\$ 3,479,325	\$ 1,171,897
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 39,765	\$ 3,744	\$ 14,141
Settlements pending	14,302		138,106
Total Liabilities	54,067	3,744	152,247
Fund Balances:			
Restricted		3,475,581	1,019,650
Unassigned	1,274,875		
Total Fund Balances	1,274,875	3,475,581	1,019,650
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,328,942	\$ 3,479,325	\$ 1,171,897

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 347,861	\$ 1,047,130	\$ 71,212
Federal aid	37,414	47,655	122,706
Property taxes	558,720	253,979	41,514
Fines, forfeitures, and costs	293,350		64,840
Interest	1,907	10,264	1,779
Officers' fees	12,516		44,188
Donations			3,548
Commissary profit			11,244
Jail fees	118,122		2,815
Rent	50,219		
911 fees			146,756
Treasurer's commission	41,860		7,271
Collector's commission	128,008		18,328
Taxes apportioned - Assessor's salary and expense	149,763		
Other	81,541	578	2,331
TOTAL REVENUES	1,821,281	1,359,606	538,532
Less: Treasurer's commission	19,331	18,226	4,878
NET REVENUES	1,801,950	1,341,380	533,654
EXPENDITURES			
Current:			
General government	741,936		235,844
Law enforcement	916,901		104,897
Highways and streets		1,063,588	
Public safety	23,316		80,060
Sanitation	11,176		
Health	19,399		
Recreation and culture			45,711
Social services	54,544		
Total Current	1,767,272	1,063,588	466,512
Debt Service:			
Lease principal		69,483	9,855
Lease interest		2,376	227
TOTAL EXPENDITURES	1,767,272	1,135,447	476,594
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,678	205,933	57,060
FUND BALANCES - JANUARY 1	1,240,197	3,269,648	962,590
FUND BALANCES - DECEMBER 31	<u>\$ 1,274,875</u>	<u>\$ 3,475,581</u>	<u>\$ 1,019,650</u>

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

MONROE 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
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 238,000	\$ 347,861	\$ 109,861	\$ 945,000	\$ 1,047,130	\$ 102,130
Federal aid	27,800	37,414	9,614	11,200	47,655	36,455
Property taxes	542,300	558,720	16,420	247,600	253,979	6,379
Fines, forfeitures, and costs	297,000	293,350	(3,650)			
Interest	1,800	1,907	107	1,450	10,264	8,814
Officers' fees	12,700	12,516	(184)			
Jail fees	60,000	118,122	58,122			
Rent		50,219	50,219			
Treasurer's commission	65,000	41,860	(23,140)			
Collector's commission	95,000	128,008	33,008			
Taxes apportioned - Assessor's salary and expense	140,000	149,763	9,763			
Other	68,800	81,541	12,741		578	578
TOTAL REVENUES	1,548,400	1,821,281	272,881	1,205,250	1,359,606	154,356
Less: Treasurer's commission		19,331	(19,331)		18,226	(18,226)
NET REVENUES	1,548,400	1,801,950	253,550	1,205,250	1,341,380	136,130
EXPENDITURES						
Current:						
General government	869,707	741,936	127,771			
Law enforcement	982,959	916,901	66,058			
Highways and streets				1,566,475	1,063,588	502,887
Public safety	24,409	23,316	1,093			
Sanitation	13,989	11,176	2,813			
Health	21,908	19,399	2,509			
Social services	66,075	54,544	11,531			
Total Current	1,979,047	1,767,272	211,775	1,566,475	1,063,588	502,887
Debt Service:						
Lease principal					69,483	(69,483)
Lease interest					2,376	(2,376)
TOTAL EXPENDITURES	1,979,047	1,767,272	211,775	1,566,475	1,135,447	431,028
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(430,647)	34,678	465,325	(361,225)	205,933	567,158
FUND BALANCES - JANUARY 1	1,239,057	1,240,197	1,140	3,261,905	3,269,648	7,743
FUND BALANCES - DECEMBER 31	<u>\$ 808,410</u>	<u>\$ 1,274,875</u>	<u>\$ 466,465</u>	<u>\$ 2,900,680</u>	<u>\$ 3,475,581</u>	<u>\$ 574,901</u>

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

MONROE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS								
	County Clerk's Cost	Circuit Court Automation	Reappraisal Cost	County Public Library	County Detention Facility	Jail Maintenance	Treasurer's Automation	Collector's Automation	Boating Safety and Enforcement
ASSETS									
Cash and cash equivalents	\$ 18,407	\$ 28,658	\$ 5,534	\$ 51,975	\$ 13,817	\$ 52,215	\$ 40,646	\$ 92,976	\$ 6,335
Accounts receivable	74	165			375	3,518			
	<u>\$ 18,481</u>	<u>\$ 28,823</u>	<u>\$ 5,534</u>	<u>\$ 51,975</u>	<u>\$ 14,192</u>	<u>\$ 55,733</u>	<u>\$ 40,646</u>	<u>\$ 92,976</u>	<u>\$ 6,335</u>
TOTAL ASSETS									
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable				\$ 211		\$ 8,591	\$ 60	\$ 52	
Settlements pending									
Total Liabilities				<u>211</u>		<u>8,591</u>	<u>60</u>	<u>52</u>	
Fund Balances:									
Restricted	\$ 18,481	\$ 28,823	\$ 5,534	51,764	\$ 14,192	47,142	40,586	92,924	\$ 6,335
	<u>\$ 18,481</u>	<u>\$ 28,823</u>	<u>\$ 5,534</u>	<u>\$ 51,975</u>	<u>\$ 14,192</u>	<u>\$ 55,733</u>	<u>\$ 40,646</u>	<u>\$ 92,976</u>	<u>\$ 6,335</u>
TOTAL LIABILITIES AND FUND BALANCES									

MONROE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS								
	County Recorder's Cost	Public Defender	Emergency 911	Juvenile Detention and Prisoner Care	Library Microfilm Memorial	Sheriff's Communication	Assessor's Amendment no. 79	Child Support Cost	Drug Control
ASSETS									
Cash and cash equivalents	\$ 131,132	\$ 51,297	\$ 404,465	\$ 14,470	\$ 64,432	\$ 11,666	\$ 6,727	\$ 8,212	\$ 53
Accounts receivable	2,865	794	5,330						
TOTAL ASSETS	\$ 133,997	\$ 52,091	\$ 409,795	\$ 14,470	\$ 64,432	\$ 11,666	\$ 6,727	\$ 8,212	\$ 53
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 1,208		\$ 3,790						
Settlements pending									
Total Liabilities	1,208		3,790						
Fund Balances:									
Restricted	132,789	\$ 52,091	406,005	\$ 14,470	\$ 64,432	\$ 11,666	\$ 6,727	\$ 8,212	\$ 53
TOTAL LIABILITIES AND FUND BALANCES	\$ 133,997	\$ 52,091	\$ 409,795	\$ 14,470	\$ 64,432	\$ 11,666	\$ 6,727	\$ 8,212	\$ 53

MONROE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	Circuit Court Juvenile Division	Circuit Clerk Commissioners Fee	Assessor's Late Assessment Fee	Justice Assistance Grant (JAG)	Courtroom Security Grant	Piney Creek Drainage Grant	United States Department of Agriculture Sheriff's Car Grant
ASSETS							
Cash and cash equivalents	\$ 8,652	\$ 1,867	\$ 183	\$ 1	\$ 3,833		\$ 2,888
Accounts receivable						\$ 229	
TOTAL ASSETS	\$ 8,652	\$ 1,867	\$ 183	\$ 1	\$ 3,833	\$ 229	\$ 2,888
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable						\$ 229	
Settlements pending							
Total Liabilities						<u>229</u>	
Fund Balances:							
Restricted	\$ 8,652	\$ 1,867	\$ 183	\$ 1	\$ 3,833		\$ 2,888
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,652	\$ 1,867	\$ 183	\$ 1	\$ 3,833	\$ 229	\$ 2,888

MONROE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

AGENCY FUNDS

	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS						
Cash and cash equivalents	\$ 145	\$ 33,453	\$ 16,361	\$ 5,532	\$ 82,615	\$ 1,158,547
Accounts receivable						13,350
TOTAL ASSETS	\$ 145	\$ 33,453	\$ 16,361	\$ 5,532	\$ 82,615	\$ 1,171,897
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 14,141
Settlements pending	\$ 145	\$ 33,453	\$ 16,361	\$ 5,532	\$ 82,615	138,106
Total Liabilities	145	33,453	16,361	5,532	82,615	152,247
Fund Balances:						
Restricted						1,019,650
TOTAL LIABILITIES AND FUND BALANCES	\$ 145	\$ 33,453	\$ 16,361	\$ 5,532	\$ 82,615	\$ 1,171,897

MONROE 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
 (UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS									
	County Clerk's Cost	Circuit Court Automation	Reappraisal Cost	County Public Library	County Detention Facility	Jail Maintenance	Treasurer's Automation	Collector's Automation	Boating Safety and Enforcement
REVENUES									
State aid			\$ 61,236	\$ 4,219					\$ 887
Federal aid				1,692					
Property taxes				41,331					
Fines, forfeitures, and costs	\$ 1,232	\$ 3,628				\$ 47,860			
Interest	33	51	10	80	\$ 25	95	\$ 80	\$ 158	22
Officers' fees									
Donations									
Commissary profit									
Jail fees					2,815				
911 fees									
Treasurer's commission							7,271		
Collector's commission								18,328	
Other	9	22		357	17	311			6
TOTAL REVENUES	1,274	3,701	61,246	47,679	2,857	48,266	7,351	18,486	915
Less: Treasurer's commission	26	72		945	52	966			18
NET REVENUES	1,248	3,629	61,246	46,734	2,805	47,300	7,351	18,486	897
EXPENDITURES									
Current:									
General government			61,236				12,538	14,805	
Law enforcement					1,148	49,150			10,500
Public safety				44,546					
Recreation and culture									
Total Current			61,236	44,546	1,148	49,150	12,538	14,805	10,500
Debt Service:									
Lease principal									
Lease interest									
TOTAL EXPENDITURES			61,236	44,546	1,148	49,150	12,538	14,805	10,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,248	3,629	10	2,188	1,657	(1,850)	(5,187)	3,681	(9,603)
FUND BALANCES - JANUARY 1	17,233	25,194	5,524	49,576	12,535	48,992	45,773	89,243	15,938
FUND BALANCES - DECEMBER 31	\$ 18,481	\$ 28,823	\$ 5,534	\$ 51,764	\$ 14,192	\$ 47,142	\$ 40,586	\$ 92,924	\$ 6,335

MONROE 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
 (UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS									
	County Recorder's Cost	Public Defender	Emergency 911	Juvenile Detention and Prisoner Care	Library Microfilm Memorial	Sheriff's Communication	Assessor's Amendment no. 79	Child Support Cost	Drug Control
REVENUES									
State aid							\$ 1,393		
Federal aid									
Property taxes									
Fines, forfeitures, and costs		\$ 11,940							
Interest	\$ 223	97	\$ 697		\$ 130	\$ 28	12	\$ 15	
Officers' fees	36,878					5,730		1,065	
Donations					45	3,503			
Commissary profit						11,244			
Jail fees									
911 fees			146,756						
Treasurer's commission									
Collector's commission									
Other	303					1,274	8	1	
TOTAL REVENUES	37,404	12,037	147,453		175	21,779	1,413	1,081	
Less: Treasurer's commission	751		1,985				28	21	
NET REVENUES	36,653	12,037	145,468		175	21,779	1,385	1,060	
EXPENDITURES									
Current:									
General government	26,061							190	
Law enforcement		15,250		\$ 1,661		23,711			
Public safety			80,060						
Recreation and culture					1,165				
Total Current	26,061	15,250	80,060	1,661	1,165	23,711		190	
Debt Service:									
Lease principal			9,855						
Lease interest			227						
TOTAL EXPENDITURES	26,061	15,250	90,142	1,661	1,165	23,711		190	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,592	(3,213)	55,326	(1,661)	(990)	(1,932)	1,385	870	
FUND BALANCES - JANUARY 1	122,197	55,304	350,679	16,131	65,422	13,598	5,342	7,342	\$ 53
FUND BALANCES - DECEMBER 31	<u>\$ 132,789</u>	<u>\$ 52,091</u>	<u>\$ 406,005</u>	<u>\$ 14,470</u>	<u>\$ 64,432</u>	<u>\$ 11,666</u>	<u>\$ 6,727</u>	<u>\$ 8,212</u>	<u>\$ 53</u>

MONROE 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
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS		Totals
	Circuit Court Juvenile Division	Circuit Clerk Commissioners Fee	Assessor's Late Assessment Fee	Justice Assistance Grant (JAG)	Courtroom Security Grant	Piney Creek Drainage Grant	United States Department of Agriculture Sheriff's Car Grant	
REVENUES								
State aid				\$ 3,477				\$ 71,212
Federal aid						\$ 121,014		122,706
Property taxes			\$ 183					41,514
Fines, forfeitures, and costs	\$ 180							64,840
Interest	16				\$ 7			1,779
Officers' fees		\$ 515						44,188
Donations								3,548
Commissary profit								11,244
Jail fees								2,815
911 fees								146,756
Treasurer's commission								7,271
Collector's commission								18,328
Other	19	4						2,331
TOTAL REVENUES	215	519	183	3,477	7	121,014		538,532
Less: Treasurer's commission	4	10						4,878
NET REVENUES	211	509	183	3,477	7	121,014		533,654
EXPENDITURES								
Current:								
General government						121,014		235,844
Law enforcement				3,477				104,897
Public safety								80,060
Recreation and culture								45,711
Total Current				3,477		121,014		466,512
Debt Service:								
Lease principal								9,855
Lease interest								227
TOTAL EXPENDITURES				3,477		121,014		476,594
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	211	509	183		7			57,060
FUND BALANCES - JANUARY 1	8,441	1,358		1	3,826		\$ 2,888	962,590
FUND BALANCES - DECEMBER 31	\$ 8,652	\$ 1,867	\$ 183	\$ 1	\$ 3,833	\$ 0	\$ 2,888	\$ 1,019,650

MONROE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017
 (UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
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.
Reappraisal Cost	Ark. Code Ann. § 26-26-1907 established fund to pay reappraisals of real property with revenue received from State.
County Public 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.
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.
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.
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.
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.
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.
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.

MONROE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2017
 (UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Juvenile Detention and Prisoner Care	Monroe County Ordinance no. 417 (September 13, 2010) allocated Circuit Court ordered funds to be held and used for juvenile detention and prisoner care only.
Library Microfilm Memorial	Established to account for memorials and immaterial miscellaneous revenue for library expenditures.
Sheriff's Communication	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.
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.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Circuit Court Juvenile Division	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Circuit Clerk 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 additional penalties collected for not assessing property to offset cost of assessing property.
Justice Assistance Grant (JAG)	Established to account for grant received for the purpose of law enforcement equipment purchases.
Courtroom 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.

MONROE COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2017
(UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
Piney Creek Drainage Grant	Established to receive a United States Department of Housing and Urban Development Grant (#790-08874-06) for drainage improvements.
United States Department of Agriculture Sheriff's Car Grant	Established to receive grant monies to purchase police vehicles.

Treasurer's accounts consist primarily of property taxes not yet distributed to the appropriate authorities.

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

Sheriff's accounts consist primarily of bond, evidence, and inmate trust money.

County Clerk's accounts consist primarily of trust money.

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

MONROE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017
(UNAUDITED)

1. A. Basis of Presentation - Regulatory Fund Accounting

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to actual expenditures for the general and road funds; notes to financial statements; and a supplemental schedule of capital assets.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, and federal aid that are restricted or committed for maintaining and constructing roads.

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

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds presented on Schedules 1 and 2 are 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. The Capital Projects Funds presented on Schedules 1 and 2 are 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). The Agency Funds presented on Schedule 1 are reported with other funds in the aggregate.

B. 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.

C. 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.

MONROE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017
(UNAUDITED)

1. Basis of Presentation - Regulatory Fund Accounting (Continued)

C. Assets, Liabilities, and Fund Balances (Continued)

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, 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. 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.

D. 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.

E. 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.

F. 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.

For classification of fund balance amounts, restricted resources are considered spent before unrestricted. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

There were no committed or assigned fund balances at year-end.

MONROE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017
(UNAUDITED)

2. 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			\$ 307,303
Law enforcement			187,258
Highways and streets		\$ 3,475,581	
Public safety			406,005
Recreation and culture			116,196
Capital outlay			2,888
Total Restricted		<u>3,475,581</u>	<u>1,019,650</u>
Unassigned	<u>\$ 1,274,875</u>		
Totals	<u>\$ 1,274,875</u>	<u>\$ 3,475,581</u>	<u>\$ 1,019,650</u>

3. Commitments

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

	December 31, 2017
Long-term liabilities	\$ 665,231
Reappraisal contract	183,708
Construction contract	<u>107,690</u>
Total Commitments	<u>\$ 956,629</u>

MONROE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017
(UNAUDITED)

3. Commitments (Continued)

Long-term Liabilities

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

	December 31, 2017
2016 lease-purchase agreement with BancorpSouth Equipment Finance for the purchase of one Mack dump truck, monthly installments of \$1,115 for 36 months, interest rate of 2.29%, final payment of \$78,050 in October of 2019. Payments to be made from Road Fund.	\$ 97,780
2016 lease-purchase agreement with Caterpillar for the purchase of one Caterpillar motor grader, monthly installments of \$1,340 for 36 months, final payment of \$186,331, 0% interest. Payments to be made from the Road Fund.	202,405
2016 lease-purchase agreement with Caterpillar for the purchase of one Caterpillar motor grader, monthly installments of \$1,755 for 24 months, final payment of \$151,995, 0% interest. Payments to be made from the Road Fund.	171,306
2016 lease-purchase agreement with Caterpillar for the purchase of one Caterpillar motor grader, monthly installments of \$1,778 for 24 months, final payment of \$138,882, 0% interest. Payments to be made from the Road Fund.	158,440
Compensated Absences	35,300
Total Long-term liabilities	\$ 665,231

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,	Leases
2018	\$ 359,203
2019	274,418
Total Obligations	633,621
Less Interest	3,690
Total Principal	\$ 629,931

MONROE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017
(UNAUDITED)

3. Commitments (Continued)

Reappraisal Contract

The County entered into a contract with Delta Mass Appraisal Services, Inc. on October 6, 2015. Terms of the contract require \$306,180 to be paid in monthly installments of \$5,103 for 60 months. The contract calls for additional parcels (above the agreed-upon number of 8,748) to be paid for at the completion of the contract at the rate of \$20 per parcel. The County is obligated for the following amounts for the next three years:

<u>Year</u>	<u>December 31, 2017</u>
2018	\$ 61,236
2019	61,236
2020	<u>61,236</u>
Total	<u>\$ 183,708</u>

Reappraisal expense for 2017 was \$61,236.

Construction Contract

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

<u>Project Name</u>	<u>Estimated Completion Date</u>	<u>Contract Balance December 31, 2017</u>
Piney Creek Drainage	October, 2018	<u>\$ 107,690</u>

4. Related Party Transactions

The County paid Donald's Garage \$17,210 for County vehicle repairs in 2017. Donald's Garage is owned by County Clerk Tina Wofford's husband. Monroe County Ordinance no. 503 (October 9, 2017) allows the County to conduct business with this related party.

5. Joint Venture: Regional Library

Phillips, Lee, and Monroe Counties entered into an agreement in May 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Phillips, Lee, and Monroe Regional Library. The agreement states that the library boards of these counties are to continue the same duties and functions that they have in the past until said duties and functions are altered by the Quorum Court as provided by law. The County Library did not pay any regional library expenditures in 2017. Contact the Phillips, Lee, and Monroe Regional Library at 702 Porter Street, Helena, AR 72342 to obtain financial statements.

6. Jointly Governed Organizations

A. First Judicial District Drug Task Force

The First Judicial District Drug Task Force is a jointly governed organization comprised of representatives from Monroe, Lee, Phillips, St. Francis, Cross, and Woodruff Counties and participating cities within the aforementioned counties. The Sheriff from each county acts as a representative. The County did not pay any drug task force expenditures in 2017, but did collaborate for participation in the Justice Assistance Grant (JAG) Program. Separate financial statements for the First Judicial District Drug Task Force are not available.

MONROE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2017
(UNAUDITED)

6. Jointly Governed Organizations (Continued)

B. Central Arkansas Regional Solid Waste Management District

Pursuant to Act 752 of the Acts of Arkansas of 1991, the Central Arkansas Regional Solid Waste Management District and Board were organized to protect the public health and environmental quality for its service area by establishing a regional solid waste management system in Arkansas Counties of Lonoke, Prairie, and Monroe. The District's board of directors is composed in accordance with the requirements of the Act and is comprised of representatives of the counties in the District and representatives of all first class cities, of all cities with a population over 2,000, and of the largest city of each county in the District. The County made no contributions to or disbursements on behalf of the Central Arkansas Regional Solid Waste Management District in 2017. Separate financial statements of the Central Arkansas Regional Solid Waste Management District are available at 902 N. Center, Lonoke, Arkansas 72086.

7. 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 \$153,403.

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 \$1,516,885.

8. Capital Assets

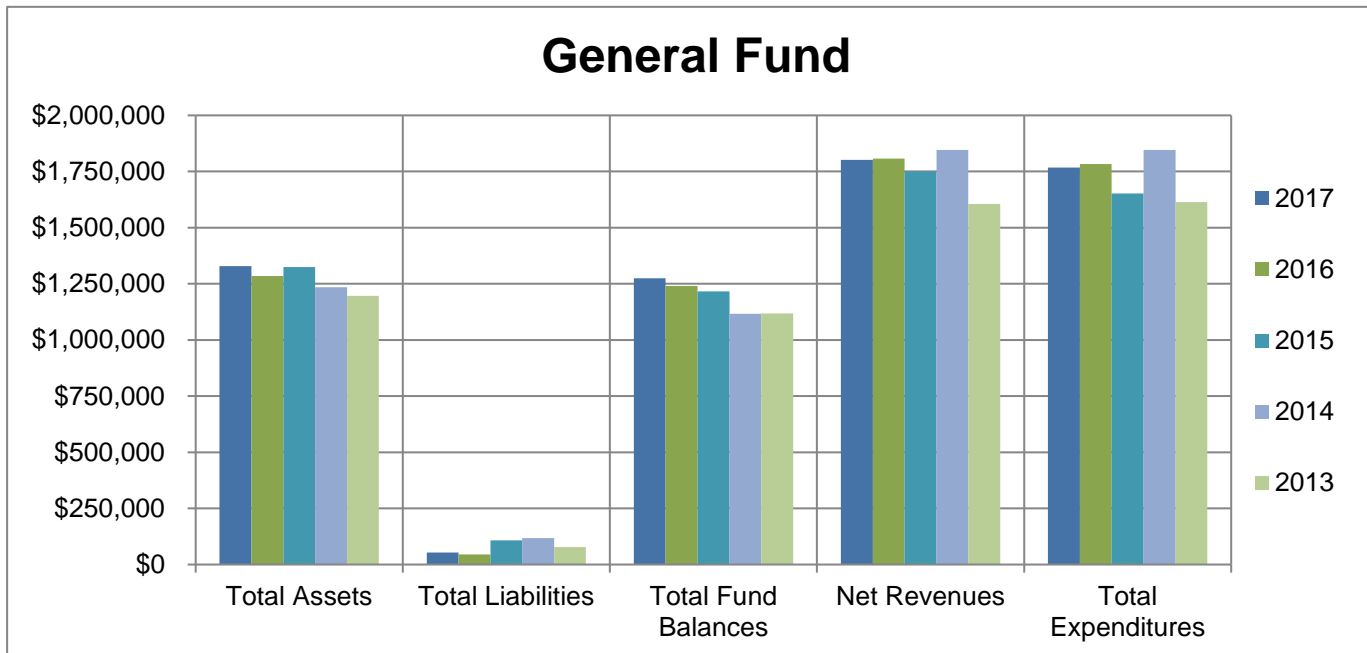
The County's capital assets records are summarized below:

	December 31, 2017
Land	\$ 34,200
Buildings	2,572,109
Equipment	2,688,421
Total	\$ 5,294,730

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

Schedule 3-1

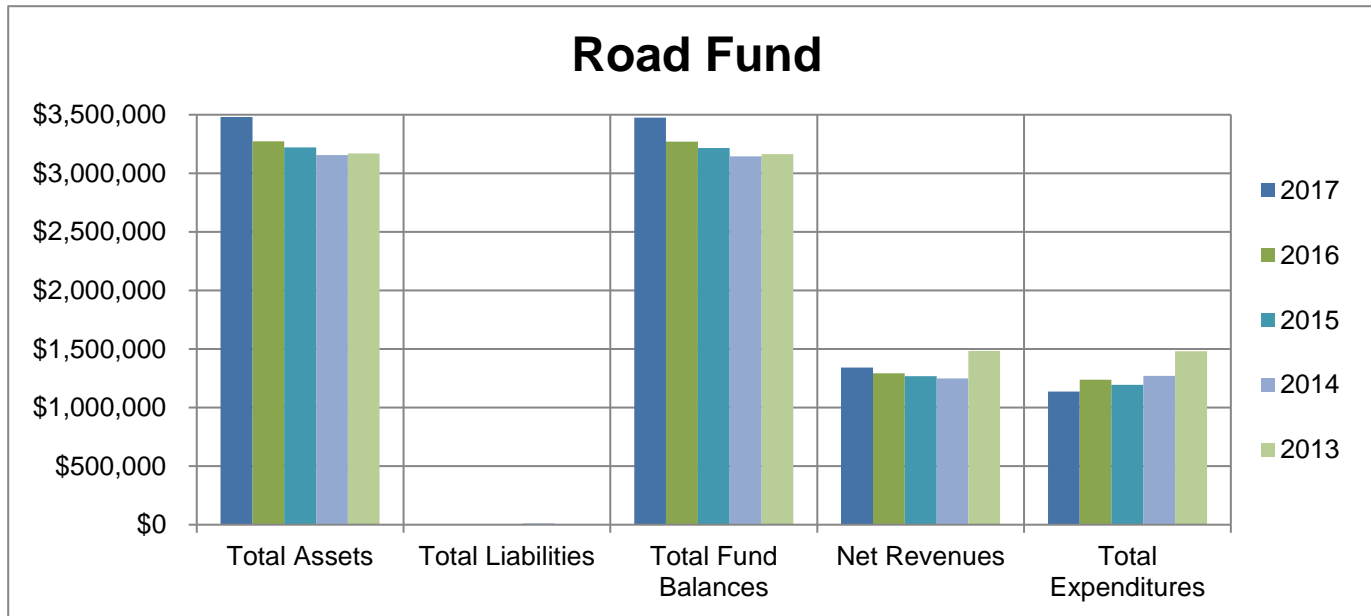
General	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 1,328,942	\$ 1,285,170	\$ 1,324,489	\$ 1,234,656	\$ 1,195,900
Total Liabilities	54,067	44,973	108,304	117,502	78,396
Total Fund Balances	1,274,875	1,240,197	1,216,185	1,117,154	1,117,504
Net Revenues	1,801,950	1,806,889	1,751,199	1,845,904	1,605,868
Total Expenditures	1,767,272	1,782,877	1,652,168	1,846,254	1,614,185
Total Other Financing Sources/Uses					11,115



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

Schedule 3-2

<u>Road</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 3,479,325	\$ 3,274,010	\$ 3,220,883	\$ 3,154,381	\$ 3,169,659
Total Liabilities	3,744	4,362	5,411	11,068	6,000
Total Fund Balances	3,475,581	3,269,648	3,215,472	3,143,313	3,163,659
Net Revenues	1,341,380	1,292,959	1,266,483	1,248,886	1,482,594
Total Expenditures	1,135,447	1,238,783	1,194,324	1,269,232	1,481,315
Total Other Financing Sources/Uses					(10,769)



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assets	\$ 1,171,897	\$ 1,107,516	\$ 1,129,647	\$ 1,055,610	\$ 1,050,881
Total Liabilities	152,247	144,926	246,274	205,696	235,180
Total Fund Balances	1,019,650	962,590	883,373	849,914	815,701
Net Revenues	533,654	433,956	485,477	684,905	457,601
Total Expenditures	476,594	354,739	452,018	650,692	362,508
Total Other Financing Sources/Uses					(346)

