

Johnson County, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



JOHNSON COUNTY, ARKANSAS
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Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of Johnson County, Arkansas (County), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, road fund, and other funds in the aggregate as of December 31, 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Road Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis 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 Johnson County, Arkansas, as of December 31, 2021; 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.

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 section of our report, the accompanying regulatory basis 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 the general fund, road fund, and other funds in the aggregate of Johnson County, Arkansas, as of December 31, 2021, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Regulatory Basis Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 and pervasive.

Responsibilities of Management 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The 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 regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents 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.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. The 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
October 26, 2022
LOCO03621

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
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 AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Johnson 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 regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Johnson County, Arkansas (County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements, and have issued our report thereon dated October 26, 2022. 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.

Report on 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) as a basis for designing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

Report on 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 laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

We also reported to management of the County in a separate letter dated October 26, 2022.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results 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

A handwritten signature in black ink, appearing to read "Timothy R. Jones". The signature is fluid and cursive, with the first name "Timothy" being the most prominent.

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
October 26, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair

Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair

Rep. Nelda Speaks
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2021:

County Judge: Herman Houston
Treasurer/Tax Collector: Leta Willis
Sheriff: Jimmy Stephens
County Clerk: Michelle Frost
Circuit Clerk: Monica King
Assessor: Jill Tate
County Librarian: Amy Wallace

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management in maintaining a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with County officials during the course of our audit fieldwork and at the exit conference.

Sheriff

Bank accounts were not reconciled on a monthly basis, as required by Ark. Code Ann. § 14-25-107. In addition, cash receipts and disbursements journals were not reconciled with monthly bank deposits and disbursements, as required by Ark. Code Ann. § 14-25-112.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the Quorum Court and County 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

A handwritten signature in black ink, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
October 26, 2022

JOHNSON COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,200,795	\$ 3,008,209	\$ 6,533,722
Accounts receivable	288,460	48,604	77,752
	<u>3,489,255</u>	<u>3,056,813</u>	<u>6,611,474</u>
TOTAL ASSETS	<u>\$ 3,489,255</u>	<u>\$ 3,056,813</u>	<u>\$ 6,611,474</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 130,982	\$ 44,739	\$ 13,507
Settlements pending			990,276
Total Liabilities	<u>130,982</u>	<u>44,739</u>	<u>1,003,783</u>
Fund Balances:			
Restricted			5,609,392
Assigned	170,700	3,012,074	
Unassigned	3,187,573		(1,701)
Total Fund Balances	<u>3,358,273</u>	<u>3,012,074</u>	<u>5,607,691</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,489,255</u>	<u>\$ 3,056,813</u>	<u>\$ 6,611,474</u>

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

JOHNSON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 715,138	\$ 1,892,770	\$ 540,200
Federal aid	39,542	561,956	3,152,649
Property taxes	1,541,348	639,328	656,715
Sales taxes	1,461,669	365,417	
Fines, forfeitures, and costs	576,144		50,625
Interest	19,779	27,219	30,606
Officers' fees	61,537		217,214
Jail fees	342,437		101,311
Sanitation fees	848,551		
911 fees			612,850
Treasurer's commission	52,255		25,349
Collector's commission	132,220		65,365
Taxes apportioned - Assessor's salary and expense	403,198		
Other	211,347	29,424	102,182
TOTAL REVENUES	6,405,165	3,516,114	5,555,066
Less: Treasurer's commission	46,618	21,330	6,452
NET REVENUES	6,358,547	3,494,784	5,548,614
EXPENDITURES			
Current:			
General government	1,544,779		571,633
Law enforcement	2,950,209		520,978
Highways and streets		3,523,687	19,675
Public safety	131,924		939,170
Sanitation	1,124,656		163,827
Health	19,537		471,654
Recreation and culture	5,115		326,022
Social services	167,627		2,460
Total Current	5,943,847	3,523,687	3,015,419
Lease principal		40,067	
Lease interest		1,453	
TOTAL EXPENDITURES	5,943,847	3,565,207	3,015,419

JOHNSON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 414,700	\$ (70,423)	\$ 2,533,195
OTHER FINANCING SOURCES (USES)			
Transfers in		2,323	249,824
Transfers out	(252,147)		
TOTAL OTHER FINANCING SOURCES (USES)	(252,147)	2,323	249,824
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	162,553	(68,100)	2,783,019
FUND BALANCES - JANUARY 1	3,195,720	3,080,174	2,824,672
FUND BALANCES - DECEMBER 31	\$ 3,358,273	\$ 3,012,074	\$ 5,607,691

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

JOHNSON 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, 2021

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 640,715	\$ 715,138	\$ 74,423	\$ 1,069,900	\$ 1,892,770	\$ 822,870
Federal aid	28,000	39,542	11,542	532,000	561,956	29,956
Property taxes	1,267,000	1,541,348	274,348	529,580	639,328	109,748
Sales taxes	1,300,000	1,461,669	161,669	859,000	365,417	(493,583)
Fines, forfeitures, and costs	462,499	576,144	113,645			
Interest	25,800	19,779	(6,021)	75,000	27,219	(47,781)
Officers' fees	42,700	61,537	18,837			
Jail fees	390,000	342,437	(47,563)			
Sanitation fees	970,000	848,551	(121,449)			
Treasurer's commission		52,255	52,255			
Collector's commission	44,000	132,220	88,220			
Taxes apportioned - Assessor's salary and expense	422,000	403,198	(18,802)			
Other	327,375	211,347	(116,028)	54,700	29,424	(25,276)
TOTAL REVENUES	5,920,089	6,405,165	485,076	3,120,180	3,516,114	395,934
Less: Treasurer's commission		46,618	(46,618)		21,330	(21,330)
NET REVENUES	5,920,089	6,358,547	438,458	3,120,180	3,494,784	374,604
EXPENDITURES						
Current:						
General government	1,883,608	1,544,779	338,829			
Law enforcement	3,592,054	2,950,209	641,845			
Highways and streets				4,150,939	3,523,687	627,252
Public safety	156,183	131,924	24,259			
Sanitation	1,402,188	1,124,656	277,532			
Health	20,582	19,537	1,045			
Recreation and culture	8,515	5,115	3,400			
Social services	178,015	167,627	10,388			
TOTAL EXPENDITURES	7,241,145	5,943,847	1,297,298	4,150,939	3,565,207	585,732

JOHNSON 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, 2021

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,321,056)	\$ 414,700	\$ 1,735,756	\$ (1,030,759)	\$ (70,423)	\$ 960,336
OTHER FINANCING SOURCES (USES)						
Transfers in	221,018		(221,018)		2,323	2,323
Transfers out	(113,636)	(252,147)	(138,511)			
TOTAL OTHER FINANCING SOURCES (USES)	107,382	(252,147)	(359,529)		2,323	2,323
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,213,674)	162,553	1,376,227	(1,030,759)	(68,100)	962,659
FUND BALANCES - JANUARY 1	1,443,000	3,195,720	1,752,720	1,100,000	3,080,174	1,980,174
FUND BALANCES - DECEMBER 31	\$ 229,326	\$ 3,358,273	\$ 3,128,947	\$ 69,241	\$ 3,012,074	\$ 2,942,833

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

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The County is a political subdivision of the state governed by an elected quorum court. The reporting entity includes all the funds of the County.

B. Basis of Presentation - Regulatory

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.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

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, federal aid, property taxes, and sales taxes 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.

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

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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, as well as county sales taxes, 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. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. 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. Pension trust funds are reported in a separate column as part of supplementary information in order to provide users of the financial statements a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, taxes and trust accounts 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.

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 753,920	\$ 846,361
Collateralized:		
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name	11,931,718	12,953,394
Uncollateralized	55,813	68,427
Total Deposits	<u>\$ 12,741,451</u>	<u>\$ 13,868,182</u>

The above total deposits do not include cash on hand of \$1,275.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal policy addressing custodial credit risk. At December 31, 2021, the County had \$68,427 of uninsured, uncollateralized bank deposits that were exposed to custodial credit risk.

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid			\$ 19,636
Federal aid	\$ 11,596		
Fines, forfeitures, and costs	38,457		433
Officers' fees	2,103		20,169
Jail fees	31,252		7,113
Sanitation fees	60,507		
911 fees			15,680
Treasurer's commission	77,815		
Other	2,484		
Treasurer's commission charged	64,246	\$ 48,604	14,721
Totals	<u>\$ 288,460</u>	<u>\$ 48,604</u>	<u>\$ 77,752</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2021, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 130,982</u>	<u>\$ 44,739</u>	<u>\$ 13,507</u>

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2021, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 2,759,620
Law enforcement			327,859
Public safety			670,777
Health			90,578
Recreation and culture			1,760,558
Total Restricted			<u>5,609,392</u>
Assigned to:			
Highways and streets		\$ 3,012,074	
Sanitation	\$ 160,499		
Recreation and culture	3,400		
Social services	6,801		
Total Assigned	<u>170,700</u>	<u>3,012,074</u>	
Unassigned	<u>3,187,573</u>		<u>(1,701)</u>
Totals	<u>\$ 3,358,273</u>	<u>\$ 3,012,074</u>	<u>\$ 5,607,691</u>

NOTE 7: Deficit Fund Balance

The following funds have deficit fund balances as of December 31, 2021:

	December 31, 2021
Other Funds in the Aggregate:	
Special Revenue Funds:	
Public Defender	<u>\$ (1,701)</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, 2021, the legal debt limit for bonded debt was \$30,155,472. 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, 2021, the legal debt limit for short-term financing obligations was \$8,573,994. The amount of short-term financing obligations was \$938,318 leaving a legal debt margin of \$7,635,676, respectively. There were no short-term financing obligations.

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2021:

	December 31, 2021
Long-term liabilities	\$ 1,088,770
Reappraisal contract	<u>573,696</u>
Total Commitments	<u><u>\$ 1,662,466</u></u>

Long-term Liabilities

Long-term liabilities at December 31, 2021, are comprised of the following:

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

	December 31, 2021
<u>Direct Borrowing</u>	
Lease purchase agreement with John Deere Financial Service dated November 12, 2021, in the amount of \$978,385, .09% interest, for the purchase of five motorgraders, 48 monthly payments of \$20,760 through November 2025. Payments are to be made from the Road Fund.	\$ 938,318
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	102,878
Landfill closure and postclosure care costs	<u>47,574</u>
Total Long-term liabilities	<u><u>\$ 1,088,770</u></u>

The County's outstanding lease purchase from direct borrowings of \$938,318 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Compensated Absences

Compensated absences do vest or accumulate.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Although closure and postclosure care costs will be only near or after the date the landfill stops accepting waste, the County recognizes a portion of these closure and postclosure care costs each year based on the landfill capacity used as the balance sheet date. The estimated liability for the landfill closure and postclosure care costs has a balance of \$47,574 in 2021, which is based on the use of 75% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$15,809 in 2021, as the remaining estimated capacity is filled. Estimated costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by Ark. Code Ann. § 8-6-1602 - 1604 to establish financial assurance for the cost of closure and postclosure care in compliance with state regulations and the solid waste permit. At December 31, 2021, the County has Contracts of Obligation in the amount of \$192,016 with the Arkansas Department of Environmental Quality to fulfill this requirement.

At December 31, 2021, the County was no longer accepting waste at the landfill and was in the process of performing closure activities and procuring Arkansas Department of Environmental Quality approval of the landfill closure.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2021	Maturities to December 31, 2021
<u>Direct Borrowing</u>					
11/15/21	11/15/25	0.9%	<u>\$ 978,385</u>	<u>\$ 938,318</u>	<u>\$ 40,067</u>

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
<u>Direct Borrowing</u>				
Capital lease	<u>\$ 0</u>	<u>\$ 978,385</u>	<u>\$ 40,067</u>	<u>\$ 938,318</u>

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2022	\$ 221,445	\$ 6,912	\$ 228,357
2023	243,669	5,448	249,117
2024	245,871	3,246	249,117
2025	<u>227,333</u>	<u>1,024</u>	<u>228,357</u>
Totals	<u>\$ 938,318</u>	<u>\$ 16,630</u>	<u>\$ 954,948</u>

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9: Commitments (Continued)

County-Wide Reappraisal Contract

The County entered into a contract with Total Assessment Solutions Corporation (TASC) on November 5, 2020, for a county-wide reappraisal. The County is obligated for monthly payments of \$11,952 for a total of \$717,120. Contract expense for 2021 was \$143,424.

The County is obligated for the following amounts at December 31, 2021:

Year	December 31, 2021
2022	\$ 143,424
2023	143,424
2024	143,424
2025	143,424
Total	<u>\$ 573,696</u>

NOTE 10: Interfund Transfers

The General Fund transferred \$138,511 to Other Funds in the Aggregate to supplement operations (Public Defender, \$8,500; Reappraisal Cost, \$24,131; District Court Probation, \$880; and, Emergency 911, \$105,000). Also, the General Fund transferred \$2,323 and \$111,313 to the Road Fund and the Other Funds in the Aggregate (Nuclear Response, \$2,727, and Emergency 911, \$108,586), respectively, to provide funds to relieve the costs associated with providing emergency services during the COVID-19 pandemic.

NOTE 11: Joint Venture: Regional Library

Franklin, Johnson, Logan, and Yell Counties entered into an agreement on July 1, 1985, in accordance with Ark. Code Ann. § 13-2-401 to establish the Arkansas River Valley Regional Library (Regional Library). The agreement states that library services shall be made available to all residents of the counties who enter into the agreement. Bookmobile services will be given to select areas in each county. The areas are to be recommended by the County Library Board and approved by the Regional Library Board and the Arkansas State Library Board. The Johnson County Library paid \$98,315 for regional library expenditures in 2021. Contact the Regional Library at 501 N Front Street, Dardanelle, AR 72834 to obtain financial statements.

NOTE 12: Jointly Governed Organizations

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties and the Cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle entered into an agreement in 1997 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann § 8-6-707. The County did not contribute any funding to the West River Valley Solid Waste Management District during 2021. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, AR 72830.

Fifth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Pope, Johnson, and Franklin Counties, and the Police Departments of Russellville, Clarksville, and Ozark entered into an agreement to establish the Fifth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial Statements of the Fifth Judicial District Drug Task Force are not available. The County did not contribute any funding to the Fifth Judicial District Drug Task Force during 2021.

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13: Risk Management

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

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

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

Vehicle Program

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

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

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.

JOHNSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14: Arkansas Public Employees Retirement System

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, 2021 (date of APERS Employer Allocation Report) were \$532,302.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the County's share of the collective net pension liability. The County's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$1,337,759.

NOTE 15: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The County was awarded \$5,162,465 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$5,162,465 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 16: Hospital Lease

On October 1, 2012, Johnson County entered into a lease transaction with Johnson Regional Medical Center, an Arkansas nonprofit corporation, to enact the assignment and lease agreement dated as of October 1, 2012. The lease began October 1, 2012 and ends on December 31, 2043, with a lease payment of \$25 per year. In connection with the lease, the County assigned the operation and maintenance of assets, and the Medical Center assumed all contractual liabilities at the hospital.

NOTE 17: Interlocal Agreement

9-1-1 Communication System

The County entered into an interlocal agreement dated March 17, 2021, with the Cities of Clarksville, Lamar, and Coal Hill. The purpose of this agreement is to establish a permanent and perpetual relationship in order to provide all persons, businesses, and residences in Johnson County, Arkansas, the services of an enhanced 9-1-1 emergency telephone system. The Johnson County Sheriff's office will act as 911 administrator under the supervision and control of the Johnson County Judge. An election was held and the people approved the measure to implement the enhanced 9-1-1 emergency telephone system and to provide the necessary service charge. The County will initially pay all expenses incurred for operation and management of the program. The County and the cities will participate in a cost sharing agreement as follows: City of Clarksville, 60%; Johnson County, 35%; and 5% split between the Cities of Lamar and Coal Hill. The cost sharing will equitably allocate the expenses for the 911 Emergency Dispatch.

JOHNSON COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Tax Collector's Automation	Court Automation	District Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	Recorder's Cost	Library	Reappraisal Cost
ASSETS									
Cash and cash equivalents	\$ 38,698	\$ 158,537	\$ 71,238	\$ 13,655	\$ 15,798	\$ 9,381	\$ 144,189	\$ 1,752,572	\$ 225
Accounts receivable			433			418	21,655	9,136	
TOTAL ASSETS	<u>\$ 38,698</u>	<u>\$ 158,537</u>	<u>\$ 71,671</u>	<u>\$ 13,655</u>	<u>\$ 15,798</u>	<u>\$ 9,799</u>	<u>\$ 165,844</u>	<u>\$ 1,761,708</u>	<u>\$ 225</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 118	\$ 295		\$ 66			\$ 496	\$ 1,150	
Settlements pending									
Total Liabilities	<u>118</u>	<u>295</u>		<u>66</u>			<u>496</u>	<u>1,150</u>	
Fund Balances:									
Restricted	38,580	158,242	\$ 71,671	13,589	\$ 15,798	\$ 9,799	165,348	1,760,558	\$ 225
Unassigned									
Total Fund Balances	<u>38,580</u>	<u>158,242</u>	<u>71,671</u>	<u>13,589</u>	<u>15,798</u>	<u>9,799</u>	<u>165,348</u>	<u>1,760,558</u>	<u>225</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,698</u>	<u>\$ 158,537</u>	<u>\$ 71,671</u>	<u>\$ 13,655</u>	<u>\$ 15,798</u>	<u>\$ 9,799</u>	<u>\$ 165,844</u>	<u>\$ 1,761,708</u>	<u>\$ 225</u>

JOHNSON COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

	SPECIAL REVENUE FUNDS								
	Child Support	Seized and Forfeited Property (Drug)	Jail Operating and Maintenance	Boating Safety	Emergency 911	Public Defender	District Court Probation	Adult Drug Court Treatment	Juvenile Probation
ASSETS									
Cash and cash equivalents	\$ 4,743	\$ 1	\$ 18,805	\$ 3,602	\$ 571,895	\$ (34)	\$ 3,709	\$ 18,806	\$ 13,985
Accounts receivable	72		879		17,099			400	35
TOTAL ASSETS	<u>\$ 4,815</u>	<u>\$ 1</u>	<u>\$ 19,684</u>	<u>\$ 3,602</u>	<u>\$ 588,994</u>	<u>\$ (34)</u>	<u>\$ 3,709</u>	<u>\$ 19,206</u>	<u>\$ 14,020</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable				\$ 2,500	\$ 4,241	\$ 1,667	\$ 950	\$ 175	\$ 130
Settlements pending									
Total Liabilities				<u>2,500</u>	<u>4,241</u>	<u>1,667</u>	<u>950</u>	<u>175</u>	<u>130</u>
Fund Balances:									
Restricted	\$ 4,815	\$ 1	\$ 19,684	1,102	584,753		2,759	19,031	13,890
Unassigned						(1,701)			
Total Fund Balances	<u>4,815</u>	<u>1</u>	<u>19,684</u>	<u>1,102</u>	<u>584,753</u>	<u>(1,701)</u>	<u>2,759</u>	<u>19,031</u>	<u>13,890</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,815</u>	<u>\$ 1</u>	<u>\$ 19,684</u>	<u>\$ 3,602</u>	<u>\$ 588,994</u>	<u>\$ (34)</u>	<u>\$ 3,709</u>	<u>\$ 19,206</u>	<u>\$ 14,020</u>

JOHNSON COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021

Schedule 1

SPECIAL REVENUE FUNDS

	Circuit Clerk's Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Hospital	Jail Bond	Nuclear Response	Grants	Sheriff's Communication Facility and Equipment
ASSETS								
Cash and cash equivalents	\$ 4,011	\$ 5,072	\$ 2,255,522	\$ 89,207	\$ 33,885	\$ 86,740	\$ 87,586	\$ 141,618
Accounts receivable				1,371			19,636	6,618
TOTAL ASSETS	<u>\$ 4,011</u>	<u>\$ 5,072</u>	<u>\$ 2,255,522</u>	<u>\$ 90,578</u>	<u>\$ 33,885</u>	<u>\$ 86,740</u>	<u>\$ 107,222</u>	<u>\$ 148,236</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable						\$ 716	\$ 1,003	
Settlements pending								
Total Liabilities						<u>716</u>	<u>1,003</u>	
Fund Balances:								
Restricted	\$ 4,011	\$ 5,072	\$ 2,255,522	\$ 90,578	\$ 33,885	86,024	106,219	\$ 148,236
Unassigned								
Total Fund Balances	<u>4,011</u>	<u>5,072</u>	<u>2,255,522</u>	<u>90,578</u>	<u>33,885</u>	<u>86,024</u>	<u>106,219</u>	<u>148,236</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,011</u>	<u>\$ 5,072</u>	<u>\$ 2,255,522</u>	<u>\$ 90,578</u>	<u>\$ 33,885</u>	<u>\$ 86,740</u>	<u>\$ 107,222</u>	<u>\$ 148,236</u>

JOHNSON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021

Schedule 1

	CUSTODIAL FUNDS					
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS						
Cash and cash equivalents	\$ 477,396	\$ 109,413	\$ 198,150	\$ 78,418	\$ 126,899	\$ 6,533,722
Accounts receivable						77,752
TOTAL ASSETS	<u>\$ 477,396</u>	<u>\$ 109,413</u>	<u>\$ 198,150</u>	<u>\$ 78,418</u>	<u>\$ 126,899</u>	<u>\$ 6,611,474</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 13,507
Settlements pending	\$ 477,396	\$ 109,413	\$ 198,150	\$ 78,418	\$ 126,899	990,276
Total Liabilities	<u>477,396</u>	<u>109,413</u>	<u>198,150</u>	<u>78,418</u>	<u>126,899</u>	<u>1,003,783</u>
Fund Balances:						
Restricted						5,609,392
Unassigned						(1,701)
Total Fund Balances						<u>5,607,691</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 477,396</u>	<u>\$ 109,413</u>	<u>\$ 198,150</u>	<u>\$ 78,418</u>	<u>\$ 126,899</u>	<u>\$ 6,611,474</u>

JOHNSON 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, 2021

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Tax Collector's Automation	Court Automation	District Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	Recorder's Cost	Library	Reappraisal Cost
REVENUES									
State aid					\$ 8,326			\$ 82,774	\$ 119,518
Federal aid									
Property taxes								570,072	
Fines, forfeitures, and costs			\$ 5,880	\$ 20,000					
Interest	\$ 250	\$ 970	625		124	\$ 65	\$ 1,319	13,366	
Officers' fees						4,349	192,775		
Jail fees									
911 fees									
Treasurer's commission	25,349								
Collector's commission		65,365							
Other							137	2,208	
TOTAL REVENUES	25,599	66,335	6,505	20,000	8,450	4,414	194,231	668,420	119,518
Less: Treasurer's commission							1,165	4,009	
NET REVENUES	25,599	66,335	6,505	20,000	8,450	4,414	193,066	664,411	119,518
EXPENDITURES									
Current:									
General government	13,371	49,458				880	174,905		143,424
Law enforcement			2,779	6,411					
Highways and streets									
Public safety									
Sanitation									
Health									
Recreation and culture								321,103	
Social services									
TOTAL EXPENDITURES	13,371	49,458	2,779	6,411		880	174,905	321,103	143,424
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	12,228	16,877	3,726	13,589	8,450	3,534	18,161	343,308	(23,906)
OTHER FINANCING SOURCES (USES)									
Transfers in									24,131
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	12,228	16,877	3,726	13,589	8,450	3,534	18,161	343,308	225
FUND BALANCES - JANUARY 1	26,352	141,365	67,945		7,348	6,265	147,187	1,417,250	
FUND BALANCES - DECEMBER 31	<u>\$ 38,580</u>	<u>\$ 158,242</u>	<u>\$ 71,671</u>	<u>\$ 13,589</u>	<u>\$ 15,798</u>	<u>\$ 9,799</u>	<u>\$ 165,348</u>	<u>\$ 1,760,558</u>	<u>\$ 225</u>

JOHNSON 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, 2021

Schedule 2

	SPECIAL REVENUE FUNDS								
	Child Support	Seized and Forfeited Property (Drug)	Jail Operating and Maintenance	Boating Safety	Emergency 911	Public Defender	District Court Probation	Adult Drug Court Treatment	Juvenile Probation
REVENUES									
State aid				\$ 1,714		\$ 1,725			
Federal aid									
Property taxes									
Fines, forfeitures, and costs						9,522	\$ 8,703		
Interest	\$ 32		\$ 112	24	\$ 4,114	34		\$ 165	\$ 128
Officers' fees	2,283							3,775	355
Jail fees			9,898						
911 fees					612,850				
Treasurer's commission									
Collector's commission									
Other				55	2,138				
TOTAL REVENUES	2,315		10,010	1,793	619,102	11,281	8,703	3,940	483
Less: Treasurer's commission			61		615				
NET REVENUES	2,315		9,949	1,793	618,487	11,281	8,703	3,940	483
EXPENDITURES									
Current:									
General government									
Law enforcement				3,204		20,000	6,824	2,712	831
Highways and streets									
Public safety					826,467				
Sanitation									
Health									
Recreation and culture									
Social services									
TOTAL EXPENDITURES				3,204	826,467	20,000	6,824	2,712	831
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,315		9,949	(1,411)	(207,980)	(8,719)	1,879	1,228	(348)
OTHER FINANCING SOURCES (USES)									
Transfers in					213,586	8,500	880		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,315		9,949	(1,411)	5,606	(219)	2,759	1,228	(348)
FUND BALANCES - JANUARY 1	2,500	\$ 1	9,735	2,513	579,147	(1,482)		17,803	14,238
FUND BALANCES - DECEMBER 31	\$ 4,815	\$ 1	\$ 19,684	\$ 1,102	\$ 584,753	\$ (1,701)	\$ 2,759	\$ 19,031	\$ 13,890

JOHNSON 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, 2021

Schedule 2

	SPECIAL REVENUE FUNDS								
	Circuit Clerk's Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Hospital	Jail Bond	Nuclear Response	Grants	Sheriff's Communication Facility and Equipment	Totals
REVENUES									
State aid				\$ 12,423		\$ 65,000	\$ 248,720		\$ 540,200
Federal aid			\$ 2,581,233				571,416		3,152,649
Property taxes		\$ 1,092		85,551					656,715
Fines, forfeitures, and costs					\$ 6,520				50,625
Interest			7,498	551	263	762		\$ 204	30,606
Officers' fees	\$ 670							13,007	217,214
Jail fees								91,413	101,311
911 fees									612,850
Treasurer's commission									25,349
Collector's commission									65,365
Other						200	97,444		102,182
TOTAL REVENUES	670	1,092	2,588,731	98,525	6,783	65,962	917,580	104,624	5,555,066
Less: Treasurer's commission				602					6,452
NET REVENUES	670	1,092	2,588,731	97,923	6,783	65,962	917,580	104,624	5,548,614
EXPENDITURES									
Current:									
General government			21,340				168,255		571,633
Law enforcement			109,306				245,576	123,335	520,978
Highways and streets			19,675						19,675
Public safety			11,682			70,121	30,900		939,170
Sanitation			163,827						163,827
Health				94,272			377,382		471,654
Recreation and culture			4,919						326,022
Social services			2,460						2,460
TOTAL EXPENDITURES			333,209	94,272		70,121	822,113	123,335	3,015,419
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	670	1,092	2,255,522	3,651	6,783	(4,159)	95,467	(18,711)	2,533,195
OTHER FINANCING SOURCES (USES)									
Transfers in						2,727			249,824
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	670	1,092	2,255,522	3,651	6,783	(1,432)	95,467	(18,711)	2,783,019
FUND BALANCES - JANUARY 1	3,341	3,980		86,927	27,102	87,456	10,752	166,947	2,824,672
FUND BALANCES - DECEMBER 31	\$ 4,011	\$ 5,072	\$ 2,255,522	\$ 90,578	\$ 33,885	\$ 86,024	\$ 106,219	\$ 148,236	\$ 5,607,691

JOHNSON COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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.
Tax 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.
Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees to be used solely for district court-related technology.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the costs of administering 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.
Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by circuit clerks to be used to purchase, maintain, and operate automated records system.
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 the State.
Child Support	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's Office.
Seized and Forfeited Property (Drug)	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Jail Operating and Maintenance	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.

JOHNSON COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
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.
District Court Probation	Ark. Code Ann. § 5-4-322 authorized district court probation fees for probation and public service work supervision.
Adult Drug Court Treatment	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 received 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's 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 \$.50 fee on delinquent persons which shall be used by the county assessor to help pay for the expense of assessing property.
American Rescue Plan Act	On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19) including Coronavirus Aid, Relief and Economic Securities (CARES) Act and American Rescue Plan Act of 2021 monies received.
Hospital	Established to account for Hospital property tax millage authorized by Ark. Const. amend 32.
Jail Bond	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.

JOHNSON COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2021

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

<u>Fund Name</u>	<u>Fund Description</u>
Nuclear Response	Ark. Code Ann. § 19-6-435 established fund to be used for operation and maintenance of the Arkansas Nuclear and Planning Program.
Grants	Established to account for state and federal grants received for various purposes.
Sheriff's Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.

Treasurer's accounts consist primarily of property taxes, treasurer's commission, funds held for County Law Library, and interest not distributed to the appropriate agencies.

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

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

County Clerk's accounts consist primarily of fee settlement and trust money awaiting disposition by the applicable courts.

Circuit Clerk's accounts consist of fees awaiting settlement and trust money.

JOHNSON COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2021
(Unaudited)

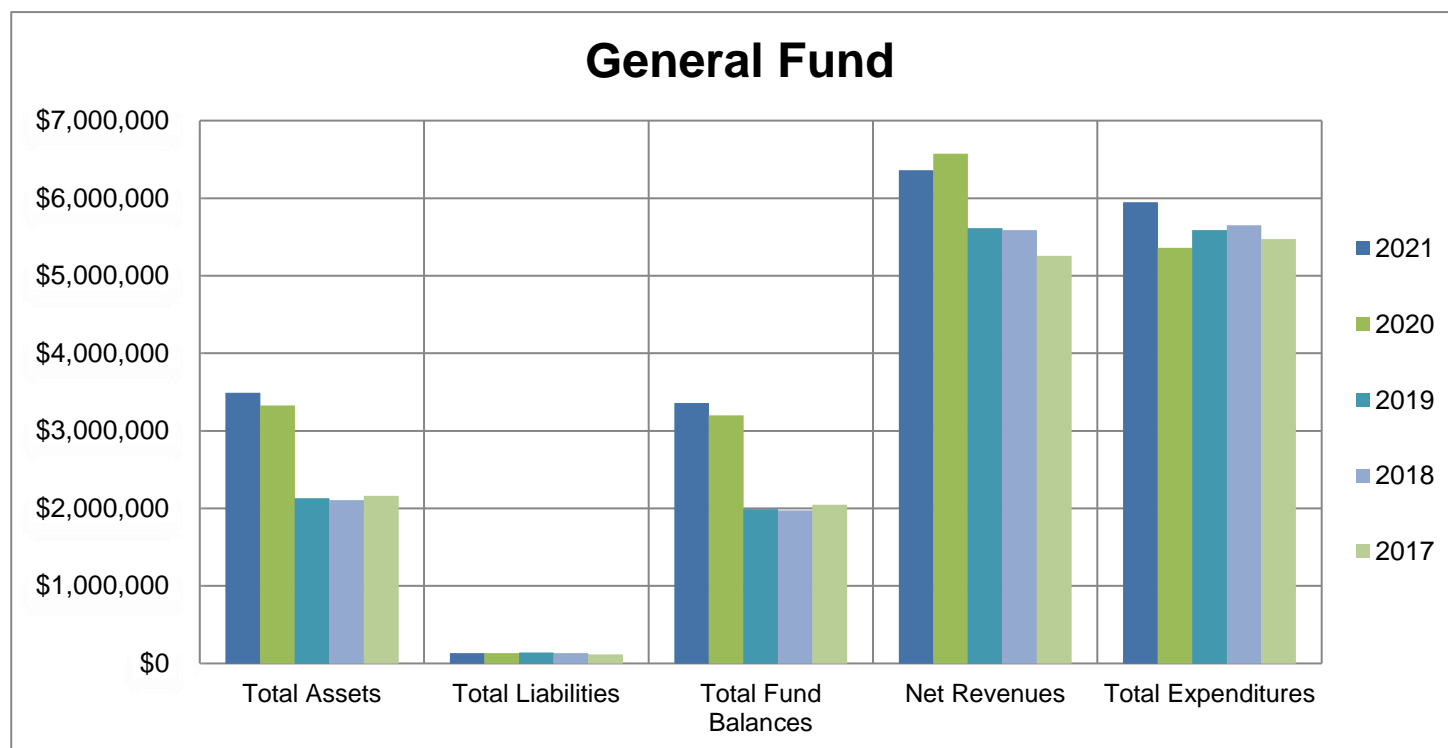
Schedule 3

	December 31, 2021
Land	\$ 300,000
Buildings & Improvements	6,617,002
Equipment	<u>9,259,897</u>
Total	<u><u>\$ 16,176,899</u></u>

JOHNSON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-1

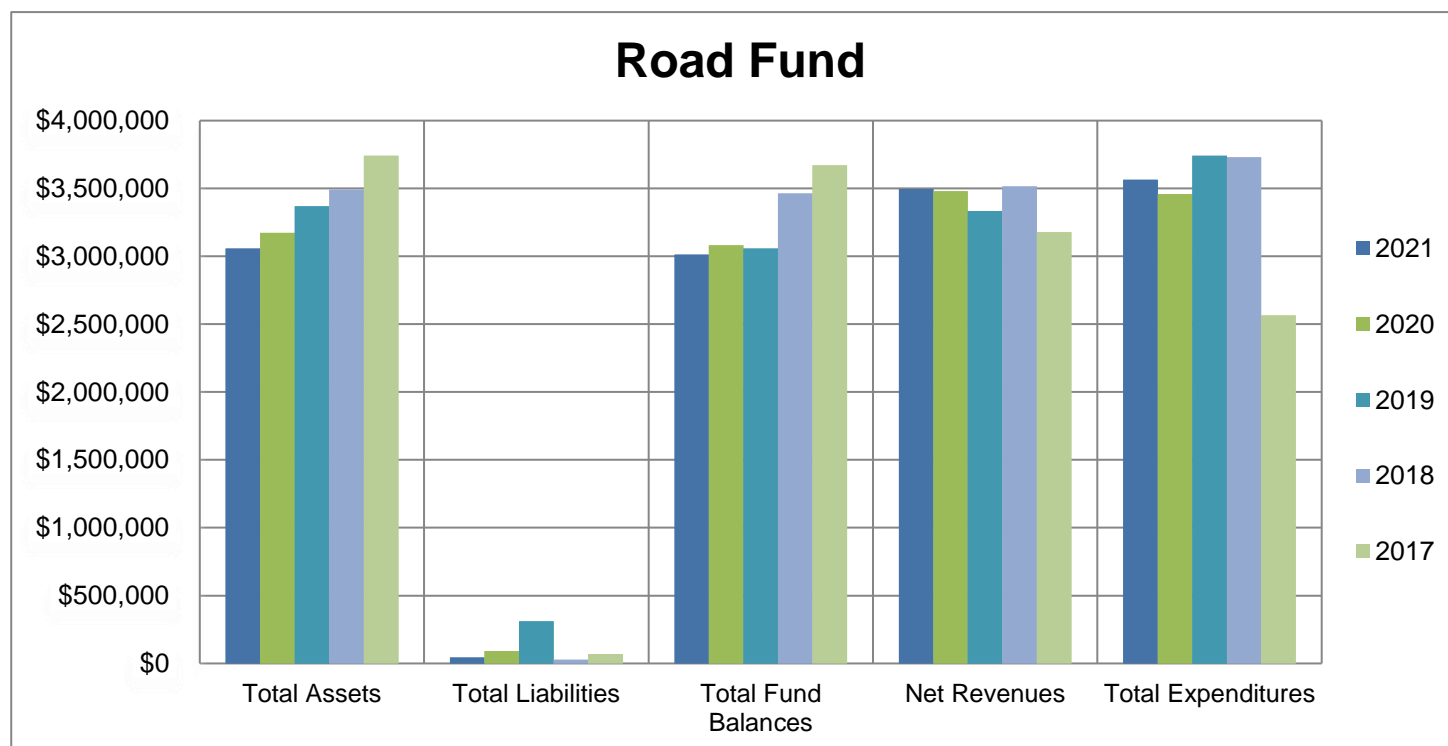
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 3,489,255	\$ 3,324,731	\$ 2,128,354	\$ 2,102,696	\$ 2,158,523
Total Liabilities	130,982	129,011	139,659	132,106	114,744
Total Fund Balances	3,358,273	3,195,720	1,988,695	1,970,590	2,043,779
Net Revenues	6,358,547	6,573,562	5,611,502	5,586,251	5,256,125
Total Expenditures	5,943,847	5,358,443	5,583,339	5,647,048	5,471,060
Total Other Financing Sources/Uses	(252,147)	(8,094)	(10,058)	(12,392)	(11,027)



JOHNSON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-2

<u>Road</u>	2021	2020	2019	2018	2017
Total Assets	\$ 3,056,813	\$ 3,171,841	\$ 3,369,313	\$ 3,491,576	\$ 3,741,597
Total Liabilities	44,739	91,667	311,022	28,333	70,401
Total Fund Balances	3,012,074	3,080,174	3,058,291	3,463,243	3,671,196
Net Revenues	3,494,784	3,478,952	3,334,020	3,515,727	3,178,180
Total Expenditures	3,565,207	3,457,069	3,742,147	3,730,180	2,563,448
Total Other Financing Sources/Uses	2,323		3,175	6,500	



JOHNSON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2021
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2021	2020	2019	2018	2017
Total Assets	\$ 6,611,474	\$ 3,808,112	\$ 4,034,989	\$ 3,643,751	\$ 3,392,058
Total Liabilities	1,003,783	983,440	1,773,901	1,461,655	1,148,392
Total Fund Balances	5,607,691	2,824,672	2,261,088	2,182,096	2,243,666
Net Revenues	5,548,614	2,167,882	1,564,130	1,432,359	1,642,110
Total Expenditures	3,015,419	1,612,392	1,492,021	1,499,821	1,547,923
Total Other Financing Sources/Uses	249,824	8,094	6,883	5,892	11,027

