

Washington County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



WASHINGTON COUNTY, ARKANSAS
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Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

Washington 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 Washington 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, 2022; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; and the Statement of Revenues, Expenditures, and Changes in Fund Balances – 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 Washington County, Arkansas, as of December 31, 2022; the regulatory basis revenues, expenditures, and changes in fund balance; 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 Washington County, Arkansas, as of December 31, 2022, or the revenues, expenditures, and changes in fund balance 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 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022 the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

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 as a whole. 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 September 10, 2024, 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

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 10, 2024
LOCO07222

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
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

Washington 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 Washington County, Arkansas (County), as of and for the year ended December 31, 2022, 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 September 10, 2024. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item 2022-1, that we consider to be a material weakness.

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 result of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Report on Internal Control over Financial Reporting section as item 2022-1.

2022-1: CFR § 200.510 (b) requires the auditee to prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. The schedule must include the total Federal awards expended. The County obtained federal compliance audits for 2022 and 2021; however, these engagements did not include expenditures related to Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Specifically, SLFRF expenditures were excluded from the County's Schedule of Expenditures of Federal Awards (SEFA) due to a lack of internal controls over reporting of federal expenditures. The County received \$46,459,271 in SLFRF funding as part of the American Rescue Plan Act. Because the SLFRF was not audited as part of the County's Single Audit, any instances of noncompliance with federal grant requirements have not been determined. The County could be responsible for repayment of federal expenditures if noncompliance is subsequently noted during a federal compliance audit. We recommend the County obtain a federal compliance audit for previously omitted SLFRF funding for 2022 and 2021.

Washington County agrees with finding 2022-01 and has taken corrective measures to ensure federal compliance in regard to audit requirements for any and all federal/state aid that the county has received in the past or will receive in the future. Specifics of the corrective measures are outlined in the following paragraph.

Corrective Action Plan: Prior to the current administration, the staff in the county's Grants Administration Department created an adversarial relationship with Washington County's federal auditor, a private CPA firm (Firm). This relationship resulted in some SLFRF funding being omitted from 2021 and 2022 federal audits. Upon taking office, the current administration immediately replaced the Grants Administrator. Shortly thereafter, the Washington County Comptroller was also replaced. The current Grants Administrator and Comptroller have repaired the relationship with the Firm and submitted all omitted SLFRF funds that were omitted from the 2021 and 2022 federal audits. The Firm is in the process of auditing those funds and will edit the final reports for the effected years in the appropriate systems of record. These actions were in place prior to receiving the notification of this finding.

Washington County understands that a condition of accepting federal and state funding is to have those funds audited. The county is confident that the funds in question were spent appropriately, but it will address any potential findings that may result in the edited reports from the Firm. In addition, the county believes that the corrective actions taken will ensure any and all future federal and state aid received will be audited in a timely manner.

We also reported to management of the County in a separate letter dated September 10, 2024.

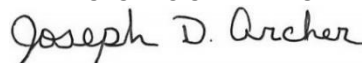
County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described previously. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 10, 2024

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Washington 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 2022:

County Judge: Joseph Wood
Treasurer: Bobby Hill
Sheriff: Tim Helder
Tax Collector: Angela Wood
County Clerk: Becky Lewallen
Circuit Clerk: Kyle Sylvester
Assessor: Russell Hill
County Librarian: Glenda Audrain

No issues came to our attention that we considered necessary to report to management.

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 that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 10, 2024

WASHINGTON COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 28,860,797	\$ 7,863,347	\$ 67,385,983
Accounts receivable	5,756,615	515,552	3,939,636
Interfund receivables	<u>37,234</u>	<u>7,500</u>	<u>58,730</u>
TOTAL ASSETS	<u>\$ 34,654,646</u>	<u>\$ 8,386,399</u>	<u>\$ 71,384,349</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 900,349	\$ 201,839	\$ 1,064,257
Interfund payables	7,795		95,669
Settlements pending	<u>165,982</u>		<u>20,765,106</u>
Total Liabilities	<u>1,074,126</u>	<u>201,839</u>	<u>21,925,032</u>
Fund Balances:			
Restricted	702,219	538,252	46,624,046
Assigned	1,658,220	7,646,308	2,835,271
Unassigned	<u>31,220,081</u>		
Total Fund Balances	<u>33,580,520</u>	<u>8,184,560</u>	<u>49,459,317</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,654,646</u>	<u>\$ 8,386,399</u>	<u>\$ 71,384,349</u>

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

WASHINGTON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 3,530,316	\$ 7,286,103	\$ 1,638,760
Federal aid	209,715	75,091	29,103,520
Property taxes	20,795,700	1,847,262	2,583,070
Sales taxes	5,971,716	3,981,144	15,106,794
Fines, forfeitures, and costs	1,057,250		888,963
Interest	297,749	39,478	117,160
Officers' fees	520,256		1,826,705
Franchise fees	87,436		
Insurance premiums collected	1,216,975		
Donations	17,843		
Jail phone commission			236,359
Jail fees			4,282,049
Commissary commission			263,299
911 fees			361,153
Reimbursement for HIV clinic			112,500
Landfill fees		890,889	
Treasurer's commission	230,054		135,000
Collector's commission	920,258		650,000
Taxes apportioned - Assessor's salary and expense	2,435,075		
Other	1,993,453	192,466	375,745
TOTAL REVENUES	39,283,796	14,312,433	57,681,077
Less: Treasurer's commission	96,592	43,771	69,504
NET REVENUES	39,187,204	14,268,662	57,611,573
EXPENDITURES			
Current:			
General government	15,214,330		2,032,825
Law enforcement	17,160,600		22,040,881
Highways and streets		12,209,213	760,246
Public safety	1,701,418		13,556,553
Sanitation	303,320		
Health	2,187,599		763,935
Recreation and culture			3,057,925
Social services	411,235		10,850,397
Total Current	36,978,502	12,209,213	53,062,762
Debt Service:			
Financed purchases principal	281,226	245,706	27,039
Financed purchases interest	238,161	73,246	
TOTAL EXPENDITURES	37,497,889	12,528,165	53,089,801

WASHINGTON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit B

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,689,315</u>	<u>\$ 1,740,497</u>	<u>\$ 4,521,772</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	898,283	521,579	2,465,925
Transfers out	<u>(1,105,350)</u>	<u></u>	<u>(2,780,437)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(207,067)</u>	<u>521,579</u>	<u>(314,512)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,482,248	2,262,076	4,207,260
FUND BALANCES - JANUARY 1	<u>32,098,272</u>	<u>5,922,484</u>	<u>45,252,057</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 33,580,520</u></u>	<u><u>\$ 8,184,560</u></u>	<u><u>\$ 49,459,317</u></u>

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

WASHINGTON 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, 2022

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 2,459,179	\$ 3,530,316	\$ 1,071,137	\$ 6,240,000	\$ 7,286,103	\$ 1,046,103
Federal aid	414,306	209,715	(204,591)	68,050	75,091	7,041
Property taxes	19,264,000	20,795,700	1,531,700	1,731,500	1,847,262	115,762
Sales taxes	4,500,000	5,971,716	1,471,716	3,000,000	3,981,144	981,144
Fines, forfeitures, and costs	1,021,270	1,057,250	35,980			
Interest	187,500	297,749	110,249	16,750	39,478	22,728
Officers' fees	482,000	520,256	38,256			
Franchise fees	135,000	87,436	(47,564)			
Insurance premiums collected	4,900,000	1,216,975	(3,683,025)			
Donations		17,843	17,843			
Landfill fees					890,889	890,889
Treasurer's commission		230,054	230,054			
Collector's commission		920,258	920,258			
Taxes apportioned - Assessor's salary and expense		2,435,075	2,435,075			
Other	1,531,150	1,993,453	462,303	638,765	192,466	(446,299)
TOTAL REVENUES	34,894,405	39,283,796	4,389,391	11,695,065	14,312,433	2,617,368
Less: Treasurer's commission	480,000	96,592	383,408		43,771	(43,771)
NET REVENUES	34,414,405	39,187,204	4,772,799	11,695,065	14,268,662	2,573,597
EXPENDITURES						
Current:						
General government	14,559,111	15,214,330	(655,219)			
Law enforcement	19,869,791	17,160,600	2,709,191			
Highways and streets				13,719,278	12,209,213	1,510,065
Public safety	1,831,088	1,701,418	129,670			
Sanitation	347,207	303,320	43,887			
Health	8,044,084	2,187,599	5,856,485			
Social services	421,874	411,235	10,639			
Total Current	45,073,155	36,978,502	8,094,653	13,719,278	12,209,213	1,510,065
Debt Service:						
Financed purchases principal		281,226	(281,226)		245,706	(245,706)
Financed purchases interest		238,161	(238,161)		73,246	(73,246)
TOTAL EXPENDITURES	45,073,155	37,497,889	7,575,266	13,719,278	12,528,165	1,191,113

WASHINGTON 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, 2022

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (10,658,750)	\$ 1,689,315	\$ 12,348,065	\$ (2,024,213)	\$ 1,740,497	\$ 3,764,710
OTHER FINANCING SOURCES (USES)						
Transfers in	8,555,155	898,283	(7,656,872)	987,375	521,579	(465,796)
Transfers out	(950,000)	(1,105,350)	(155,350)	(17,387)		17,387
TOTAL OTHER FINANCING SOURCES (USES)	7,605,155	(207,067)	(7,812,222)	969,988	521,579	(448,409)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,053,595)	1,482,248	4,535,843	(1,054,225)	2,262,076	3,316,301
FUND BALANCES - JANUARY 1	25,733,295	32,098,272	6,364,977	5,630,189	5,922,484	292,295
FUND BALANCES - DECEMBER 31	\$ 22,679,700	\$ 33,580,520	\$ 10,900,820	\$ 4,575,964	\$ 8,184,560	\$ 3,608,596

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

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, property taxes, sales 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. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

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

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.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: Summary of Significant Accounting Policies

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.

In 2022, the County implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, fees, trust, excess commissions, and interest 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.

WASHINGTON COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

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)	\$ 10,195,980	\$ 10,256,955
Collateralized:		
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name	93,907,988	97,768,097
Total Deposits	\$ 104,103,968	\$ 108,025,052

The above total deposits do not include cash on hand of \$6,159.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
State aid			\$ 41,348
Federal aid			2,029,361
Property taxes	\$ 1,069,685	\$ 84,524	119,312
Fines, forfeitures, and costs	47,822		72,396
Interest	1,990	902	1,434
Officers' fees	38,719		123,699
Franchise fees	5,490		
Jail phone commission			19,630
Jail fees			345,521
911 fees			26,985
Landfill fees		199,680	
Treasurer's commission	239,611		135,000
Collector's commission	1,076,683		650,000
Taxes apportioned - Assessor's salary and expense	2,435,075		
Other	334,690	764	10,223
Treasurer's commission charged	506,850	229,682	364,727
Totals	<u>\$ 5,756,615</u>	<u>\$ 515,552</u>	<u>\$ 3,939,636</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2022, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 900,349</u>	<u>\$ 201,839</u>	<u>\$ 1,064,257</u>

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2022	
	Interfund Receivables	Interfund Payables
General Fund	\$ 37,234	\$ 7,795
Road Fund	7,500	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Treasurer's Automation		1,757
Collector's Automation		5,345
County Recorder's Cost	9,616	
Child Support Collections Costs		9,616
Adult Drug Court Program		25,784
Crisis Stabilization Unit (non grant)		48,819
High Intensity Drug Trafficking Area (HIDTA) Grant		2,105
Department of Emergency Management Grant		919
Law Enforcement Grants	295	
Administrative Office of the Courts Juvenile Court Grant		1,324
Crisis Stabilization Unit Grant	48,819	
	\$ 103,464	\$ 103,464
Totals	\$ 103,464	\$ 103,464

Interfund receivables and payables consist of interfund loans. These balances were repaid by March 31, 2023.

NOTE 7: Federal Funds Program Compliance

The County received a federal compliance audit; however, that engagement did not include expenditures related to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Therefore, any instances of noncompliance with SLFRF federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the County.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 669,437		\$ 29,186,641
Law enforcement			6,224,976
Highways and streets		\$ 538,252	
Public safety			1,405,927
Health	32,782		14,307
Recreation and culture			1,967,959
Social services			2,260,326
Capital outlay			5,563,910
Total Restricted	<u>702,219</u>	<u>538,252</u>	<u>46,624,046</u>
Assigned to:			
General government	1,652,449		
Law enforcement	5,771		2,683,820
Highways and streets		7,646,308	
Health			146,614
Recreation and culture			4,837
Total Assigned	<u>1,658,220</u>	<u>7,646,308</u>	<u>2,835,271</u>
Unassigned	<u>31,220,081</u>		
Totals	<u>\$ 33,580,520</u>	<u>\$ 8,184,560</u>	<u>\$ 49,459,317</u>

NOTE 9: 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, 2022, the legal debt limit for bonded debt was \$451,496,586. 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, 2022, the legal debt limit for short-term financing obligations was \$119,287,227. The amount of short-term financing obligations was \$2,812,753 leaving a legal debt margin of \$116,474,474.

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 11,448,659
Reappraisal contract	1,308,333
Construction contract	<u>4,396,014</u>
Total Commitments	<u>\$ 17,153,006</u>

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

Long-term Liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	December 31, 2022
<u>Direct Borrowings</u>	
On June 28, 2019, Washington County entered into a financed purchase agreement in the amount of \$8,005,529, due in installments of \$470,000 to \$633,229 including interest, with Sterling National Bank for the purchase of energy saving improvements. Terms are set forth in the performance contract dated April 23, 2019, between Washington County and Johnson Controls, Inc. at a 3.17% interest rate and due in annual installments over 20 years. Payments will be made from annually budgeted and legally available funds but do not constitute pledge of specific revenue.	\$ 7,281,113
Washington County entered into a financed purchase contract dated October 28, 2021, with Axon Enterprise, Inc. in the amount of \$371,128 for the purchase of 107 Tasers. An initial payment of \$2,750 and annual payments of \$73,676 for five years are to be shared between the General Fund and the Jail Operations Fund.	294,702
Washington County entered into a financed purchase agreement dated February 10, 2021, with Caterpillar Financial Services in the amount of \$1,761,030 with interest rate of 2.99% for purchase of eight Caterpillar 140-15AWD Motor Graders. Monthly payments of \$16,713 for 59 months with a final payment of \$981,193. Payments are to be made from the County Road Fund.	1,482,671
Washington County entered into a financed purchase agreement dated August 12, 2021, with Caterpillar Financial Services in the amount of \$464,840 with interest rate of 2.99% for purchase of two Caterpillar 140JOY-BR Motor Graders. Monthly payments of \$4,824 for 59 months with a final payment of \$233,144. Payments are to be made from the County Road Fund.	405,077
Washington County entered into a financed purchase agreement dated October 26, 2021, with Caterpillar Financial Services in the amount of \$232,420 with interest rate of 2.99% for purchase of a Caterpillar 140-15AWO Motor Grader. Monthly payments of \$2,415 for 60 months with a final payment of \$114,160. Payments are to be made from the County Road Fund.	206,294
Washington County entered into a financed purchase agreement in January 2022, with Caterpillar Financial Services in the amount of \$464,840 with interest rate of 2.99% for purchase of two Caterpillar 140-15AWD Motor Grader. Monthly payments of \$4,824 for 60 months and a final payment of \$228,320. Payments are to be made from the County Road Fund.	424,009
Total Direct Borrowings	10,093,866
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	1,354,793
Total Long-term liabilities	\$ 11,448,659

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

The County's outstanding direct borrowings of \$10,093,866 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.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2022</u>	<u>Maturities to December 31, 2022</u>
<u>Direct Borrowings</u>					
6/28/19	4/1/39	3.17%	\$ 8,005,529	\$ 7,281,113	\$ 724,416
2/10/21	2/1/26	2.99%	1,761,030	1,482,671	278,359
8/12/21	8/1/26	2.99%	464,840	405,077	59,763
10/26/21	12/1/26	2.99%	232,420	206,294	26,126
10/28/21	11/1/26	0.00%	371,128	294,702	76,426
1/1/22	2/1/27	2.99%	464,840	424,009	40,831
Total Direct Borrowings			<u>\$ 11,299,787</u>	<u>\$ 10,093,866</u>	<u>\$ 1,205,921</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2022</u>
<u>Direct Borrowings</u>				
Financed purchases	\$ 10,182,997	\$ 464,840	\$ 553,971	\$ 10,093,866

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2022:

<u>Years Ending December 31,</u>	<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 594,666	\$ 301,908	\$ 896,574
2024	632,758	286,231	918,989
2025	665,089	268,899	933,988
2026	1,840,639	226,469	2,067,108
2027	582,884	195,260	778,144
2028 through 2032	2,032,841	792,159	2,825,000
2033 through 2037	2,544,278	440,722	2,985,000
2038 through 2039	1,200,711	57,518	1,258,229
Totals	<u>\$ 10,093,866</u>	<u>\$ 2,569,166</u>	<u>\$ 12,663,032</u>

WASHINGTON COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 10: Commitments (Continued)

County-Wide Reappraisal Contract

The County entered into a contract with Arkansas CAMA Technology on October 2, 2020, for a county-wide reappraisal. The County is obligated for 36 monthly payments of \$109,028 for a total of \$3,925,000 beginning January 1, 2021. Contract expense for 2022, was \$1,308,333.

The County is obligated for the following amount at December 31, 2022:

Year	December 31, 2022
2023	\$ 1,308,333

Construction Contract

The County was contractually obligated for the following construction contract at December 31, 2022:

Project Name	Estimated Completion Date	Contract Balance December 31, 2022
Motorola Solutions, Inc. for Washington County structural system upgrade & expansion	November 2024	\$ 4,396,014

NOTE 11: Interfund Transfers

The General Fund transferred \$1,105,350 to the Other Funds in the Aggregate (Jail Operations Sales Tax Fund \$1,000,000 and Northwest Arkansas Regional HIV Clinic Fund \$38,806) for operations and \$66,544 to American Rescue Plan Act Fund (ARPA) to reimburse prior year expenditures. Other Funds in the Aggregate (Federal Emergency Management (FEMA) and Rural Community Grant) transferred \$521,579 to the Road Fund for road repairs and \$253,518 (FEMA) to the General Fund for prior year expenditures. Additionally, Other Funds in the Aggregate transferred \$621,428 of excess funds (County Recorder's Cost Fund) and \$23,337 of excess construction funds (Energy Saving Improvement Capital Projects Fund) to the General Fund. Within Other Funds in the Aggregate, the ARPA Fund transferred \$1,122,313 to Emergency 911 Fund for various 911 projects and County Recorder's Cost Fund, County Public Library Fund, Jail Operations Sales Tax Fund, FEMA Fund, and Drug Enforcement – Federal Fund transferred \$238,262 to various other funds in the aggregate for prior year expenditures.

NOTE 12: Subsequent Events

On January 9, 2023, the County received \$1,701,407 in additional federal aid for rental assistance (ERA-2) for Washington County residents.

NOTE 13: Joint Ventures

Washington County Regional Ambulance Authority

Washington County and the cities of Elkins, Elm Springs, Fayetteville, Farmington, Goshen, Greenland, Johnson, Lincoln, Prairie Grove, Tontitown, West Fork, and Winslow entered into an agreement on December 21, 2020, pursuant to Ark. Code Ann. §§ 14-14-910, 14-266-102, and 25-20-101 to establish the Washington County Regional Ambulance Authority (Authority). The purpose of the Authority is to provide emergency and non-emergency medical services. Terms of the agreements call for Washington County to pay a minimum contribution of \$17.96 per capita for the unincorporated population of Washington County based on the prior year's population projection by Northwest Arkansas Council. The Authority amended the agreement on August 3, 2022, requiring Washington County to contribute an additional \$545,140 for 2022. Washington County paid the Authority \$1,374,206 during 2022. An additional \$1,155,871 was paid to the Authority from the American Rescue Plan Act Fund.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 13: Joint Ventures (Continued)

Washington County/City Library System

The Cities of Springdale, Elkins, Lincoln, Prairie Grove, West Fork, Farmington, and Washington County entered into an interlocal agreement dated September 14, 2004, in accordance with Ark. Code Ann. §§ 14-14-910 and 25-20-201, and County Ordinance No. 2001-8 to operate a joint County/City library system within Washington County. The purpose of this agreement is for constructing, operating, and maintaining a public library system for Washington County and will offer library services to the public within the communities of each of the participating cities. Funding for this agreement will be derived from the County library millage and will be distributed in a manner deemed fair and proper by the board. Washington County's millage rate for this purpose will be 1 mill. The Washington County Library Board shall be composed of seven appointed and confirmed members of the County with one each from the Cities of Springdale, Prairie Grove, Lincoln, Westfork, Farmington and Elkins; and one remaining members from the unincorporated areas of the County. The Washington County/City Library System transferred \$1 to the Washington County General Fund in 2022, for the lease of real property housing the County Library per a lease agreement signed and dated June 16, 2000.

NOTE 14: Jointly Governed Organizations

Boston Mountain Solid Waste District

Washington, Madison, Carroll, and Benton Counties entered into an agreement in April 1991 to form the Four County (NW) Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-707. This agreement stated that their emphasis would be on recycling, composting, and waste reduction. In February 2005, only Washington and Madison Counties remained in the agreement and the name was changed to Boston Mountain Solid Waste District (the District). In 2018, Washington County transferred the operation of the Washington County Hazardous Waste Program and the Rural Recycling Program to the District. Washington County paid \$22,365 to the District during 2022. Separate financial statements of the Boston Mountain Solid Waste District may be obtained at 11398 Bond Road, Prairie Grove, Arkansas 72752.

Ozark Regional Transit

Washington County participates in the Ozark Regional Transit, Inc. (ORT), a jointly governed organization. The ORT provides transit services among the various locations of its members. Most of the ORT funding is through the Federal Transportation Administration (FTA), which includes both rural and urbanized area funding and local funding that is provided by the members of the ORT. The FTA rural funding is provided through the Arkansas Highway and Transportation Department. Other participants include Benton County, as well as other entities within these counties. In 2022, Washington County paid \$22,970 to ORT for their share of the transportation benefits provided to its members. Financial statements may be obtained at Ozark Regional Transit, 2423 E. Robinson Avenue, Springdale, AR 72764.

Fourth Judicial District Drug Task Force

The Prosecuting Attorney of the Fourth Judicial District, the Washington County Sheriff's Department, the Madison County Sheriff's Department and the Police Departments of the University of Arkansas, Fayetteville, Springdale, Prairie Grove, Lincoln, Farmington, Johnson, Elkins, Greenland, West Fork, Elm Springs, Tontitown, Huntsville, and Goshen entered into an agreement to establish the Fourth Judicial District Drug Task Force. Funding was provided through Justice Assistance Grants and local funding provided by the Prosecuting Attorney's Office, Washington County Sheriff's Department, and local police departments. Separate financial statements for the Fourth Judicial District Drug Task Force were not available.

NOTE 15: Joint Operations

Bomb Squad

The Bomb Squad operates as the result of an interlocal agreement between Washington County and the City of Bentonville that was signed on February 12, 2010. The equipment is housed at the City of Bentonville. The interlocal agreement shall be administered by a joint board to consist of one representative from Washington County, one representative from the City of Bentonville, and one representative to be chosen by representatives of the County and the City jointly. The Bomb Squad operates under the City of Bentonville tax identification number. The City of Bentonville is to provide insurance of the bomb equipment, costing approximately \$825,912 as of December 31, 2022.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 15: Joint Operations (Continued)

Northwest Arkansas HIV Clinic

The County entered an interlocal agreement with Benton County on February 25, 2011, for support of an HIV health clinic located in Washington County to address the needs of persons diagnosed with HIV infection. Benton County contributed \$34,000 to Washington County in 2022 to supplement salary expenses. Washington Regional Medical Center also contributed \$78,500 to supplement salary expenses at the Northwest Arkansas HIV Clinic. The Washington County General Fund transferred \$38,806 to the Northwest Arkansas Regional HIV Clinic Fund in 2022. Financial activity of the Northwest Arkansas HIV Clinic is included in the financial statements of Washington County.

Washington County Regional Crisis Stabilization Unit (WCRCSU)

Washington County entered into agreements with Madison County, City of Fayetteville, and City of Springdale for the purpose of establishing and funding the operations of the Washington County Regional Crisis Stabilization Unit (WCRCSU). To help defray the cost of personnel, supplies, and services provided by the WCRCSU, Washington County, Madison County, City of Fayetteville, and City of Springdale agree to pay \$40 per day, up to the length of stay, for every individual it delivers to the WCRCSU for treatment. The Washington County Judge and the Criminal Justice Advisory Board shall review the reimbursement amount annually and send notice of any modifications by September 1st of each year. Washington County shall send an itemized bill to each county and city by the fifteenth day of each month. The WCRCSU began taking patients in January 2020.

The County signed a contract on January 10, 2022, with University of Arkansas Medical Sciences (UAMS) to provide medical services to the WCRCSU. The County will compensate UAMS for the services provided in the amount of \$90,167 per month. The County paid UAMS \$512,774 in 2022.

NOTE 16: 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.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 16: Risk Management (Continued)

The County also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the County Aid Fund. There is a \$2,500 deductible per occurrence.

NOTE 17: 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. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. 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, 2022, (date of APERS Employer Allocation Report) were \$5,090,684.

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, 2022, (actuarial valuation date and measurement date) was \$42,864,089.

NOTE 18: Self-Insured Benefits

The County provided an insurance benefits plan for employees on a self-insured basis. Blue Advantage Administrators of Arkansas is currently the third-party administrator, which provides claims administration/adjudication services for a set monthly fee based on the number of covered employees. As of December 31, 2022, the balance in the Employee Self Insured account was \$2,466,813. To safeguard against catastrophic claims expenses, the County also maintains a reinsurance policy with Sirius America Insurance Company, which will fund individual claims that exceed \$175,000 per occurrence up to \$1,000,000.

NOTE 19: 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). In 2021, the County was awarded \$46,459,271 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$46,459,271 of this amount has been received. In 2022, the County was awarded \$120,226 in federal aid from the Local Assistance and Tribal Consistency Fund, which was a part of the American Rescue Plan Act of 2021, and as of report date, \$120,226 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

Washington County established the Emergency Rental Assistance Program Fund by Ordinance No. 2021.05, and on April 21, 2021, Washington County entered a contract with WSD Digital, LLC for the fulfillment of CARES Act Emergency Rental Assistance Program (ERAP) Management, Call Center, and Software for the purpose of administering the County's federally funded housing programs. In 2022, payments totaling \$351,255 were made to WSD Digital, LLC. In 2022, the County also disbursed \$5,529,538 to County residents and landlords for rental assistance as approved by WSD Digital, LLC. The contract with WSD Digital, LLC ended December 31, 2022.

WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 20: Office Space Provided to Arkansas Legislative Audit

The County provided rent-free office space to Arkansas Legislative Audit.

WASHINGTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder's Cost	County Public Library	County Clerk's Operation
ASSETS								
Cash and cash equivalents	\$ 220,946	\$ 419,913	\$ 130,505	\$ 278,787	\$ 820,174	\$ 1,000,000	\$ 1,765,889	\$ 37,363
Accounts receivable	135,000	650,030	2,826		9,331	136,265	163,826	323
Interfund receivables						9,616		
TOTAL ASSETS	\$ 355,946	\$ 1,069,943	\$ 133,331	\$ 278,787	\$ 829,505	\$ 1,145,881	\$ 1,929,715	\$ 37,686
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 520	\$ 40,970	\$ 680	\$ 140	\$ 753	\$ 8,637	\$ 2,653	
Interfund payables	1,757	5,345						
Settlements pending								
Total Liabilities	2,277	46,315	680	140	753	8,637	2,653	
Fund Balances:								
Restricted	353,669	1,023,628	132,651	278,647	828,752	1,137,244	1,927,062	\$ 37,686
Assigned								
Total Fund Balances	353,669	1,023,628	132,651	278,647	828,752	1,137,244	1,927,062	37,686
TOTAL LIABILITIES AND FUND BALANCES	\$ 355,946	\$ 1,069,943	\$ 133,331	\$ 278,787	\$ 829,505	\$ 1,145,881	\$ 1,929,715	\$ 37,686

WASHINGTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS							
	Child Support Collections Costs	Communication Facility and Equipment	Jail Operations Sales Tax	Boating Safety and Enforcement	Emergency 911	Adult Drug Court Program	Circuit Court Juvenile Division	Juvenile Court Representation
ASSETS								
Cash and cash equivalents	\$ 9,616	\$ 232,632	\$ 7,432,778	\$ 36,935	\$ 1,439,173	\$ 25,784	\$ 6,223	\$ 5,389
Accounts receivable	858	28,567	691,305	171	32,188	2,907	324	18
Interfund receivables								
TOTAL ASSETS	\$ 10,474	\$ 261,199	\$ 8,124,083	\$ 37,106	\$ 1,471,361	\$ 28,691	\$ 6,547	\$ 5,407
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 1,227	\$ 699,158		\$ 71,123			
Interfund payables	\$ 9,616					\$ 25,784		
Settlements pending								
Total Liabilities	9,616	1,227	699,158		71,123	25,784		
Fund Balances:								
Restricted	858		5,001,077	\$ 37,106	1,400,238	2,907	\$ 6,547	\$ 5,407
Assigned		259,972	2,423,848					
Total Fund Balances	858	259,972	7,424,925	37,106	1,400,238	2,907	6,547	5,407
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,474	\$ 261,199	\$ 8,124,083	\$ 37,106	\$ 1,471,361	\$ 28,691	\$ 6,547	\$ 5,407

WASHINGTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS							
	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Crisis Stabilization Unit (non grant)	Northwest Arkansas Regional HIV Clinic	County Law Library	Drug Enforcement- State	Drug Enforcement- Federal
ASSETS								
Cash and cash equivalents	\$ 2,210	\$ 21,211	\$ 25,538,578	\$ 78,097	\$ 117,917	\$ 396,893	\$ 33,272	\$ 65,521
Accounts receivable	31	613		8	16	9,141	219	1,571
Interfund receivables								
TOTAL ASSETS	\$ 2,241	\$ 21,824	\$ 25,538,578	\$ 78,105	\$ 117,933	\$ 406,034	\$ 33,491	\$ 67,092
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 34,245		\$ 605	\$ 6,360		\$ 337
Interfund payables				\$ 48,819				
Settlements pending								
Total Liabilities			<u>34,245</u>	<u>48,819</u>	<u>605</u>	<u>6,360</u>		<u>337</u>
Fund Balances:								
Restricted	\$ 2,241	\$ 21,824	25,504,333			399,674	\$ 33,491	66,755
Assigned				29,286	117,328			
Total Fund Balances	<u>2,241</u>	<u>21,824</u>	<u>25,504,333</u>	<u>29,286</u>	<u>117,328</u>	<u>399,674</u>	<u>33,491</u>	<u>66,755</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,241	\$ 21,824	\$ 25,538,578	\$ 78,105	\$ 117,933	\$ 406,034	\$ 33,491	\$ 67,092

WASHINGTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS							
	Drug Court Program	High Intensity Drug Trafficking Area (HIDTA) Grant	Rural Community Grant	Juvenile Detention Center Grant	Department of Emergency Management Grant	Drug Court Grant	Law Enforcement Grants	Animal Shelter Grant
ASSETS								
Cash and cash equivalents	\$ 212,388	\$ 27,300	\$ 45,770	\$ 24,919	\$ (62,318)	\$ (24,796)	\$ 90,310	\$ 12,885
Accounts receivable	288	87,836			74,518	46,219	121,746	
Interfund receivables							295	
TOTAL ASSETS	<u>\$ 212,676</u>	<u>\$ 115,136</u>	<u>\$ 45,770</u>	<u>\$ 24,919</u>	<u>\$ 12,200</u>	<u>\$ 21,423</u>	<u>\$ 212,351</u>	<u>\$ 12,885</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 81,531	\$ 36	\$ 1,114	\$ 5,592	\$ 2,139		
Interfund payables		2,105			919			
Settlements pending								
Total Liabilities		<u>83,636</u>	<u>36</u>	<u>1,114</u>	<u>6,511</u>	<u>2,139</u>		
Fund Balances:								
Restricted	\$ 212,676	31,500	40,897	23,805	5,689	19,284	\$ 212,351	\$ 12,885
Assigned			4,837					
Total Fund Balances	<u>212,676</u>	<u>31,500</u>	<u>45,734</u>	<u>23,805</u>	<u>5,689</u>	<u>19,284</u>	<u>212,351</u>	<u>12,885</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 212,676</u>	<u>\$ 115,136</u>	<u>\$ 45,770</u>	<u>\$ 24,919</u>	<u>\$ 12,200</u>	<u>\$ 21,423</u>	<u>\$ 212,351</u>	<u>\$ 12,885</u>

WASHINGTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUND
	Juvenile Court Grant	Administrative Office of the Courts Juvenile Court Grant	Emergency Rental Assistance Grant	Emergency Rental Assistance Grant - ERA 2	Crisis Stabilization Unit Grant	Radio System Sales Tax Capital Projects
ASSETS						
Cash and cash equivalents	\$ 790	\$ 38,898	\$ 474,962	\$ 83,957	\$ 1,422	\$ 5,578,584
Accounts receivable				1,701,407	41,348	736
Interfund receivables					48,819	
TOTAL ASSETS	\$ 790	\$ 38,898	\$ 474,962	\$ 1,785,364	\$ 91,589	\$ 5,579,320
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable		\$ 860			\$ 90,167	\$ 15,410
Interfund payables		1,324				
Settlements pending						
Total Liabilities		2,184			90,167	15,410
Fund Balances:						
Restricted	\$ 790	36,714	\$ 474,962	\$ 1,785,364	1,422	5,563,910
Assigned						
Total Fund Balances	790	36,714	474,962	1,785,364	1,422	5,563,910
TOTAL LIABILITIES AND FUND BALANCES	\$ 790	\$ 38,898	\$ 474,962	\$ 1,785,364	\$ 91,589	\$ 5,579,320

WASHINGTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022

Schedule 1

CUSTODIAL FUNDS								
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Juvenile Detention Center Fee Account	County Judge's Accounts	Totals
ASSETS								
Cash and cash equivalents	\$ 15,739,294	\$ 2,063,924	\$ 1,226,659	\$ 134,294	\$ 1,600,860	\$ 25	\$ 50	\$ 67,385,983
Accounts receivable								3,939,636
Interfund receivables								58,730
TOTAL ASSETS	<u>\$ 15,739,294</u>	<u>\$ 2,063,924</u>	<u>\$ 1,226,659</u>	<u>\$ 134,294</u>	<u>\$ 1,600,860</u>	<u>\$ 25</u>	<u>\$ 50</u>	<u>\$ 71,384,349</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 1,064,257
Interfund payables								95,669
Settlements pending	\$ 15,739,294	\$ 2,063,924	\$ 1,226,659	\$ 134,294	\$ 1,600,860	\$ 25	\$ 50	20,765,106
Total Liabilities	<u>15,739,294</u>	<u>2,063,924</u>	<u>1,226,659</u>	<u>134,294</u>	<u>1,600,860</u>	<u>25</u>	<u>50</u>	<u>21,925,032</u>
Fund Balances:								
Restricted								46,624,046
Assigned								2,835,271
Total Fund Balances								<u>49,459,317</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,739,294</u>	<u>\$ 2,063,924</u>	<u>\$ 1,226,659</u>	<u>\$ 134,294</u>	<u>\$ 1,600,860</u>	<u>\$ 25</u>	<u>\$ 50</u>	<u>\$ 71,384,349</u>

WASHINGTON 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, 2022

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder's Cost	County Public Library	County Clerk's Operation	Child Support Collections Costs
REVENUES									
State aid				\$ 66,117			\$ 472,940		
Federal aid									
Property taxes							2,570,716		
Sales taxes									
Fines, forfeitures, and costs									
Interest	\$ 1,483	\$ 3,183	\$ 786	1,612	\$ 4,490	\$ 6,063	8,963	\$ 215	\$ 39
Officers' fees			31,847		114,782	1,608,762		4,080	10,177
Jail phone commission									
Jail fees									
Commissary commission									
911 fees									
Reimbursement for HIV clinic									
Treasurer's commission	135,000								
Collector's commission		650,000							
Other		67		38		95	389		
TOTAL REVENUES	136,483	653,250	32,633	67,767	119,272	1,614,920	3,053,008	4,295	10,216
Less: Treasurer's commission			104		387	5,368	8,564	14	31
NET REVENUES	136,483	653,250	32,529	67,767	118,885	1,609,552	3,044,444	4,281	10,185
EXPENDITURES									
Current:									
General government	109,169	439,580		23,017	45,554	1,026,287		4,534	9,616
Law enforcement			30,863						
Highways and streets									
Public safety									
Health									
Recreation and culture							3,047,323		
Social services									
Total Current	109,169	439,580	30,863	23,017	45,554	1,026,287	3,047,323	4,534	9,616
Debt Service:									
Financed purchases principal									
TOTAL EXPENDITURES	109,169	439,580	30,863	23,017	45,554	1,026,287	3,047,323	4,534	9,616
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,314	213,670	1,666	44,750	73,331	583,265	(2,879)	(253)	569
OTHER FINANCING SOURCES (USES)									
Transfers in							1,832		
Transfers out						(631,254)	(583)		
TOTAL OTHER FINANCING SOURCES (USES)						(631,254)	1,249		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	27,314	213,670	1,666	44,750	73,331	(47,989)	(1,630)	(253)	569
FUND BALANCES - JANUARY 1	326,355	809,958	130,985	233,897	755,421	1,185,233	1,928,692	37,939	289
FUND BALANCES - DECEMBER 31	\$ 353,669	\$ 1,023,628	\$ 132,651	\$ 278,647	\$ 828,752	\$ 1,137,244	\$ 1,927,062	\$ 37,686	\$ 858

WASHINGTON 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, 2022

Schedule 2

	SPECIAL REVENUE FUNDS								
	Communication Facility and Equipment	Jail Operations Sales Tax	Boating Safety and Enforcement	Emergency 911	Adult Drug Court Program	Circuit Court Juvenile Division	Juvenile Court Representation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee
REVENUES									
State aid		\$ 333,715	\$ 9,978						
Federal aid									
Property taxes									\$ 12,354
Sales taxes		15,106,794							
Fines, forfeitures, and costs		732,004							
Interest	\$ 1,238	34,865	194	\$ 5,049	\$ 95	\$ 34	\$ 28	\$ 7	131
Officers' fees	25,879				26,016	1,090	915	1,825	
Jail phone commission	236,359								
Jail fees		4,282,049							
Commissary commission		263,299							
911 fees				361,153					
Reimbursement for HIV clinic									
Treasurer's commission									
Collector's commission									
Other	2,312	261,191		119		3			
TOTAL REVENUES	265,788	21,013,917	10,172	366,321	26,111	1,127	943	1,832	12,485
Less: Treasurer's commission	857	52,548	32	988	83	3	3	6	
NET REVENUES	264,931	20,961,369	10,140	365,333	26,028	1,124	940	1,826	12,485
EXPENDITURES									
Current:									
General government									23,935
Law enforcement	240,884	18,822,325	4,022		25,784	251			
Highways and streets									
Public safety				412,231					
Health									
Recreation and culture									
Social services									
Total Current	240,884	18,822,325	4,022	412,231	25,784	251			23,935
Debt Service:									
Financed purchases principal		27,039							
TOTAL EXPENDITURES	240,884	18,849,364	4,022	412,231	25,784	251			23,935
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,047	2,112,005	6,118	(46,898)	244	873	940	1,826	(11,450)
OTHER FINANCING SOURCES (USES)									
Transfers in		1,000,000		1,122,313					
Transfers out		(215,520)							
TOTAL OTHER FINANCING SOURCES (USES)		784,480		1,122,313					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,047	2,896,485	6,118	1,075,415	244	873	940	1,826	(11,450)
FUND BALANCES - JANUARY 1	235,925	4,528,440	30,988	324,823	2,663	5,674	4,467	415	33,274
FUND BALANCES - DECEMBER 31	\$ 259,972	\$ 7,424,925	\$ 37,106	\$ 1,400,238	\$ 2,907	\$ 6,547	\$ 5,407	\$ 2,241	\$ 21,824

WASHINGTON 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, 2022

Schedule 2

	SPECIAL REVENUE FUNDS								
	American Rescue Plan Act	Crisis Stabilization Unit (non grant)	Federal Emergency Management (FEMA)	Northwest Arkansas Regional HIV Clinic	County Law Library	Drug Enforcement- State	Drug Enforcement- Federal	Drug Court Program	High Intensity Drug Trafficking Area (HIDTA) Grant
REVENUES									
State aid									
Federal aid	\$ 23,229,635		\$ 356,460						\$ 357,206
Property taxes									
Sales taxes									
Fines, forfeitures, and costs					\$ 112,279	\$ 12,798	\$ 31,882		
Interest		\$ 441		\$ 979	2,258	179	319	\$ 1,199	
Officers' fees								1,332	
Jail phone commission									
Jail fees									
Commissary commission									
911 fees									
Reimbursement for HIV clinic				112,500					
Treasurer's commission									
Collector's commission									
Other				19,080					
TOTAL REVENUES	23,229,635	441	356,460	132,559	114,537	12,977	32,201	2,531	357,206
Less: Treasurer's commission		1		3	324	41		7	
NET REVENUES	23,229,635	440	356,460	132,556	114,213	12,936	32,201	2,524	357,206
EXPENDITURES									
Current:									
General government	328,674								
Law enforcement	1,588,002				117,521	4,100	4,896		403,227
Highways and streets	760,246								
Public safety	6,593,881								
Health		48,819		183,492					
Recreation and culture									
Social services	4,859,400								
Total Current	14,130,203	48,819		183,492	117,521	4,100	4,896		403,227
Debt Service:									
Financed purchases principal									
TOTAL EXPENDITURES	14,130,203	48,819		183,492	117,521	4,100	4,896		403,227
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,099,432	(48,379)	356,460	(50,936)	(3,308)	8,836	27,305	2,524	(46,021)
OTHER FINANCING SOURCES (USES)									
Transfers in	292,474			38,806					10,500
Transfers out	(1,122,313)		(356,460)				(10,500)		
TOTAL OTHER FINANCING SOURCES (USES)	(829,839)		(356,460)	38,806			(10,500)		10,500
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,269,593	(48,379)		(12,130)	(3,308)	8,836	16,805	2,524	(35,521)
FUND BALANCES - JANUARY 1	17,234,740	77,665		129,458	402,982	24,655	49,950	210,152	67,021
FUND BALANCES - DECEMBER 31	\$ 25,504,333	\$ 29,286	\$ 0	\$ 117,328	\$ 399,674	\$ 33,491	\$ 66,755	\$ 212,676	\$ 31,500

WASHINGTON 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, 2022

Schedule 2

	SPECIAL REVENUE FUNDS							
	Rural Community Grant	Innovation Grant	Juvenile Detention Center Grant	Department of Emergency Management Grant	Drug Court Grant	Law Enforcement Grants	Animal Shelter Grant	Juvenile Court Grant
REVENUES								
State aid	\$ 44,752	\$ 22,459	\$ 31,167		\$ 11,900			
Federal aid	500			\$ 886,371	652,597	\$ 217,937		
Property taxes								
Sales taxes								
Fines, forfeitures, and costs								
Interest								
Officers' fees								
Jail phone commission								
Jail fees								
Commissary commission								
911 fees								
Reimbursement for HIV clinic								
Treasurer's commission								
Collector's commission								
Other				40,207	22		\$ 19,550	
TOTAL REVENUES	45,252	22,459	31,167	926,578	664,519	217,937	19,550	
Less: Treasurer's commission								
NET REVENUES	45,252	22,459	31,167	926,578	664,519	217,937	19,550	
EXPENDITURES								
Current:								
General government		22,459						
Law enforcement			37,719		658,918	11,121		
Highways and streets								
Public safety				1,116,373				
Health							10,888	
Recreation and culture	10,602							
Social services								
Total Current	10,602	22,459	37,719	1,116,373	658,918	11,121	10,888	
Debt Service:								
Financed purchases principal								
TOTAL EXPENDITURES	10,602	22,459	37,719	1,116,373	658,918	11,121	10,888	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,650		(6,552)	(189,795)	5,601	206,816	8,662	
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out	(420,470)							
TOTAL OTHER FINANCING SOURCES (USES)	(420,470)							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(385,820)		(6,552)	(189,795)	5,601	206,816	8,662	
FUND BALANCES - JANUARY 1	431,554		30,357	195,484	13,683	5,535	4,223	\$ 790
FUND BALANCES - DECEMBER 31	\$ 45,734	\$ 0	\$ 23,805	\$ 5,689	\$ 19,284	\$ 212,351	\$ 12,885	\$ 790

WASHINGTON 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, 2022

Schedule 2

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS		Totals
	Administrative Office of the Courts Juvenile Court Grant	Emergency Rental Assistance Grant	Emergency Rental Assistance Grant - ERA 2	Crisis Stabilization Unit Grant	Radio System Sales Tax Capital Projects	Energy Saving Improvements Capital Projects	
REVENUES							
State aid	\$ 124,996			\$ 520,736			\$ 1,638,760
Federal aid			\$ 3,402,814				29,103,520
Property taxes							2,583,070
Sales taxes							15,106,794
Fines, forfeitures, and costs							888,963
Interest				3	\$ 43,307		117,160
Officers' fees							1,826,705
Jail phone commission							236,359
Jail fees							4,282,049
Commissary commission							263,299
911 fees							361,153
Reimbursement for HIV clinic							112,500
Treasurer's commission							135,000
Collector's commission							650,000
Other		\$ 18,165	14,507				375,745
TOTAL REVENUES	124,996	18,165	3,417,321	520,739	43,307		57,681,077
Less: Treasurer's commission					140		69,504
NET REVENUES	124,996	18,165	3,417,321	520,739	43,167		57,611,573
EXPENDITURES							
Current:							
General government							2,032,825
Law enforcement	91,248						22,040,881
Highways and streets							760,246
Public safety					5,434,068		13,556,553
Health				520,736			763,935
Recreation and culture							3,057,925
Social services		2,710,685	3,280,312				10,850,397
Total Current	91,248	2,710,685	3,280,312	520,736	5,434,068		53,062,762
Debt Service:							
Financed purchases principal							27,039
TOTAL EXPENDITURES	91,248	2,710,685	3,280,312	520,736	5,434,068		53,089,801
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,748	(2,692,520)	137,009	3	(5,390,901)		4,521,772
OTHER FINANCING SOURCES (USES)							
Transfers in							2,465,925
Transfers out						\$ (23,337)	(2,780,437)
TOTAL OTHER FINANCING SOURCES (USES)						(23,337)	(314,512)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	33,748	(2,692,520)	137,009	3	(5,390,901)	(23,337)	4,207,260
FUND BALANCES - JANUARY 1	2,966	3,167,482	1,648,355	1,419	10,954,811	23,337	45,252,057
FUND BALANCES - DECEMBER 31	\$ 36,714	\$ 474,962	\$ 1,785,364	\$ 1,422	\$ 5,563,910	\$ 0	\$ 49,459,317

WASHINGTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of treasurer's gross commissions to operate the treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commissions to operate the collector's office and to purchase, maintain, and operate an automated record keeping system.
Circuit Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the costs of administering Ark. Const. amend. 79.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive at least 35% of fees collected by county clerks to be used to purchase, maintain, and operate an automated records system.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by circuit clerks to be used to purchase, maintain, and operate an automated records system.
County 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 Clerk's Operation	Ark. Code Ann. § 16-20-407 established fund to account for a \$2 marriage license fee to be used for operation of the county clerk's office.
Child Support Collections Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Jail Operations Sales Tax	Washington County Ordinance no. 2002-12 (March 26, 2002) established 1/4% sales tax for the maintenance and operation of the jail and sheriff's facilities.
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.

WASHINGTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2022

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.
Adult Drug Court Program	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.
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.
Juvenile Court Representation	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Circuit Clerk Commissioner's Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as Commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioner's duties and for general operations expenses of the office of Circuit Clerk.
Assessor's Late Assessment Fee	Ark. Code Ann. § 26-26-201(d) established fund to receive collections from a \$.50 fee levied for delinquent property assessments.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from COVID-19 public health emergency.
Crisis Stabilization Unit (non grant)	Established to account for monies received benefitting the Crisis Stabilization Unit but not grant related.
Federal Emergency Management (FEMA)	Established to account for federal grants received for the Federal Emergency Management.
Northwest Arkansas Regional HIV Clinic	Originally established to account for state and local grants. Now supported by health insurance proceeds and local contributions.
County Law Library	Ark. Code Ann. § 16-23-105 established fund to receive collections from costs levied and to fund law library expenditures.
Drug Enforcement-State	Ark. Code Ann. § 5-64-505 established fund to separately account for funds received through the Federal Equitable Sharing Agreement.
Drug Enforcement-Federal	Ark. Code Ann. § 5-64-505 established fund to separately account for funds received through the Federal Equitable Sharing Agreement.

WASHINGTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Drug Court Program	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.
High Intensity Drug Trafficking Area (HIDTA) Grant	Established to account for federal aid received for High Intensity Drug Trafficking Area.
Rural Community Grant	Established to account for state grants and county and local matching grants.
Innovation Grant	Washington County Ordinance no. 2022-98 (October 26, 2022) established to account for grant funds received from the Arkansas Energy Office (AEO) to provide four electric charging stations at the County Courthouse.
Juvenile Detention Center Grant	Established to account for state and federal grants received for operation of the Juvenile Detention Center.
Department of Emergency Management Grant	Established to account for federal grants received for the Department of Emergency Management.
Drug Court Grant	Established to account for the federal and state grants received for operation of the drug court of Washington County.
Law Enforcement Grants	Established to account for federal and state grants and work release fees.
Animal Shelter Grant	Established to account for local grant proceeds received from PetSmart Charities to be used for promoting adoptions for the animal shelter.
Juvenile Court Grant	Established to account for grant received from Arkansas Department of Human Services/ Division of Youth Services and the Arkansas Coalition for Juvenile Justice
Administrative Office of the Courts Juvenile Court Grant	Established to account for grant received from the Arkansas Administrative Office of the Courts. Program focuses primarily on providing quality representation for children and parents involved in dependency-neglect cases and projects relating to children and families.
Emergency Rental Assistance Grant	Washington County Ordinance no. 2021-05 (January 21, 2021) established fund to account for federal funds from the Consolidated Appropriations Act. 2021 and authorized the establishment of the Emergency Rental Assistance Program (ERAP) within the County. The ERAP will provide rental assistance to residents of Washington County that are unable to rent due to the COVID-19 Pandemic.

WASHINGTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2022

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency Rental Assistance Grant - ERA 2	Washington County Ordinance no. 2021-66 (July 15, 2021) established fund to account for federal funds from the Consolidated Appropriations Act. 2021 and authorized the establishment of the Emergency Rental Assistance Program (ERAP) within the County. The ERAP will provide rental assistance to residents of Washington County that are unable to rent due to the COVID-19 Pandemic.
Crisis Stabilization Unit Grant	Established to account for grant monies received from the State of Arkansas for the funding of a unit to give law enforcement officers in Washington, Benton, Madison and Carroll Counties an alternative to jail when encountering people with mental health issues.
Radio System Sales Tax Capital Projects	Washington County Ordinance No. 2019-95 (December 19, 2019) provided for a levy of a one-fourth of one percent sales and use tax to be used to acquire, construct, improve, expand, equip, and maintain public safety communication system facilities.
Energy Saving Improvements Capital Projects	Washington County Ordinance no. 2019-41 (May 28, 2019) established an escrow account for loan proceeds to be disbursed by a trustee for a performance contract with Johnson Controls, Inc. for the installation of energy conservation improvements contracted as an equipment lease.

Treasurer's accounts consist primarily of property taxes, treasurer's commission, and interest not distributed to the appropriate agencies.

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

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

County Clerk's accounts consist primarily of trust money and fee money to be settled with the treasurer.

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

Juvenile Detention Center Fee Account consists of fees not remitted to the treasurer.

County Judge's accounts consist of change funds for multiple departments.

WASHINGTON COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2022
(Unaudited)

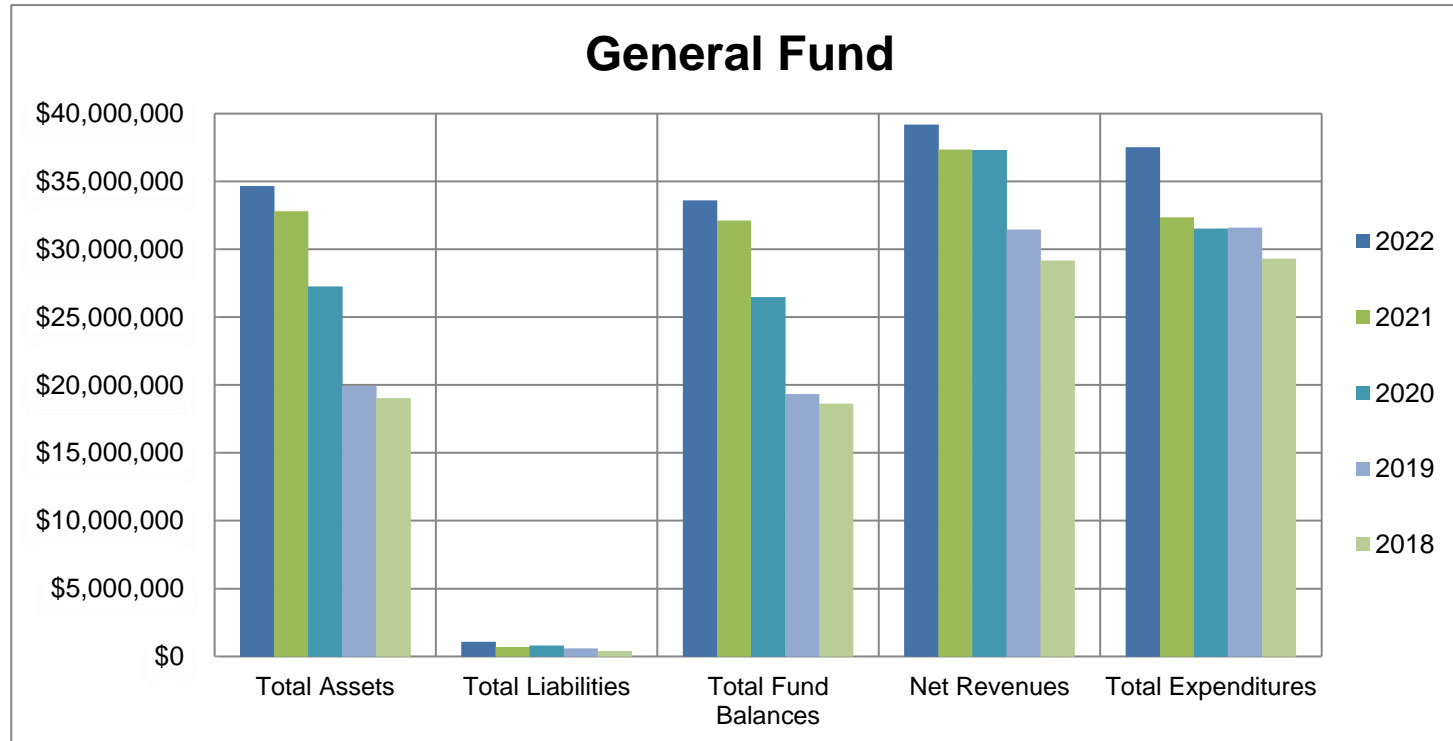
Schedule 3

	<u>December 31, 2022</u>
Land	\$ 3,527,952
Buildings and Improvements	78,505,092
Equipment	<u>34,630,137</u>
Total	<u><u>\$ 116,663,181</u></u>

WASHINGTON COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2022
 (Unaudited)

Schedule 4-1

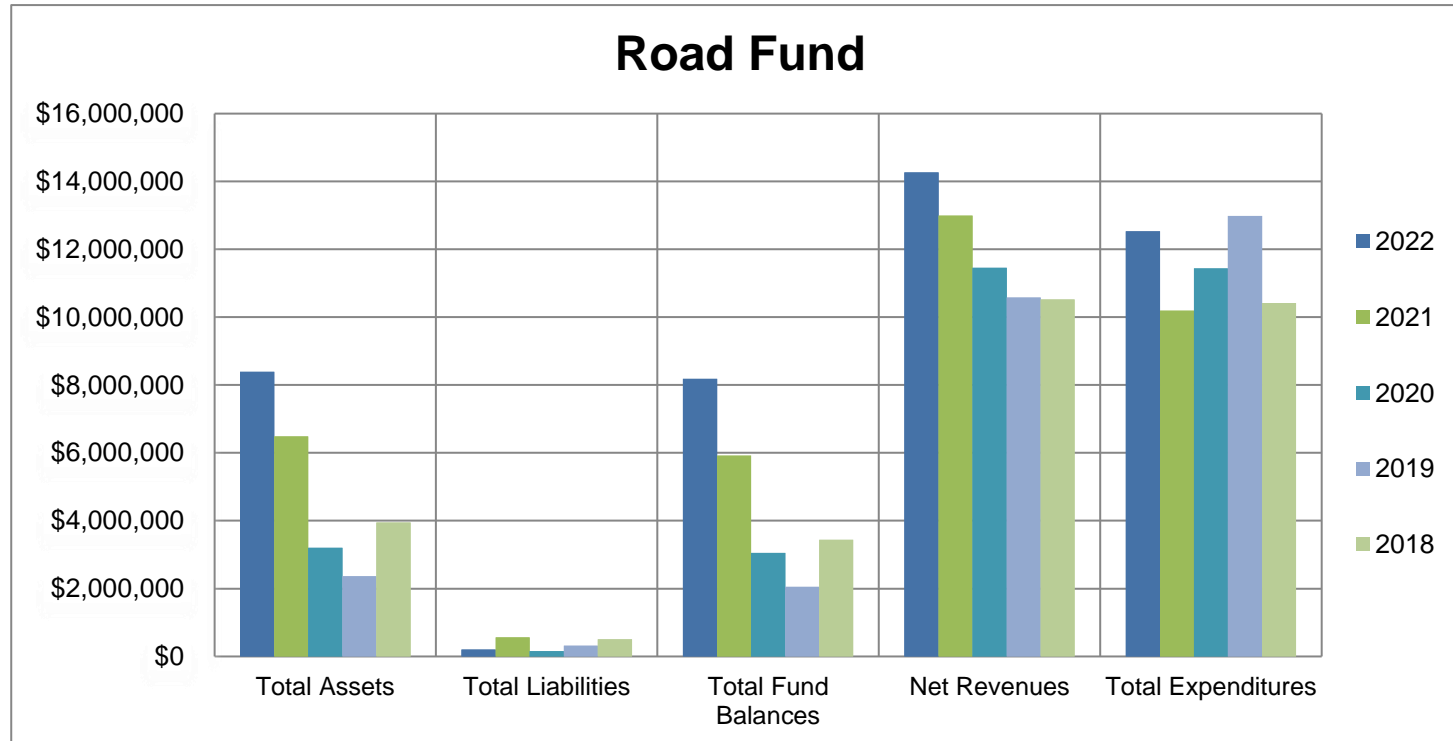
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 34,654,646	\$ 32,783,484	\$ 27,258,121	\$ 19,903,259	\$ 19,019,048
Total Liabilities	1,074,126	685,212	786,964	577,893	390,018
Total Fund Balances	33,580,520	32,098,272	26,471,157	19,325,366	18,629,030
Net Revenues	39,187,204	37,328,655	37,308,295	31,441,423	29,146,287
Total Expenditures	37,497,889	32,334,792	31,506,929	31,579,670	29,287,950
Total Other Financing Sources/Uses	(207,067)	633,252	1,344,425	834,583	402,594



WASHINGTON COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
 DECEMBER 31, 2022
 (Unaudited)

Schedule 4-2

<u>Road</u>	2022	2021	2020	2019	2018
Total Assets	\$ 8,386,399	\$ 6,483,532	\$ 3,201,476	\$ 2,362,553	\$ 3,946,037
Total Liabilities	201,839	561,048	152,896	314,927	507,129
Total Fund Balances	8,184,560	5,922,484	3,048,580	2,047,626	3,438,908
Net Revenues	14,268,662	12,990,187	11,455,830	10,575,224	10,519,355
Total Expenditures	12,528,165	10,188,458	11,437,789	12,983,965	10,414,615
Total Other Financing Sources/Uses	521,579	72,175	982,913	1,017,459	220,166



WASHINGTON COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2022
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 71,384,349	\$ 66,420,521	\$ 39,237,574	\$ 28,529,844	\$ 25,840,993
Total Liabilities	21,925,032	21,168,464	26,283,996	15,931,786	15,200,447
Total Fund Balances	49,459,317	45,252,057	12,953,578	12,598,058	10,640,546
Net Revenues	57,611,573	73,521,030	31,555,918	24,428,469	23,488,303
Total Expenditures	53,089,801	40,517,124	28,873,060	28,624,444	22,783,929
Total Other Financing Sources/Uses	(314,512)	(705,427)	(2,327,338)	6,153,487	(622,760)

