

Newton County, Arkansas

Financial and Compliance Report

December 31, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



NEWTON COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Financial and Compliance Report

REGULATORY BASIS FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	2
Notes to Schedules 1 and 2	
Other General Information	
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	3-1
Schedule of Selected Information for the Last Five Years – Road Fund - Regulatory Basis (Unaudited)	3-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate - Regulatory Basis (Unaudited)	3-3

Arkansas



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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

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

We have performed certain limited procedures with respect to regulatory basis financial information and compliance with certain state laws and accepted accounting practices for Newton County, Arkansas, as of and for the year ended December 31, 2019, and have issued our report thereon dated September 30, 2021. Management of the County is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relates to the following officials who held office during 2019:

County Judge: Warren Campbell
Treasurer: Vickie Bartholomew
Sheriff: Glen Wheeler
Tax Collector: Nedra Daniels
County and Circuit Clerk: Donnie Davis
Assessor: Stephen Willis
County Librarian: Kenya Windel
District Court Clerk: Kortnie House

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

Noncompliance with state law and accepted accounting practices was noted in the offices of **County Judge, Sheriff, and District Court Clerk.**

County Judge

The County paid a total of \$132,752 to two vendors to blast (\$23,262) and crush rock (\$99,750) at a quarry owned by a private individual, whom the County paid \$9,740 for the purchase of the rock, without a contract for quarry use or for gravel storage on the individual's property. Because the gravel is not stored on County property, the County is unable to monitor access to the gravel or maintain a record of inventory. Furthermore, competitive bids were not solicited for rock blasting and crushing, in noncompliance with Ark. Code Ann. §§ 14-22-101 —14-22-115.

In addition, according to a County Official, the County used resources (including trucks and employees) to haul gravel for citizens who purchased the gravel from another vendor in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 2000-243. Due to insufficient documentation (e.g., truck/trip logs), the value of these services could not be determined.

Sheriff

On June 11, 2019, the County Sheriff sold 103 seized firearms to a gun dealer for \$12,150. Rather than issuing payment to the County, the dealer issued payment to a car dealership, and the Sheriff's Office subsequently purchased a vehicle from the dealership, using the gun sale proceeds as credit. We noted the following areas of noncompliance regarding these transactions:

- The Sheriff did not sell unclaimed seized property at public auction, as required by Ark. Code Ann. § 5-5-101.
- Proceeds from the firearms sale were not remitted to the County Treasurer, as required by Ark. Code Ann § 14-14-1313.
- The vehicle purchase was not budgeted by the Quorum Court, approved by the County Judge, and paid by the County Treasurer, as required by Ark. Code Ann. §§ 14-20-103, 14-14-1102, and 14-24-204.
- Documentation of the origin could not be provided for 61 firearms sold, and authorization of disposal was not available for 83 of the firearms sold.

District Court Clerk

The District Court collected probation fees for certain offenses in apparent conflict with Ark. Code Ann. § 5-4-322, as interpreted by the Attorney General in Op. Att'y Gen. nos. 2003-041 and 2003-085.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local County government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
September 30, 2021
LOCO05119

NEWTON COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2019
(UNAUDITED)

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 2,528,569	\$ 172,287	\$ 1,858,627
Accounts receivable	121,595	81,582	24,889
	<u>2,650,164</u>	<u>253,869</u>	<u>1,883,516</u>
TOTAL ASSETS	<u>\$ 2,650,164</u>	<u>\$ 253,869</u>	<u>\$ 1,883,516</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 40,965	\$ 84,132	\$ 125,116
Settlements pending	24,156		666,793
Total Liabilities	<u>65,121</u>	<u>84,132</u>	<u>791,909</u>
Fund Balances:			
Restricted		169,737	357,741
Committed			737,256
Assigned	56,477		
Unassigned	2,528,566		(3,390)
Total Fund Balances	<u>2,585,043</u>	<u>169,737</u>	<u>1,091,607</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,650,164</u>	<u>\$ 253,869</u>	<u>\$ 1,883,516</u>

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

NEWTON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 494,514	\$ 1,534,909	\$ 140,889
Federal aid	560,154	537,270	58,207
Property taxes	414,130	206,686	73,026
Sales taxes	153,668		282,067
Fines, forfeitures, and costs	78,589		40,783
Interest	20,110	2,401	7,209
Officers' fees	58,245		27,588
911 Fees			79,536
Jail Fees			162,172
Commisary Profits			48,457
Inurance Premiums			8,089
Sanitation	151,187		
Treasurer's commission	93,931		10,088
Collector's commission	124,918		16,720
Taxes apportioned - Assessor's salary and expense	147,440		
Other	21,025	17,374	22,343
	<u>2,317,911</u>	<u>2,298,640</u>	<u>977,174</u>
TOTAL REVENUES			
Less: Treasurer's commission	43,171	33,590	14,518
	<u>2,274,740</u>	<u>2,265,050</u>	<u>962,656</u>
NET REVENUES			
EXPENDITURES			
Current:			
General government	901,275		50,477
Law enforcement	359,805		1,116,405
Highways and streets		2,295,235	139,600
Public safety	30,312		216,085
Sanitation	422,370		50,044
Health	13,479		
Recreation and culture			119,797
Social services	49,944		
	<u>1,777,185</u>	<u>2,295,235</u>	<u>1,692,408</u>
TOTAL EXPENDITURES			

NEWTON COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 497,555	\$ (30,185)	\$ (729,752)
OTHER FINANCING SOURCES (USES)			
Transfers in			690,000
Transfers out	(682,000)	(8,000)	
TOTAL OTHER FINANCING SOURCES (USES)	(682,000)	(8,000)	690,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(184,445)	(38,185)	(39,752)
FUND BALANCES - JANUARY 1	2,769,488	207,922	1,131,359
FUND BALANCES - DECEMBER 31	\$ 2,585,043	\$ 169,737	\$ 1,091,607

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

NEWTON 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, 2019
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 443,800	\$ 494,514	\$ 50,714	\$ 873,000	\$ 1,534,909	\$ 661,909
Federal aid	466,000	560,154	94,154	87,000	537,270	450,270
Property taxes	496,400	414,130	(82,270)	177,050	206,686	29,636
Sales taxes	140,000	153,668	13,668			
Fines, forfeitures, and costs	50,000	78,589	28,589			
Interest	14,000	20,110	6,110	1,500	2,401	901
Officers' fees	49,150	58,245	9,095			
Sanitation	120,000	151,187	31,187			
Treasurer's commission	85,000	93,931	8,931			
Collector's commission	100,000	124,918	24,918			
Taxes apportioned - Assessor's salary and expense	131,000	147,440	16,440			
Other	28,563	21,025	(7,538)		17,374	17,374
TOTAL REVENUES	2,123,913	2,317,911	193,998	1,138,550	2,298,640	1,160,090
Less: Treasurer's commission		43,171	(43,171)		33,590	(33,590)
NET REVENUES	2,123,913	2,274,740	150,827	1,138,550	2,265,050	1,126,500
EXPENDITURES						
Current:						
General government	1,026,624	901,275	125,349			
Law enforcement	441,653	359,805	81,848			
Highways and streets				2,358,104	2,295,235	62,869
Public safety	48,350	30,312	18,038			
Sanitation	419,464	422,370	(2,906)			
Health	19,600	13,479	6,121			
Social services	49,781	49,944	(163)			
TOTAL EXPENDITURES	2,005,472	1,777,185	228,287	2,358,104	2,295,235	62,869
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	118,441	497,555	379,114	(1,219,554)	(30,185)	1,189,369
OTHER FINANCING SOURCES (USES)						
Transfers out	(682,000)	(682,000)	0		(8,000)	(8,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(563,559)	(184,445)	379,114	(1,219,554)	(38,185)	1,181,369
FUND BALANCES - JANUARY 1	2,769,488	2,769,488	0	207,922	207,922	0
FUND BALANCES - DECEMBER 31	\$ 2,205,929	\$ 2,585,043	\$ 379,114	\$ (1,011,632)	\$ 169,737	\$ 1,181,369

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

NEWTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020
 (UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS

	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment no. 79	County Recorder's Cost	County Library	County Library Board	Child Support Cost
ASSETS									
Cash and cash equivalents	\$ 26,889	\$ 88,435	\$ 10,413	\$ 14,820	\$ 8,046	\$ 26,064	\$ 62,030	\$ 42,115	\$ 714
Accounts receivable			217	325		1,059			
TOTAL ASSETS	\$ 26,889	\$ 88,435	\$ 10,630	\$ 15,145	\$ 8,046	\$ 27,123	\$ 62,030	\$ 42,115	\$ 714
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 38	\$ 21				\$ 4,105	\$ 3,602		
Settlements pending									
Total Liabilities	38	21				4,105	3,602		
Fund Balances:									
Restricted	26,851	88,414	\$ 10,630	\$ 15,145	\$ 8,046	23,018	58,428	\$ 42,115	\$ 714
Committed									
Unassigned									
Total Fund Balances	26,851	88,414	10,630	15,145	8,046	23,018	58,428	42,115	714
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,889	\$ 88,435	\$ 10,630	\$ 15,145	\$ 8,046	\$ 27,123	\$ 62,030	\$ 42,115	\$ 714

NEWTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020
 (UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS

	Boating Safety	CMRS 911 Board (Commercial Mobile Radio Service)	Emergency Vehicle	Public Defender	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	County Jail and Sheriff's Operation	County Road Sales Tax Matching
ASSETS								
Cash and cash equivalents	\$ 3,715	\$ 84,961	\$ 127	\$ 5,214	\$ 749	\$ 481	\$ 22,323	\$ 489,621
Accounts receivable		13,783					5,215	
TOTAL ASSETS	\$ 3,715	\$ 98,744	\$ 127	\$ 5,214	\$ 749	\$ 481	\$ 27,538	\$ 489,621
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 78,531					\$ 30,928	
Settlements pending								
Total Liabilities		78,531					30,928	
Fund Balances:								
Restricted	\$ 3,715	20,213	\$ 127	\$ 5,214	\$ 749	\$ 481		
Committed								\$ 489,621
Unassigned							(3,390)	
Total Fund Balances	3,715	20,213	127	5,214	749	481	(3,390)	489,621
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,715	\$ 98,744	\$ 127	\$ 5,214	\$ 749	\$ 481	\$ 27,538	\$ 489,621

NEWTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020
 (UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS						
	County Road Sales Tax Machinery	Northwest Arkansas Economic Development District (NWAEDD) Grant	Recycling Grant	Title III Forest Reserve	Communication Facility and Equipment	Emergency Medical Services
ASSETS						
Cash and cash equivalents	\$ 248,736	\$ 15,000	\$ 4,497	\$ 18,384	\$ 16,755	\$ 1,745
Accounts receivable					4,290	
TOTAL ASSETS	\$ 248,736	\$ 15,000	\$ 4,497	\$ 18,384	\$ 21,045	\$ 1,745
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,101		\$ 1,728	\$ 555	\$ 4,507	
Settlements pending						
Total Liabilities	1,101		1,728	555	4,507	
Fund Balances:						
Restricted		\$ 15,000	2,769	17,829	16,538	\$ 1,745
Committed	247,635					
Unassigned						
Total Fund Balances	247,635	15,000	2,769	17,829	16,538	1,745
TOTAL LIABILITIES AND FUND BALANCES	\$ 248,736	\$ 15,000	\$ 4,497	\$ 18,384	\$ 21,045	\$ 1,745

NEWTON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2020
 (UNAUDITED)

Schedule 1

CUSTODIAL FUNDS

	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	County Judge	Totals
ASSETS								
Cash and cash equivalents	\$ 200,427	\$ 39,658	\$ 174,308	\$ 7,291	\$ 212,675	\$ 23,724	\$ 8,710	\$ 1,858,627
Accounts receivable								24,889
TOTAL ASSETS	\$ 200,427	\$ 39,658	\$ 174,308	\$ 7,291	\$ 212,675	\$ 23,724	\$ 8,710	\$ 1,883,516
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 125,116
Settlements pending	\$ 200,427	\$ 39,658	\$ 174,308	\$ 7,291	\$ 212,675	\$ 23,724	\$ 8,710	666,793
Total Liabilities	200,427	39,658	174,308	7,291	212,675	23,724	8,710	791,909
Fund Balances:								
Restricted								357,741
Committed								737,256
Unassigned								(3,390)
Total Fund Balances								1,091,607
TOTAL LIABILITIES AND FUND BALANCES	\$ 200,427	\$ 39,658	\$ 174,308	\$ 7,291	\$ 212,675	\$ 23,724	\$ 8,710	\$ 1,883,516

NEWTON 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, 2020
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	District Court Automation	Assessor's Amendment no. 79	County Recorder's Cost	County Library	County Library Board	Child Support Cost
REVENUES									
State aid					\$ 4,082		\$ 47,741		
Federal aid									
Property taxes							72,819		
Sales taxes									
Fines, forfeitures, and costs			\$ 2,562	\$ 4,310					
Interest	\$ 215	\$ 697			62	\$ 195	400	\$ 115	
Officers' fees						10,536			
911 Fees									
Jail Fees									
Commisary Profits									
Insurance Premiums									
Treasurer's commission	10,088								
Collector's commission		16,720							
Other		1	3	6		1,063	397	4,936	
TOTAL REVENUES	10,303	17,418	2,565	4,316	4,144	11,794	121,357	5,051	
Less: Treasurer's commission		14	50	87	87	232	2,407		
NET REVENUES	10,303	17,404	2,515	4,229	4,057	11,562	118,950	5,051	
EXPENDITURES									
Current:									
General government	7,806	22,430				7,791			\$ 250
Law enforcement				4,146					
Highways and streets									
Public safety									
Sanitation									
Recreation and culture							113,966	5,831	
TOTAL EXPENDITURES	7,806	22,430		4,146		7,791	113,966	5,831	250
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,497	(5,026)	2,515	83	4,057	3,771	4,984	(780)	(250)
OTHER FINANCING SOURCES (USES)									
Transfers in									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,497	(5,026)	2,515	83	4,057	3,771	4,984	(780)	(250)
FUND BALANCES - JANUARY 1	24,354	93,440	8,115	15,062	3,989	19,247	53,444	42,895	964
FUND BALANCES - DECEMBER 31	<u>\$ 26,851</u>	<u>\$ 88,414</u>	<u>\$ 10,630</u>	<u>\$ 15,145</u>	<u>\$ 8,046</u>	<u>\$ 23,018</u>	<u>\$ 58,428</u>	<u>\$ 42,115</u>	<u>\$ 714</u>

NEWTON 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, 2020
 (UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS								
	Boating Safety	CMRS 911 Board (Commercial Mobile Radio Service)	Emergency Vehicle	Public Defender	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	County Jail and Sheriff's Operation	County Road Sales Tax Matching
REVENUES								
State aid	\$ 593						\$ 21,600	\$ 2,653
Federal aid								
Property taxes						\$ 207		
Sales taxes								150,029
Fines, forfeitures, and costs				\$ 1,804			32,107	
Interest	1						576	3,241
Officers' fees					\$ 136		13,865	
911 Fees		\$ 79,536						
Jail Fees							162,172	
Commisary Profits								
Insurance Premiums							8,089	
Treasurer's commission								
Collector's commission								
Other		157		2			11,998	150
TOTAL REVENUES	594	79,693		1,806	136	207	250,407	156,073
Less: Treasurer's commission	12	1,575		36	3	4	3,023	3,352
NET REVENUES	582	78,118		1,770	133	203	247,384	152,721
EXPENDITURES								
Current:								
General government								
Law enforcement							1,002,629	
Highways and streets								42,853
Public safety		216,085						
Sanitation								
Recreation and culture								
TOTAL EXPENDITURES		216,085					1,002,629	42,853
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	582	(137,967)		1,770	133	203	(755,245)	109,868
OTHER FINANCING SOURCES (USES)								
Transfers in							682,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	582	(137,967)		1,770	133	203	(73,245)	109,868
FUND BALANCES - JANUARY 1	3,133	158,180	\$ 127	3,444	616	278	69,855	379,753
FUND BALANCES - DECEMBER 31	\$ 3,715	\$ 20,213	\$ 127	\$ 5,214	\$ 749	\$ 481	\$ (3,390)	\$ 489,621

NEWTON 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, 2020
 (UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS								
	County Road Sales Tax Machinery	Administrative Office of the Court Grant	Northwest Arkansas Economic Development District (NWAEDD) Grant	Recycling Grant	Title III Forest Reserve	Communication Facility and Equipment	Emergency Medical Services	Totals
REVENUES								
State aid		\$ 9,720	\$ 15,000	\$ 39,500				\$ 140,889
Federal aid					\$ 34,427	\$ 23,780		58,207
Property taxes								73,026
Sales taxes	\$ 132,038							282,067
Fines, forfeitures, and costs								40,783
Interest	1,707							7,209
Officers' fees						3,051		27,588
911 Fees								79,536
Jail Fees								162,172
Commisary Profits						48,457		48,457
Insurance Premiums								8,089
Treasurer's commission								10,088
Collector's commission								16,720
Other	2,796			7	27	800		22,343
TOTAL REVENUES	136,541	9,720	15,000	39,507	34,454	76,088		977,174
Less: Treasurer's commission	2,947				689			14,518
NET REVENUES	133,594	9,720	15,000	39,507	33,765	76,088		962,656
EXPENDITURES								
Current:								
General government		12,200						50,477
Law enforcement			1,433		40,430	67,767		1,116,405
Highways and streets	96,747							139,600
Public safety								216,085
Sanitation				50,044				50,044
Recreation and culture								119,797
TOTAL EXPENDITURES	96,747	12,200	1,433	50,044	40,430	67,767		1,692,408
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,847	(2,480)	13,567	(10,537)	(6,665)	8,321		(729,752)
OTHER FINANCING SOURCES (USES)								
Transfers in	8,000							690,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	44,847	(2,480)	13,567	(10,537)	(6,665)	8,321		(39,752)
FUND BALANCES - JANUARY 1	202,788	2,480	1,433	13,306	24,494	8,217	\$ 1,745	1,131,359
FUND BALANCES - DECEMBER 31	<u>\$ 247,635</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 2,769</u>	<u>\$ 17,829</u>	<u>\$ 16,538</u>	<u>\$ 1,745</u>	<u>\$ 1,091,607</u>

NEWTON COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2019

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 commission 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.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees to be used solely for district court-related technology.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 79.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
County Library	Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the quorum court for the support, operation, and maintenance of the public library.
County Library Board	Established by the Newton County Library Board to account for fees, fines, and donations received by the Library.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within the county or for emergency rescue services if the county has not established a patrol.
CMRS 911 Board (Commercial Mobile Radio Service)	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by commercial mobile radio service providers for 911 emergency services.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund to account for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communications equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus to be used for those purposes.

NEWTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2019

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund to account for the fine for failure to insure motor vehicles to be used for the purchase an maintenance of rescue, emergency medical, and law enforcement vehicles, communications equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus to be used for those purposes.
Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall be remitted to the Arkansas Public Defender Commission. Three dollars of each fee is remitted back to the county quarterly to be used to defray the operating expenses of the public defender office.
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 expense of the office of circuit clerk.
Assessor's Late Assessment Fee	Ark. Code Ann. § 26-26-201 established fund to receive \$.50 fee on delinquent persons which shall be used by the county assessor to help pay for the expense of assessing property.
County Jail and Sheriff's Operation	Newton County Ordinance no. 2016-15 (December 6, 2016)(pursuant to Ark. Code Ann. § 16-17-129) levies an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail. Established to account for 75% of Sheriff's fees collected in accordance with Ark. Code Ann. § 21-6-307. Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on person convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.
County Road Sales Tax Matching	Newton County Ordinance no. 92-45 (December 1, 1992) established fund to account for sales tax funds received for matching purposes.
County Road Sales Tax Machinery	Newton County Ordinance no. 92-45 (December 1, 1992) established fund to account for sales tax funds received for the purchase of machinery.
Administrative Office of the Court Grant	Ark. Code Ann. § 16-10-1006 established fund for the purpose of providing financial assistance to local governments to assist in the implementation of local security and emergency preparedness plans for circuit and district courts.

NEWTON COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2019

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

<u>Fund Name</u>	<u>Fund Description</u>
Northwest Arkansas Economic Development District (NWAEDD) Grant	Established to account for grant proceeds received from the Northwest Arkansas Economic Development District (NWAEDD) for courthouse improvements.
Recycling Grant	Established to account for recycling grant proceeds.
Title III Forest Reserve	Established to account for Federal Title III Forest Reserve Funds.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected, phone commission funds, and profits earned from prisoner commissary services to be used to train operations staff; operate, equip, repair, or replace existing communication equipment; purchase additional communications equipment; otherwise improve a communications facility or system for the sheriff's department; or purchase vehicles, weapons, or other equipment for the sheriff's department.
Emergency Medical Services	Maintained by the Emergency Medical Service Board for future building and maintenance projects.

Treasurer's accounts consist primarily of treasurer's commission and settlements not yet distributed to the appropriate agencies.

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

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

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

Circuit Clerk's accounts consist of trust money.

District Court accounts consist primarily of fines and costs not yet distributed to the county and/or state.

County Judge's accounts consisted primarily of sold waste fees awaiting settlement to the Treasurer.

NEWTON COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2019
(UNAUDITED)

1. **A. 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, and federal aid that are restricted or committed for maintaining and constructing roads.

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

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

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

NEWTON COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2019
(UNAUDITED)

1. (Continued)

B. 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 a 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.

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, officer fees, sold waste fees, commissions, property taxes, delinquent property taxes, and trust funds that have not been transferred to the appropriate entities.

Fund Balance Classifications

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

NEWTON COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2019
(UNAUDITED)

1. (Continued)

D. Property Taxes

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

E. Budget Law

1. Legal Requirements

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

2. Accounting

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

F. Fund Balance Classification Policies and Procedures

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

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

NEWTON COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2019
(UNAUDITED)

2. Details of Fund Balance Classifications

Fund balance classifications at December 31, 2019, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			148,273
Law enforcement			84,071
Highways and streets		\$ 169,737	
Public safety			\$ 20,340
Sanitation			2,769
Health			1,745
Recreation and culture			100,543
Total Restricted		169,737	357,741
Committed for:			
Highways and streets			737,256
Assigned to:			
General government	\$ 361		
Law enforcement	56,116		
Total Assigned	56,477		
Unassigned	2,528,566		(3,390)
Totals	\$ 2,585,043	\$ 169,737	\$ 1,091,607

3. Commitments

Total commitments consist of the following at December 31, 2019:

	December 31, 2019
	\$ 245,412
Reappraisal contract	\$ 245,412

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

NEWTON COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2019
(UNAUDITED)

3. Commitments (Continued)

County-Wide Reappraisal Contract

The County entered into a contract with Total Assessment Solutions Corporation on November 27, 2017, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$6,817 for a total of \$409,020 beginning January 18, 2018. Contract expense for 2019 was \$81,804.

The County is obligated for the following amounts at December 31, 2019:

<u>Year</u>	<u>December 31, 2019</u>
2020	\$ 81,804
2021	81,804
2022	<u>81,804</u>
Total	<u>\$ 245,412</u>

4. Interfund Transfers

The General Fund transferred \$682,000 to the Other Funds in the Aggregate (County Jail and Sheriff's Operations) for operations. The Road Fund transferred \$8,000 to the Other Funds in the Aggregate (County Road Sales Tax Machinery) for operations.

5. Change in Accounting Policy

Ark. Code Ann. § 14-71-101 went into effect for the year ended December 31, 2019, and requires sales taxes be recognized in the year received by the County. For 2019, the County will only recognize 11 months of sales taxes instead of 12 months.

6. Subsequent Events

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2020, the County received \$531,303 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The County was awarded \$1,505,929 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$752,964 of that amount had been received. The extent of the impact of COVID-19 on the financial statements for future reporting periods remains uncertain.

7. Jointly Governed Organizations

Ozark Mountain Solid Waste District

The County is a member of the Ozark Mountain Solid Waste District. The District is a jointly governed organization comprised of representatives from Baxter, Boone, Carroll, Marion, Newton and Searcy Counties and participating in cities within the aforementioned counties. Representatives are the respective county judges and mayors unless some other representative is appointed by the participating entity. No payments were made by the County in 2019 to Ozark Mountain Solid Waste District.

The County remitted \$75,734 to Bank OZK Trust Department for services billed on property tax statements as ordered by the Circuit Court of Pulaski County in Case No. 60CV-14-4479.

NEWTON COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2019
(UNAUDITED)

7. Jointly Governed Organizations (Continued)

Fourteenth Judicial District Drug Task Force

The Prosecuting Attorney of the Fourteenth Judicial District, the Sheriffs' Departments of Baxter, Boone, Marion, and Newton Counties, and the Police Departments of Harrison and Mountain Home entered into an agreement to establish the Fourteenth Judicial District Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fourteenth Judicial District. Financial statements of the Fourteenth Judicial District Drug Task Force are not available.

8. Arkansas Public Employees Retirement System

Plan Description

The County contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended June 30, 2019 (date of APERS Employer Allocation Report) were \$296,267.

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, 2019 (actuarial valuation date and measurement date) was \$2,438,012.

9. Capital Assets

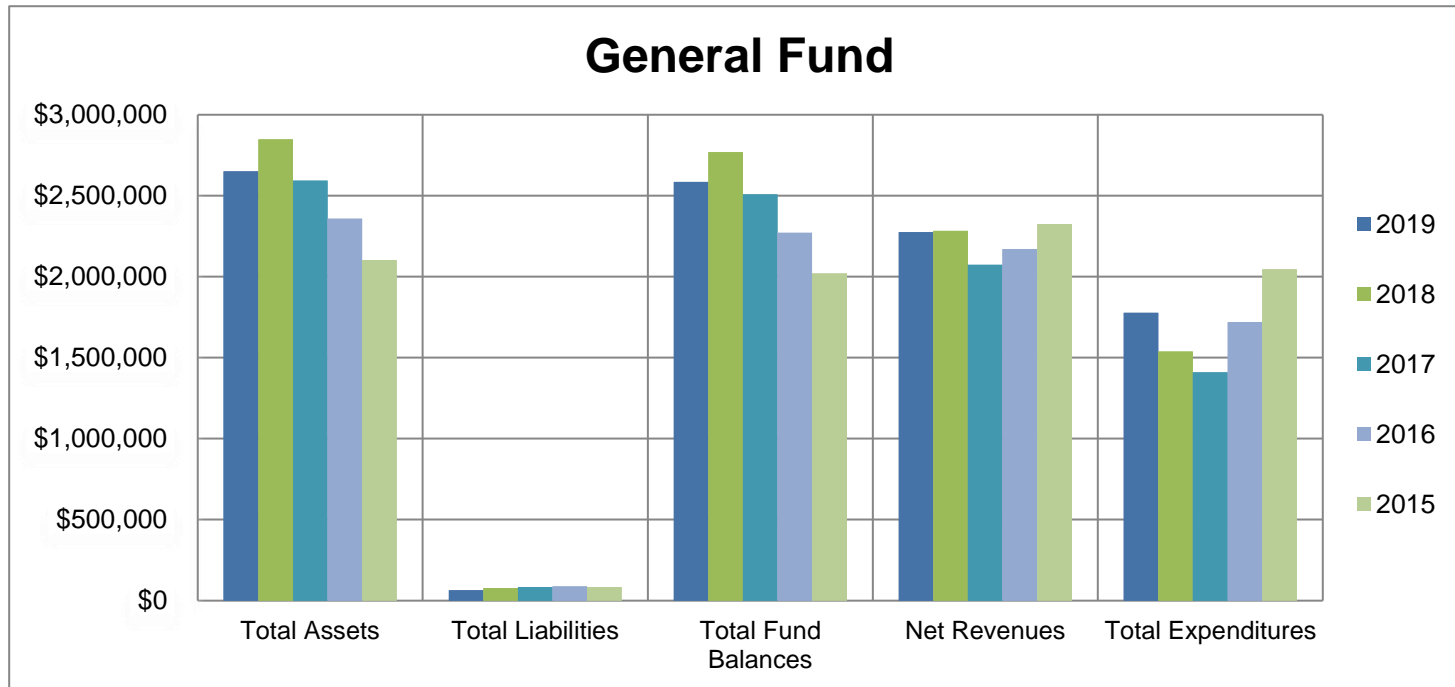
The County's capital assets records are summarized below:

	December 31, 2019
Land	\$ 2,000
Buildings	2,107,067
Equipment	3,087,544
Total	\$ 5,196,611

NEWTON COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2019
 (UNAUDITED)

Schedule 3-1

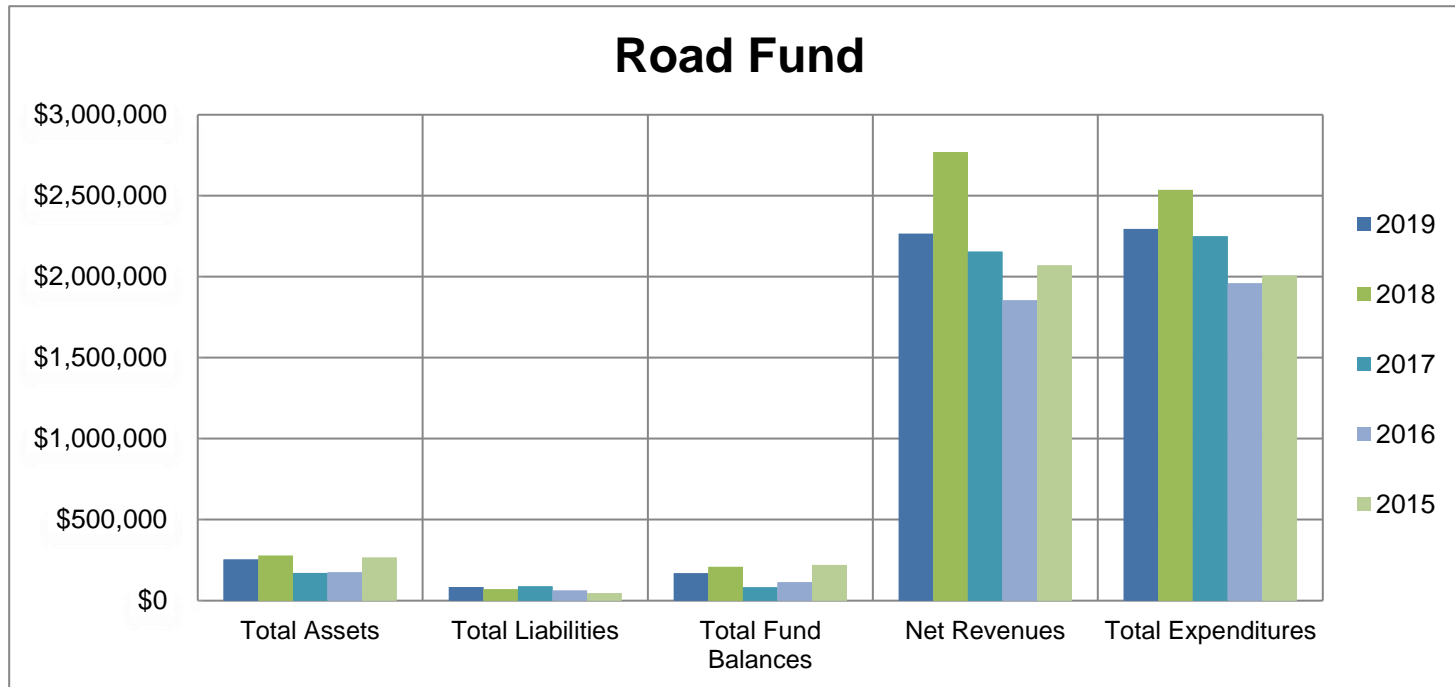
General	2019	2018	2017	2016	2015
Total Assets	\$ 2,650,164	\$ 2,847,441	\$ 2,592,588	\$ 2,358,916	\$ 2,104,156
Total Liabilities	65,121	77,953	84,992	87,443	83,092
Total Fund Balances	2,585,043	2,769,488	2,507,596	2,271,473	2,021,064
Net Revenues	2,274,740	2,283,654	2,073,617	2,171,281	2,323,841
Total Expenditures	1,777,185	1,537,341	1,410,345	1,720,872	2,045,547
Total Other Financing Sources/Uses	(682,000)	(484,421)	(427,149)	(200,000)	(111,307)



NEWTON COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
 DECEMBER 31, 2019
 (UNAUDITED)

Schedule 3-2

<u>Road</u>	2019	2018	2017	2016	2015
Total Assets	\$ 253,869	\$ 277,455	\$ 170,262	\$ 175,404	\$ 266,548
Total Liabilities	84,132	69,533	88,550	62,237	46,923
Total Fund Balances	169,737	207,922	81,712	113,167	219,625
Net Revenues	2,265,050	2,769,970	2,153,592	1,853,445	2,069,194
Total Expenditures	2,295,235	2,536,057	2,248,999	1,959,903	2,006,077
Total Other Financing Sources/Uses	(8,000)	(107,703)	63,952		



NEWTON COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2019
 (UNAUDITED)

Schedule 3-3

Other Funds in the Aggregate	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Assets	\$ 1,883,516	\$ 1,749,303	\$ 1,627,672	\$ 1,612,288	\$ 1,883,778
Total Liabilities	791,909	617,944	612,553	469,782	309,114
Total Fund Balances	1,091,607	1,131,359	1,015,119	1,142,506	1,574,664
Net Revenues	962,656	1,251,235	1,383,987	2,817,259	1,351,826
Total Expenditures	1,692,408	1,727,119	1,874,571	3,449,417	1,397,582
Total Other Financing Sources/Uses	690,000	592,124	363,197	200,000	111,307

