

Desha County, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



DESHA COUNTY, ARKANSAS
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FOR THE ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Desha 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 Desha County, Arkansas, as of and for the year-ended December 31, 2021, and have issued our report thereon dated October 5, 2023. Management of the County is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2021:

County Judge: Richard Tindall
Treasurer: Shirley Kozubski
Sheriff: Larry Allen
Tax Collector: Lisa Hutchinson
County Clerk: Valerie Donaldson
Circuit Clerk: Kristin Christmas
Assessor: Jessica Ferguson

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 office of **County Judge**.

County Judge

The County paid a business owned by an employee \$3,400 for tree removal without an authorizing ordinance, in noncompliance with Ark. Code Ann. § 14-14-1202. A similar finding was noted in the prior report.

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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
October 5, 2023
LOCO02121

DESHA COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,992,399	\$ 3,002,574	\$ 2,731,564
Accounts receivable	166,241	12,248	30,033
	<u>3,158,640</u>	<u>3,014,822</u>	<u>2,761,597</u>
TOTAL ASSETS	<u>\$ 3,158,640</u>	<u>\$ 3,014,822</u>	<u>\$ 2,761,597</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 27,276	\$ 70,418	\$ 182,044
Settlements pending			390,437
Total Liabilities	<u>27,276</u>	<u>70,418</u>	<u>572,481</u>
Fund Balances:			
Restricted		2,944,404	1,846,730
Assigned			342,386
Unassigned	3,131,364		
Total Fund Balances	<u>3,131,364</u>	<u>2,944,404</u>	<u>2,189,116</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,158,640</u>	<u>\$ 3,014,822</u>	<u>\$ 2,761,597</u>

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 479,314	\$ 1,506,014	\$ 120,372
Federal aid	34,990	2,069	1,665,538
Property taxes	1,212,382	373,085	318,538
Sales taxes	475,363		1,053,889
Fines, forfeitures, and costs	200,433		1,115
Interest	3,144	3,753	1,955
Officers' fees	13,546		70,647
Jail fees	7,497		
Sanitation fees			43,946
Insurance premium	10,889		
911 fees			291,530
Treasurer's commission	122,763		16,753
Collector's commission	193,808		44,023
Taxes apportioned - Assessor's salary and expense	242,497		
Other	114,307	45,302	4,640
TOTAL REVENUES	3,110,933	1,930,223	3,632,946
Less: Treasurer's commission	56,368	34,077	31,510
NET REVENUES	3,054,565	1,896,146	3,601,436
EXPENDITURES			
Current:			
General government	1,492,802		191,605
Law enforcement	840,484		52,746
Highways and streets		2,055,645	16,156
Public safety	50,576		239,769
Sanitation			1,206,397
Health	59,755		601,401
Recreation and culture			215,003
Social services	115,904		512,146
TOTAL EXPENDITURES	2,559,521	2,055,645	3,035,223
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	495,044	(159,499)	566,213
FUND BALANCES - JANUARY 1	2,636,320	3,103,903	1,622,903
FUND BALANCES - DECEMBER 31	\$ 3,131,364	\$ 2,944,404	\$ 2,189,116

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

DESHA COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 358,200	\$ 479,314	\$ 121,114	\$ 1,111,000	\$ 1,506,014	\$ 395,014
Federal aid	27,000	34,990	7,990	2,100	2,069	(31)
Property taxes	937,000	1,212,382	275,382	283,100	373,085	89,985
Sales taxes	492,100	475,363	(16,737)			
Fines, forfeitures, and costs		200,433	200,433			
Interest	2,100	3,144	1,044	4,000	3,753	(247)
Officers' fees	13,012	13,546	534			
Jail fees	29,200	7,497	(21,703)			
Insurance premium	9,900	10,889	989			
Treasurer's commission	85,000	122,763	37,763			
Collector's commission	208,100	193,808	(14,292)			
Taxes apportioned - Assessor's salary and expense	190,800	242,497	51,697			
Other	83,858	114,307	30,449	7,500	45,302	37,802
TOTAL REVENUES	2,436,270	3,110,933	674,663	1,407,700	1,930,223	522,523
Less: Treasurer's commission		56,368	(56,368)		34,077	(34,077)
NET REVENUES	2,436,270	3,054,565	618,295	1,407,700	1,896,146	488,446
EXPENDITURES						
Current:						
General government	1,990,377	1,492,802	497,575			
Law enforcement	1,330,698	840,484	490,214			
Highways and streets				2,013,391	2,055,645	(42,254)
Public safety	47,529	50,576	(3,047)			
Health	91,228	59,755	31,473			
Social services	67,607	115,904	(48,297)			
TOTAL EXPENDITURES	3,527,439	2,559,521	967,918	2,013,391	2,055,645	(42,254)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,091,169)	495,044	1,586,213	(605,691)	(159,499)	446,192
FUND BALANCES - JANUARY 1	1,500,000	2,636,320	1,136,320	2,100,000	3,103,903	1,003,903
FUND BALANCES - DECEMBER 31	\$ 408,831	\$ 3,131,364	\$ 2,722,533	\$ 1,494,309	\$ 2,944,404	\$ 1,450,095

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

DESHA COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2021
 (UNAUDITED)

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	Solid Waste	Reappraisal Cost
ASSETS									
Cash and cash equivalents	\$ 53,780	\$ 152,792	\$ 1,616	\$ 14,611	\$ 2,841	\$ 6,724	\$ 153,549	\$ 485,056	\$ 7,236
Accounts receivable	16,753				484	7,035		2,434	
TOTAL ASSETS	\$ 70,533	\$ 152,792	\$ 1,616	\$ 14,611	\$ 3,325	\$ 13,759	\$ 153,549	\$ 487,490	\$ 7,236
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 173					\$ 5,229		\$ 58,503	
Settlements pending									
Total Liabilities	173					5,229		58,503	
Fund Balances:									
Restricted	70,360	\$ 152,792	\$ 1,616	\$ 14,611	\$ 3,325	8,530	\$ 153,549	92,575	\$ 3,325
Assigned								336,412	3,911
Total Fund Balances	70,360	152,792	1,616	14,611	3,325	8,530	153,549	428,987	7,236
TOTAL LIABILITIES AND FUND BALANCES	\$ 70,533	\$ 152,792	\$ 1,616	\$ 14,611	\$ 3,325	\$ 13,759	\$ 153,549	\$ 487,490	\$ 7,236

DESHA COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS

	Child Support Cost	Communication Facility and Equipment	Drug Control	Boating Safety and Enforcement	Emergency 911	Circuit Court Juvenile Division/Juvenile Probation Fee	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act
ASSETS									
Cash and cash equivalents	\$ 616	\$ 11,467	\$ 10,438	\$ 30,756	\$ 690,048	\$ 9,635	\$ 15,909	\$ 1,477	\$ 591,367
Accounts receivable					3,327				
TOTAL ASSETS	<u>\$ 616</u>	<u>\$ 11,467</u>	<u>\$ 10,438</u>	<u>\$ 30,756</u>	<u>\$ 693,375</u>	<u>\$ 9,635</u>	<u>\$ 15,909</u>	<u>\$ 1,477</u>	<u>\$ 591,367</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable					\$ 22,491				\$ 142
Settlements pending									
Total Liabilities					<u>22,491</u>				<u>142</u>
Fund Balances:									
Restricted	\$ 616	\$ 11,467	\$ 10,438	\$ 30,756	670,884	\$ 9,635	\$ 15,909	\$ 1,477	591,225
Assigned									
Total Fund Balances	<u>616</u>	<u>11,467</u>	<u>10,438</u>	<u>30,756</u>	<u>670,884</u>	<u>9,635</u>	<u>15,909</u>	<u>1,477</u>	<u>591,225</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 616</u>	<u>\$ 11,467</u>	<u>\$ 10,438</u>	<u>\$ 30,756</u>	<u>\$ 693,375</u>	<u>\$ 9,635</u>	<u>\$ 15,909</u>	<u>\$ 1,477</u>	<u>\$ 591,367</u>

DESHA COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	CUSTODIAL FUNDS					
	Hospital Maintenance	Desha County OEM Grant	FEMA Disaster Grant	Courthouse Security Grant	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	Totals
ASSETS										
Cash and cash equivalents	\$ 95,506	\$ 3,500	\$ 2,063	\$ 140	\$ 235,318	\$ 2,007	\$ 3,404	\$ 50,000	\$ 99,708	\$ 2,731,564
Accounts receivable										30,033
TOTAL ASSETS	\$ 95,506	\$ 3,500	\$ 2,063	\$ 140	\$ 235,318	\$ 2,007	\$ 3,404	\$ 50,000	\$ 99,708	\$ 2,761,597
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 95,506									\$ 182,044
Settlements pending					\$ 235,318	\$ 2,007	\$ 3,404	\$ 50,000	\$ 99,708	390,437
Total Liabilities	95,506				235,318	2,007	3,404	50,000	99,708	572,481
Fund Balances:										
Restricted		\$ 3,500		\$ 140						1,846,730
Assigned			\$ 2,063							342,386
Total Fund Balances		3,500	2,063	140						2,189,116
TOTAL LIABILITIES AND FUND BALANCES	\$ 95,506	\$ 3,500	\$ 2,063	\$ 140	\$ 235,318	\$ 2,007	\$ 3,404	\$ 50,000	\$ 99,708	\$ 2,761,597

DESHA COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

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	Solid Waste	Reappraisal Cost
REVENUES									
State aid				\$ 3,388			\$ 14,778		\$ 86,828
Federal aid							851		
Property taxes							227,213		
Sales taxes								\$ 1,053,889	
Fines, forfeitures, and costs			\$ 35						
Interest	\$ 72	\$ 155	2	18	\$ 2	\$ 8	157	581	
Officers' fees					3,287	64,421			
Sanitation fees								43,946	
911 fees									
Treasurer's commission	16,753								
Collector's commission		44,023							
Other	7			6	4	86	351	3,358	
TOTAL REVENUES	16,832	44,178	37	3,412	3,293	64,515	243,350	1,101,774	86,828
Less: Treasurer's commission	1	3	1	68	59	1,231	4,761	21,949	
NET REVENUES	16,831	44,175	36	3,344	3,234	63,284	238,589	1,079,825	86,828
EXPENDITURES									
Current:									
General government	6,963	16,815			1,404	70,168			86,828
Law enforcement									
Highways and streets									
Public safety									
Sanitation								1,206,397	
Health									
Recreation and culture							215,003		
Social services									
TOTAL EXPENDITURES	6,963	16,815			1,404	70,168	215,003	1,206,397	86,828
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,868	27,360	36	3,344	1,830	(6,884)	23,586	(126,572)	
FUND BALANCES - JANUARY 1	60,492	125,432	1,580	11,267	1,495	15,414	129,963	555,559	7,236
FUND BALANCES - DECEMBER 31	\$ 70,360	\$ 152,792	\$ 1,616	\$ 14,611	\$ 3,325	\$ 8,530	\$ 153,549	\$ 428,987	\$ 7,236

DESHA COUNTY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS								
	Child Support Cost	Communication Facility and Equipment	Drug Control	Boating Safety and Enforcement	Emergency 911	Circuit Court Juvenile Division/Juvenile Probation Fee	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act
REVENUES									
State aid				\$ 849					
Federal aid									\$ 1,103,371
Property taxes								\$ 442	
Sales taxes									
Fines, forfeitures, and costs						\$ 1,080			
Interest	\$ 2	\$ 14	\$ 13	38	\$ 810	10	\$ 20	1	
Officers' fees	360	571				2,008			
Sanitation fees									
911 fees					291,530				
Treasurer's commission									
Collector's commission									
Other	1	2		2	175	6	23	1	
TOTAL REVENUES	363	587	13	889	292,515	3,104	43	444	1,103,371
Less: Treasurer's commission	4	11		18	1,422	67		9	
NET REVENUES	359	576	13	871	291,093	3,037	43	435	1,103,371
EXPENDITURES									
Current:									
General government	850						100		
Law enforcement									
Highways and streets									
Public safety					239,769				
Sanitation									
Health									
Recreation and culture									
Social services									512,146
TOTAL EXPENDITURES	850				239,769		100		512,146
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(491)	576	13	871	51,324	3,037	(57)	435	591,225
FUND BALANCES - JANUARY 1	1,107	10,891	10,425	29,885	619,560	6,598	15,966	1,042	
FUND BALANCES - DECEMBER 31	\$ 616	\$ 11,467	\$ 10,438	\$ 30,756	\$ 670,884	\$ 9,635	\$ 15,909	\$ 1,477	\$ 591,225

DESHA COUNTY, ARKANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS		
	Hospital Maintenance	Desha County OEM Grant	FEMA Disaster Grant	Community Development Block Grant- McGehee Hospital	Community Development Block Grant- Delta Memorial Hospital Fund	USDA Community Development Block Grant	Courthouse Security Grant	Totals
REVENUES								
State aid	\$ 5,912						\$ 8,617	\$ 120,372
Federal aid	425		\$ 2,250	\$ 253,000	\$ 252,895	\$ 52,746		1,665,538
Property taxes	90,883							318,538
Sales taxes								1,053,889
Fines, forfeitures, and costs								1,115
Interest	52							1,955
Officers' fees								70,647
Sanitation fees								43,946
911 fees								291,530
Treasurer's commission								16,753
Collector's commission								44,023
Other	140		478					4,640
TOTAL REVENUES	97,412		2,728	253,000	252,895	52,746	8,617	3,632,946
Less: Treasurer's commission	1,906							31,510
NET REVENUES	95,506		2,728	253,000	252,895	52,746	8,617	3,601,436
EXPENDITURES								
Current:								
General government							8,477	191,605
Law enforcement						52,746		52,746
Highways and streets			16,156					16,156
Public safety								239,769
Sanitation								1,206,397
Health	95,506			253,000	252,895			601,401
Recreation and culture								215,003
Social services								512,146
TOTAL EXPENDITURES	95,506		16,156	253,000	252,895	52,746	8,477	3,035,223
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			(13,428)				140	566,213
FUND BALANCES - JANUARY 1		\$ 3,500	15,491					1,622,903
FUND BALANCES - DECEMBER 31	\$ 0	\$ 3,500	\$ 2,063	\$ 0	\$ 0	\$ 0	\$ 140	\$ 2,189,116

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
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.
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 Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems and any legitimate county purpose.
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 Public 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.
Solid Waste	Ark. Code Ann. § 8-6-212 established fund to collect fees and other funds to defray the county's share of the cost of operating the solid waste management facility.
Reappraisal Cost	Ark. Code Ann. § 26-26-1907 established fund to pay reappraisals of real property with revenue received from the State.
Child Support Cost	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, 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.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
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 the county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Circuit Court Juvenile Division/Juvenile Probation Fee	Ark. Code Ann. § 16-13-326 established fund to collect juvenile fees and 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 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.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Hospital Maintenance	Ark. Const. amend. 32 established fund to collect and disburse property tax to be used for maintenance, operating, and support of public hospital.
Desha County OEM Grant	Established to account for grant received from the Southeast Arkansas Resource Conservation and Development Council for Office of Emergency Management project.
FEMA Disaster Grant	Established to account for grant received from the Federal Emergency Management Agency for repair of flood damage on Snow Lake and Pendleton roads.
Community Development Block Grant-McGehee Hospital	Established to account for Community Development Block Grant (CDBG) COVID-19 Assistance to Rural Hospitals for McGehee Hospital.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Community Development Block Grant- Delta Memorial Hospital Fund	Established to account for Community Development Block Grant (CDBG) COVID-19 Assistance to Rural Hospitals for Delta Memorial Hospital.
USDA Community Development Block Grant	Established to account for grant received from the Community Facility Grant program for the purchase of Sheriff vehicles.
Courthouse Security Grant	Ark. Code Ann. § 16-10-1006 established fund for the purpose of providing financial assistance to local governments to assist in the implementation of local security and emergency preparedness plans for circuit and district courts.

Treasurer's accounts consist primarily of treasurer's commission, funds held in the County Law Library Fund, and funds held for other entities.

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

Sheriff's accounts consist primarily of bond and fine settlements.

County Clerk's accounts consist primarily of trust funds.

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

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(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.

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

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.

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(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 and savings accounts, and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, property taxes, officers fees, treasurer's commission 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. 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.

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(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.

F. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year end.

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
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2. Details of Fund Balance Classifications

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 862,170
Law enforcement			63,912
Highways and streets		\$ 2,944,404	
Public safety			674,384
Sanitation			92,575
Recreation and culture			153,549
Capital outlay			140
Total Restricted		<u>2,944,404</u>	<u>1,846,730</u>
Assigned to:			
General government			3,911
Highways and streets			2,063
Sanitation			336,412
Total Assigned			<u>342,386</u>
Unassigned	<u>\$ 3,131,364</u>		
Totals	<u>\$ 3,131,364</u>	<u>\$ 2,944,404</u>	<u>\$ 2,189,116</u>

3. Commitments

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

	December 31, 2021
Long-term liabilities	\$ 56,812
Reappraisal contract	<u>86,828</u>
Total Commitments	<u>\$ 143,640</u>

Long-term Liabilities

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

	December 31, 2021
Landfill closure and postclosure care costs	<u>\$ 56,812</u>

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

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(UNAUDITED)

3. Commitments (Continued)

Compensated Absences

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

Post Employment Benefits Other Than Pensions

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

Landfill Closure and Postclosure Care Costs

Desha County is the owner of permit #0233-S4 to operate a Class IV solid waste landfill. State and federal regulations require a final cover to be placed on the landfill site when it stops accepting waste and performance of certain maintenance and monitoring functions at the site for two years after closure. Although closure and postclosure care cost will be paid only near or after the date the landfill stops accepting waste, a portion of these closure and postclosure care costs are being recognized as a commitment each year based on the landfill capacity used as of the balance sheet date. The estimated liability for the landfill closure and postclosure care costs has a balance of \$56,812 as of December 31, 2021, and represents the cumulative amount reported to date based on 30% usage of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$131,019 as the remaining capacity is filled. At the present utilization rate, the landfill site life is estimated to exhaust in 155 years from the balance sheet date.

Estimated costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In accordance with Ark. Code Ann. § 8-6-1603, the County has provided financial assurance of \$165,230 in the form of a Contract of Obligation. This contract of obligation authorizes the State Treasurer to withhold from any funds being distributed from the State of Arkansas to Desha County the sum of \$165,230 upon receiving notice from the Director of the Arkansas Department of Environmental Quality of Desha County's failure to properly disclose operation.

County-Wide Reappraisal Contract

The County entered into a contract with Delta Mass Appraisal Services, Inc. on October 18, 2017, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$ 7,236 for a total of \$434,140 beginning January 1, 2018. Contract expense for 2021 was \$86,828.

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

<u>Year</u>	<u>December 31, 2021</u>
2022	<u>\$ 86,828</u>

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
(UNAUDITED)

4. Joint Venture: Regional Library

Bradley, Chicot, Desha, Drew, and Lincoln Counties entered into an agreement in March of 1994, in accordance with Ark. Code Ann. § 13-2-401 to establish the Southeast Arkansas Regional Library. The agreement states the Regional Library Board shall employ a regional director to serve for such time and on such terms as the Board may prescribe and to be paid from the regional budget. County and branch library employees are to be recommended by the county library boards and to be employed with the approval of the Regional Board, the salaries to be paid from regional funds. The parties agreed that the regional budget shall pay utility and janitorial costs. Each county library shall contribute their respective property tax funds for the operation of the Regional Library System. The County Library paid \$215,000 for regional library expenditures in 2021. Contact the Regional Library at Monticello to obtain financial statements.

5. Jointly Governed Organizations

Tenth Judicial District Drug Task Force

The Sheriffs' Departments of Ashley, Bradley, Chicot, Desha, and Drew Counties entered into an agreement to establish the Tenth Judicial Drug Task Force. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Tenth Judicial District. No contributions or payments for expenditures were made to the Drug Task Force by the County. The 2021 financial statements of the Tenth Judicial District Drug Task Force have not been audited.

Southeast Arkansas Regional Solid Waste Management District

Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Grant, Jefferson, and Lincoln Counties entered into an agreement in 1991 to form the Southeast Arkansas Regional Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-703. The County did not provide any funding for the District. Separate financial statements may be obtained at P.O. Box 6806, Pine Bluff, AR 71611.

6. 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, 2021 (date of APERS Employer Allocation Report) were \$302,801.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the County's share of the collective net pension liability. The County's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$760,986.

DESHA COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2021
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7. Capital Assets

The County's capital assets records are summarized below :

	December 31, 2021
Land	\$ 304,116
Buildings and improvements	3,684,935
Equipment	5,183,043
Total	<u>\$ 9,172,094</u>

8. Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The County was awarded \$2,206,741 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$2,206,741 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

9. Subsequent Events

On April 14, 2022, the County entered into a financed purchase agreement with Arvest Bank for \$304,211 at 2.23% interest, to purchase a 2022 Mack Garbage Truck.

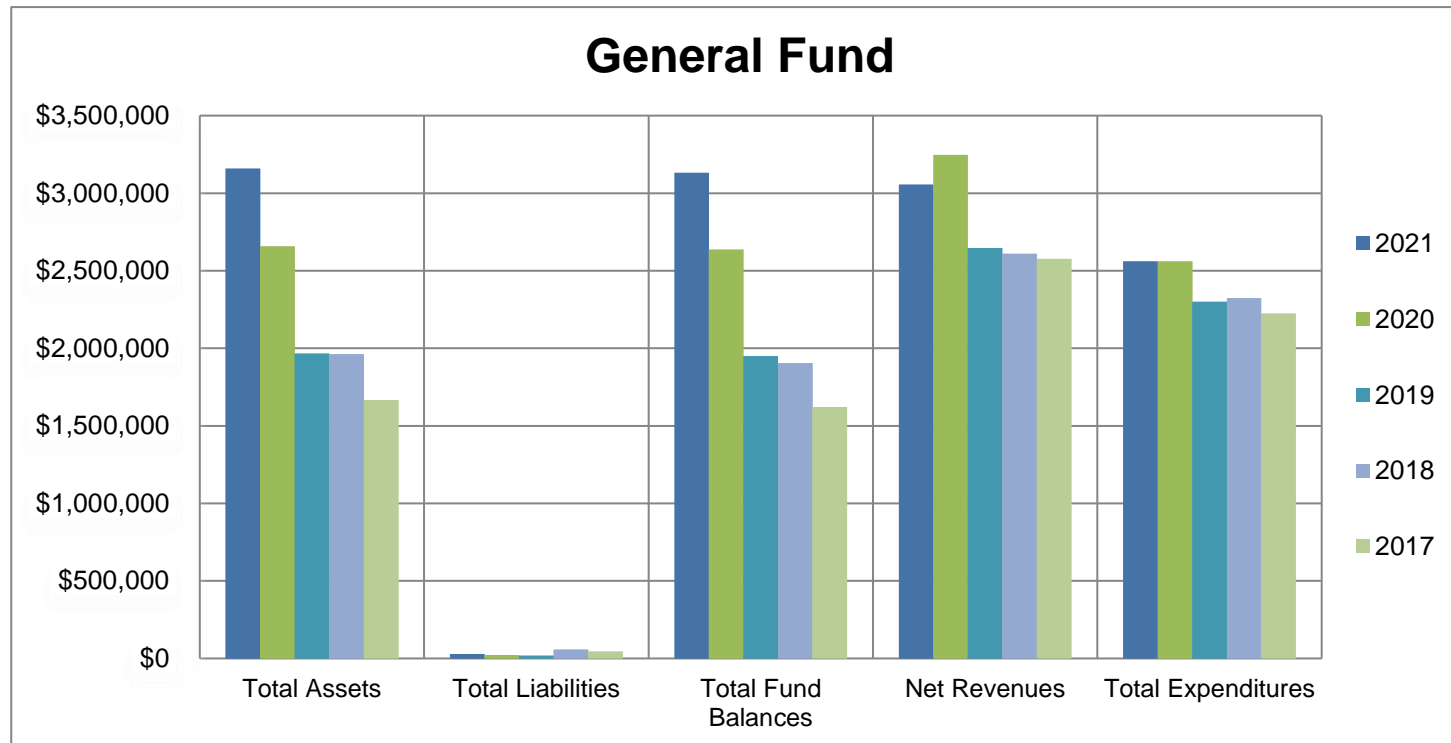
On September 8, 2022, the County purchased a John Deere Motor Grader for \$192,000.

On October 21, 2022, the County purchased a John Deere Motor Grader for \$192,000.

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

Schedule 3-1

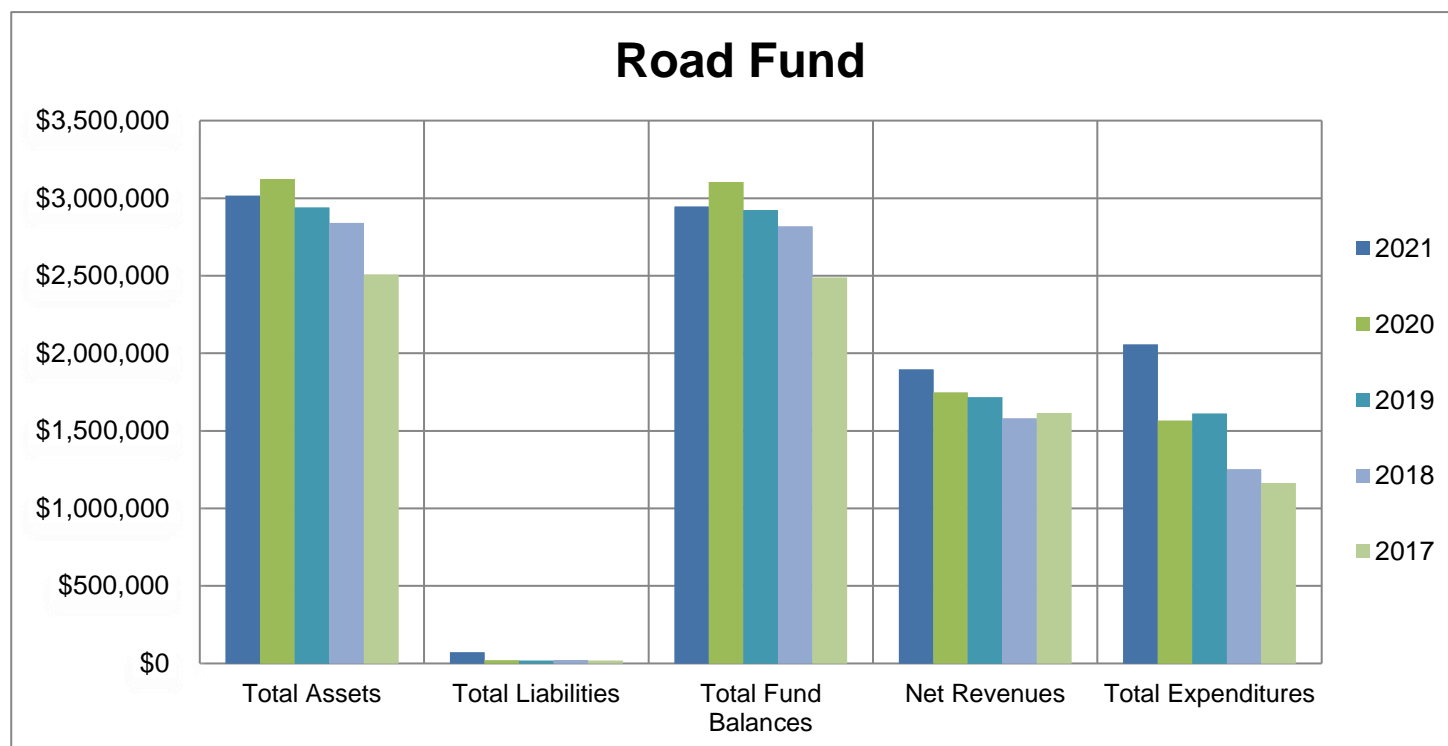
General	2021	2020	2019	2018	2017
Total Assets	\$ 3,158,640	\$ 2,657,471	\$ 1,966,167	\$ 1,960,260	\$ 1,665,232
Total Liabilities	27,276	21,151	16,758	56,273	43,512
Total Fund Balances	3,131,364	2,636,320	1,949,409	1,903,987	1,621,720
Net Revenues	3,054,565	3,246,005	2,645,701	2,608,575	2,575,990
Total Expenditures	2,559,521	2,559,094	2,300,279	2,322,397	2,224,202
Total Other Financing Sources/Uses			(300,000)	(3,911)	



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

Schedule 3-2

<u>Road</u>	2021	2020	2019	2018	2017
Total Assets	\$ 3,014,822	\$ 3,122,954	\$ 2,939,755	\$ 2,839,573	\$ 2,505,711
Total Liabilities	70,418	19,051	17,484	22,794	18,011
Total Fund Balances	2,944,404	3,103,903	2,922,271	2,816,779	2,487,700
Net Revenues	1,896,146	1,746,556	1,715,928	1,579,801	1,614,740
Total Expenditures	2,055,645	1,564,924	1,610,436	1,250,722	1,161,791
Total Other Financing Sources/Uses					



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

Schedule 3-3

Other Funds in the Aggregate	2021	2020	2019	2018	2017
Total Assets	\$ 2,761,597	\$ 2,119,717	\$ 5,410,954	\$ 5,019,386	\$ 4,915,438
Total Liabilities	572,481	496,814	3,447,155	3,263,392	3,245,855
Total Fund Balances	2,189,116	1,622,903	1,963,799	1,755,994	1,669,583
Net Revenues	3,601,436	2,442,940	1,924,278	1,604,156	1,804,993
Total Expenditures	3,035,223	2,783,836	2,016,473	1,521,656	1,709,864
Total Other Financing Sources/Uses			300,000	3,911	

