

Madison County, Arkansas

Financial and Compliance Report

December 31, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



MADISON COUNTY, ARKANSAS
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Financial and Compliance Report

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Arkansas

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Sen. Gary Stubblefield
Senate Vice Chair



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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

Madison 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 Madison County, Arkansas, as of and for the year ended December 31, 2019, and have issued our report thereon dated April 13, 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 relate to the following officials who held office during 2019:

County Judge: Frank Weaver
Treasurer: Toni Moffett
Sheriff: Rick Evans
Tax Collector: DeAnna McElhaney
County Clerk: Tamitha Blocker (Appointed June 17, 2019)
Faron Ledbetter (Retired June 30, 2019)
Circuit Clerk: Judy Foster (Appointed June 17, 2019)
Phyllis Villines (Retired June 30, 2019)
Assessor: Will Jones
County Librarian: Staci Evans

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

We noted the following discrepancies regarding grant funds totaling \$9,900 that the County EMS Department received from the Arkansas Department of Health:

- Funds were not remitted to the County Treasurer, as required by Ark. Code Ann. § 14-14-1313.
- Expenditures were 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.
- The County EMS Department paid an employee \$9,900 to perform CPR training duties without a contract or authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202, and failed to report this compensation to the Internal Revenue Service (IRS).

Bank reconciliations were not properly prepared for the Emergency Medical Services (EMS) account, as required by Ark. Code Ann. § 14-25-107.

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
April 13, 2021
LOCO04419

MADISON 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	\$ 1,578,538	\$ 860,884	\$ 2,657,630
Accounts receivable	52,642	4,772	159,662
Interfund receivables		42,873	24,412
	<u>1,631,180</u>	<u>908,529</u>	<u>2,841,704</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 95,293	\$ 85,326	\$ 49,579
Interfund payables	67,285		
Settlements pending	147,988		523,316
Total Liabilities	<u>310,566</u>	<u>85,326</u>	<u>572,895</u>
Fund Balances:			
Restricted		823,203	1,525,593
Committed			577,651
Assigned	761,184		165,565
Unassigned	559,430		
Total Fund Balances	<u>1,320,614</u>	<u>823,203</u>	<u>2,268,809</u>
	<u>\$ 1,631,180</u>	<u>\$ 908,529</u>	<u>\$ 2,841,704</u>
TOTAL LIABILITIES AND FUND BALANCES			

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

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

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 710,958	\$ 1,650,951	\$ 40,865
Federal aid	113,348	82,407	
Property taxes	814,345	433,839	185,265
Sales taxes		1,338,290	1,142,526
Fines, forfeitures, and costs	263,569		24,607
Interest	49,001	20,566	37,045
Officers' fees	62,935		142,715
Jail fees	76,960		1,560
Sanitation fees			532,436
911 fees			262,903
Ambulance fees			427,184
Treasurer's commission	88,043		19,133
Collector's commission	112,120		31,676
Taxes apportioned - Assessor's salary and expense	159,318		
Other	156,795	224,411	45,999
	2,607,392	3,750,464	2,893,914
TOTAL REVENUES			
Less: Treasurer's commission	27,804	40,828	33,511
	2,579,588	3,709,636	2,860,403
NET REVENUES			
EXPENDITURES			
Current:			
General government	1,224,655		130,694
Law enforcement	1,730,056		73,122
Highways and streets		4,142,658	300,000
Public safety	247,534		249,589
Sanitation			618,840
Health	21,774		1,318,260
Recreation and culture	9,684		223,255
Social services	44,015		
	3,277,718	4,142,658	2,913,760
TOTAL EXPENDITURES			

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

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (698,130)	\$ (433,022)	\$ (53,357)
OTHER FINANCING SOURCES (USES)			
Transfers in	611,000		
Transfers out			(611,000)
TOTAL OTHER FINANCING SOURCES (USES)	611,000		(611,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(87,130)	(433,022)	(664,357)
FUND BALANCES - JANUARY 1	1,407,744	1,256,225	2,933,166
FUND BALANCES - DECEMBER 31	\$ 1,320,614	\$ 823,203	\$ 2,268,809

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

MADISON 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	\$ 436,988	\$ 710,958	\$ 273,970	\$ 1,458,000	\$ 1,650,951	\$ 192,951
Federal aid	127,000	113,348	(13,652)	29,000	82,407	53,407
Property taxes	1,019,420	814,345	(205,075)	558,750	433,839	(124,911)
Sales taxes				1,294,000	1,338,290	44,290
Fines, forfeitures, and costs	214,010	263,569	49,559			
Interest	4,500	49,001	44,501	8,000	20,566	12,566
Officers' fees	96,740	62,935	(33,805)			
Jail fees		76,960	76,960			
Treasurer's commission	91,396	88,043	(3,353)			
Collector's commission	108,439	112,120	3,681			
Taxes apportioned - Assessor's salary and expense	133,112	159,318	26,206			
Other	193,921	156,795	(37,126)	58,532	224,411	165,879
TOTAL REVENUES	2,425,526	2,607,392	181,866	3,406,282	3,750,464	344,182
Less: Treasurer's commission		27,804	(27,804)		40,828	(40,828)
NET REVENUES	2,425,526	2,579,588	154,062	3,406,282	3,709,636	303,354
EXPENDITURES						
Current:						
General government	1,360,095	1,224,655	135,440			
Law enforcement	1,870,030	1,730,056	139,974			
Highways and streets				4,728,281	4,142,658	585,623
Public safety	56,018	247,534	(191,516)			
Health	26,000	21,774	4,226			
Recreation and culture	19,078	9,684	9,394			
Social services	8,227	44,015	(35,788)			
TOTAL EXPENDITURES	3,339,448	3,277,718	61,730	4,728,281	4,142,658	585,623
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(913,922)	(698,130)	215,792	(1,321,999)	(433,022)	888,977
OTHER FINANCING SOURCES (USES)						
Transfers in	659,860	611,000	(48,860)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(254,062)	(87,130)	166,932	(1,321,999)	(433,022)	888,977
FUND BALANCES - JANUARY 1	646,370	1,407,744	761,374	1,190,000	1,256,225	66,225
FUND BALANCES - DECEMBER 31	\$ 392,308	\$ 1,320,614	\$ 928,306	\$ (131,999)	\$ 823,203	\$ 955,202

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

MADISON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2019
 (UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS									
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment 79	County Clerk's Cost	County Recorder's Cost	County Library	Disaster Relief	Solid Waste
ASSETS									
Cash and cash equivalents	\$ 41,825	\$ 53,566	\$ 17,004	\$ 20,230	\$ 5,232	\$ 97,581	\$ 196,070	\$ 420,363	\$ 247,223
Accounts receivable			93		123	7,217	1,673		
Interfund receivables							4,085		4,555
TOTAL ASSETS	\$ 41,825	\$ 53,566	\$ 17,097	\$ 20,230	\$ 5,355	\$ 104,798	\$ 201,828	\$ 420,363	\$ 251,778
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 126	\$ 952				\$ 1,759	\$ 1,131		\$ 10,605
Settlements pending									
Total Liabilities	126	952				1,759	1,131		10,605
Fund Balances:									
Restricted	41,699	52,614	\$ 17,097	\$ 20,230	\$ 5,355	103,039	200,697	\$ 420,363	147,710
Committed									
Assigned									93,463
Total Fund Balances	41,699	52,614	17,097	20,230	5,355	103,039	200,697	420,363	241,173
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,825	\$ 53,566	\$ 17,097	\$ 20,230	\$ 5,355	\$ 104,798	\$ 201,828	\$ 420,363	\$ 251,778

MADISON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2019
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS								
	Child Support Enforcement	Communication Facility and Equipment	Drug Control	Jail Operation and Maintenance	Boating Safety	Emergency 911	Emergency Medical Services (EMS)	Drug Court Program	County Recorder's Automation
ASSETS									
Cash and cash equivalents	\$ 240	\$ 3,057	\$ 15,213	\$ 36,416	\$ 569	\$ 424,518	\$ 462,319	\$ 3,837	\$ 84,849
Accounts receivable		638		2,790		32,885	111,332	505	2,406
Interfund receivables						2,280	13,492		
TOTAL ASSETS	\$ 240	\$ 3,695	\$ 15,213	\$ 39,206	\$ 569	\$ 459,683	\$ 587,143	\$ 4,342	\$ 87,255
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 73		\$ 9,218	\$ 13,050		\$ 3,173	\$ 9,492		
Settlements pending									
Total Liabilities	73		9,218	13,050		3,173	9,492		
Fund Balances:									
Restricted	167	\$ 3,695	5,995	26,156	\$ 569	384,408		\$ 4,342	\$ 87,255
Committed							577,651		
Assigned						72,102			
Total Fund Balances	167	3,695	5,995	26,156	569	456,510	577,651	4,342	87,255
TOTAL LIABILITIES AND FUND BALANCES	\$ 240	\$ 3,695	\$ 15,213	\$ 39,206	\$ 569	\$ 459,683	\$ 587,143	\$ 4,342	\$ 87,255

MADISON COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2019
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS		CUSTODIAL FUNDS					Totals
	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	
ASSETS								
Cash and cash equivalents	\$ 2,681	\$ 1,521	\$ 239,203	\$ 72,337	\$ 24,142	\$ 1,271	\$ 186,363	\$ 2,657,630
Accounts receivable								159,662
Interfund receivables								24,412
TOTAL ASSETS	<u>\$ 2,681</u>	<u>\$ 1,521</u>	<u>\$ 239,203</u>	<u>\$ 72,337</u>	<u>\$ 24,142</u>	<u>\$ 1,271</u>	<u>\$ 186,363</u>	<u>\$ 2,841,704</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 49,579
Settlements pending			\$ 239,203	\$ 72,337	\$ 24,142	\$ 1,271	\$ 186,363	523,316
Total Liabilities			<u>239,203</u>	<u>72,337</u>	<u>24,142</u>	<u>1,271</u>	<u>186,363</u>	<u>572,895</u>
Fund Balances:								
Restricted	\$ 2,681	\$ 1,521						1,525,593
Committed								577,651
Assigned								165,565
Total Fund Balances	<u>2,681</u>	<u>1,521</u>						<u>2,268,809</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,681</u>	<u>\$ 1,521</u>	<u>\$ 239,203</u>	<u>\$ 72,337</u>	<u>\$ 24,142</u>	<u>\$ 1,271</u>	<u>\$ 186,363</u>	<u>\$ 2,841,704</u>

MADISON 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, 2019
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment 79	County Clerk's Cost	County Recorder's Cost	County Library	Disaster Relief	Solid Waste
REVENUES									
State aid				\$ 7,092			\$ 32,700		
Property taxes							167,166		\$ 18,099
Sales taxes									18,812
Fines, forfeitures, and costs									
Interest	\$ 836	\$ 886	\$ 455	510	\$ 288	\$ 1,944	4,298		5,521
Officers' fees			1,786		2,864	92,530			
Jail fees									
Sanitation fees									532,436
911 fees									
Ambulance fees									
Treasurer's commission	19,133								
Collector's commission		31,676							
Other			30	45	29	2,973	17,818		6,299
TOTAL REVENUES	19,969	32,562	2,271	7,647	3,181	97,447	221,982		581,167
Less: Treasurer's commission			37	142	58	1,848	3,834		5,882
NET REVENUES	19,969	32,562	2,234	7,505	3,123	95,599	218,148		575,285
EXPENDITURES									
Current:									
General government	12,633	29,808		2,340	11,382	59,136			
Law enforcement			5,768						
Highways and streets							\$ 300,000		
Public safety									
Sanitation									618,840
Health									
Recreation and culture							223,255		
TOTAL EXPENDITURES	12,633	29,808	5,768	2,340	11,382	59,136	223,255	300,000	618,840
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,336	2,754	(3,534)	5,165	(8,259)	36,463	(5,107)	(300,000)	(43,555)
OTHER FINANCING SOURCES (USES)									
Transfers out									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	7,336	2,754	(3,534)	5,165	(8,259)	36,463	(5,107)	(300,000)	(43,555)
FUND BALANCES - JANUARY 1	34,363	49,860	20,631	15,065	13,614	66,576	205,804	720,363	284,728
FUND BALANCES - DECEMBER 31	<u>\$ 41,699</u>	<u>\$ 52,614</u>	<u>\$ 17,097</u>	<u>\$ 20,230</u>	<u>\$ 5,355</u>	<u>\$ 103,039</u>	<u>\$ 200,697</u>	<u>\$ 420,363</u>	<u>\$ 241,173</u>

MADISON 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, 2019
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS								
	Child Support Enforcement	Communication Facility and Equipment	Drug Control	Jail Operation and Maintenance	Boating Safety	Emergency 911	Emergency Medical Services (EMS)	Drug Court Program	County Recorder's Automation
REVENUES									
State aid					\$ 1,073				
Property taxes									
Sales taxes							\$ 1,123,714		
Fines, forfeitures, and costs				\$ 24,607					
Interest	\$ 11	\$ 128		931	15	\$ 9,905	9,475		\$ 1,814
Officers' fees	900	8,746						\$ 3,581	30,780
Jail fees				1,560					
Sanitation fees									
911 fees						262,903			
Ambulance fees							427,184		
Treasurer's commission									
Collector's commission									
Other	7	74	\$ 2,645	231	10	1,483	14,083	2	264
TOTAL REVENUES	918	8,948	2,645	27,329	1,098	274,291	1,574,456	3,583	32,858
Less: Treasurer's commission	18	175		500	22	2,944	17,422	2	615
NET REVENUES	900	8,773	2,645	26,829	1,076	271,347	1,557,034	3,581	32,243
EXPENDITURES									
Current:									
General government	940								14,455
Law enforcement		11,643	16,325	38,386	1,000				
Highways and streets									
Public safety						249,589			
Sanitation									
Health							1,318,260		
Recreation and culture									
TOTAL EXPENDITURES	940	11,643	16,325	38,386	1,000	249,589	1,318,260		14,455
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40)	(2,870)	(13,680)	(11,557)	76	21,758	238,774	3,581	17,788
OTHER FINANCING SOURCES (USES)									
Transfers out							(611,000)		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(40)	(2,870)	(13,680)	(11,557)	76	21,758	(372,226)	3,581	17,788
FUND BALANCES - JANUARY 1	207	6,565	19,675	37,713	493	434,752	949,877	761	69,467
FUND BALANCES - DECEMBER 31	<u>\$ 167</u>	<u>\$ 3,695</u>	<u>\$ 5,995</u>	<u>\$ 26,156</u>	<u>\$ 569</u>	<u>\$ 456,510</u>	<u>\$ 577,651</u>	<u>\$ 4,342</u>	<u>\$ 87,255</u>

MADISON 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, 2019
 (UNAUDITED)

Schedule 2

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Circuit Clerk Commissioner's Fee</u>	<u>Assessor's Late Assessment Fee</u>	<u>Totals</u>
REVENUES			
State aid			\$ 40,865
Property taxes			185,265
Sales taxes			1,142,526
Fines, forfeitures, and costs			24,607
Interest		\$ 28	37,045
Officers' fees	\$ 923	605	142,715
Jail fees			1,560
Sanitation fees			532,436
911 fees			262,903
Ambulance fees			427,184
Treasurer's commission			19,133
Collector's commission			31,676
Other		6	45,999
TOTAL REVENUES	923	639	2,893,914
Less: Treasurer's commission		12	33,511
NET REVENUES	923	627	2,860,403
EXPENDITURES			
Current:			
General government			130,694
Law enforcement			73,122
Highways and streets			300,000
Public safety			249,589
Sanitation			618,840
Health			1,318,260
Recreation and culture			223,255
TOTAL EXPENDITURES			2,913,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	923	627	(53,357)
OTHER FINANCING SOURCES (USES)			
Transfers out			(611,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	923	627	(664,357)
FUND BALANCES - JANUARY 1	1,758	894	2,933,166
FUND BALANCES - DECEMBER 31	\$ 2,681	\$ 1,521	\$ 2,268,809

MADISON 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 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 79	Ark. Code Ann. § 26-26-310 provides that one percent 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 automated records system.
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.
Disaster Relief	Established to account for federal grants received to repair county roads and bridges damaged by floods and severe weather.
Solid Waste	Ark. Code Ann. § 8-6-212 authorizes counties to fund a solid waste management system for the County by assessing fees, charges, and licenses. Each fee, charge, and license shall be based on a fee schedule contained in an ordinance. Madison County Ordinance no. 2013-2 (January 1, 2013) authorized solid waste management fees to be used exclusively for the operation of the solid waste program.
Child Support Enforcement	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.

MADISON 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>
Drug Control	Ark. Code Ann. § 5-64-505 and Madison County Ordinance no. 2015-6 (August 17, 2015) established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Jail Operation and Maintenance	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners; construction, maintenance, and operation of the county jail; purchase and maintenance of jail equipment; and training, salaries, and certificate pay for jailers and deputy sheriffs.
Boating Safety	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within a county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Emergency Medical Services (EMS)	Madison County Ordinance no. 1982-3 (September 20, 1982) established a one percent county sales tax to provide emergency ambulance service operating costs.
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.
County Recorder's Automation	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by Circuit Clerks to be used to purchase, maintain, and operate automated records system.
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 established fund to receive delinquent assessment fees of fifty cents for each list, which shall be utilized by the county assessor to help pay for the expense of assessing property.

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 delinquent 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 fee money to be settled with the treasurer.

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

MADISON 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, sales taxes, and federal disaster funds 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.

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.

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

1. (Continued)

B. Basis of Accounting – Regulatory (Continued)

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.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, excess treasurer’s commission, and property taxes that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. 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.

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.

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

1. (Continued)

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.

2. **Details of Fund Balance Classifications**

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

<u>Description</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Funds in the Aggregate</u>
Fund Balances:			
Restricted for:			
General government			\$ 311,880
Law enforcement			60,535
Highways and streets		\$ 823,203	420,363
Public safety			384,408
Sanitation			147,710
Recreation and culture			200,697
Total Restricted		<u>823,203</u>	<u>1,525,593</u>
Committed for:			
Health			<u>577,651</u>
Assigned to:			
General government	\$ 419		
Law enforcement	760,765		
Public safety			72,102
Sanitation			93,463
Total Assigned	<u>761,184</u>		<u>165,565</u>
Unassigned	<u>559,430</u>		
Totals	<u>\$ 1,320,614</u>	<u>\$ 823,203</u>	<u>\$ 2,268,809</u>

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

3. Commitments

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

	December 31, 2019
Long-term liabilities	\$ 183,925
Noncancellable leases	805,753
Reappraisal contract	275,400
Total Commitments	\$ 1,265,078

Long-term Liabilities

Long-term liabilities at December 31, 2019, are comprised of the following:

	December 31, 2019
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	\$ 183,925

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

Post Employment Benefits Other Than Pensions

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

Noncancellable Lease

The County entered into a noncancellable lease agreement for ten (10) John Deere motor graders on March 22, 2019. Terms of the lease are monthly rental payments of \$2,194 per grader for 36 months. At the end of the lease term, the County will return the graders to the lessor.

The County entered into a noncancellable lease agreement for three (3) Caterpillar motor graders in August 2019. Terms of the lease are monthly rental payments of \$2,033 per grader for 36 months. At the end of the lease term, the County will return the graders to the lessor.

The County entered into a noncancellable lease agreement for one Kubota tractor with front loader on July 28, 2017. Terms of the lease are monthly rental payments of \$962 for 48 months. At the end of the lease term, the County will return the tractor to the lessor.

The County is obligated for the following amounts for the next five years:

Year	December 31, 2019
2020	\$ 347,978
2021	343,170
2022	114,605
Total	\$ 805,753

Rental expense for 2019 was \$281,831.

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

3. Commitments (Continued)

County-Wide Reappraisal Contract

The County entered into a professional services contract with Arkansas CAMA Technology, Inc. on October 18, 2016, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$11,475 for a total of \$688,500 beginning January 1, 2017. Contract expense for 2019 was \$137,700.

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

Year	December 31, 2019
2020	\$ 137,700
2021	137,700
Total	<u>\$ 275,400</u>

4. Interfund Transfers

The Other Funds in the Aggregate (Emergency Medical Services) transferred \$611,000 to the General Fund to remit sales tax revenue received in excess of operating costs of the ambulance service.

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). The extent of the impact of COVID-19 on the financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak, revenue collections, and any other possible issues – all of which are uncertain and cannot be predicted. The financial impact of COVID-19 to the County is uncertain.

On December 18, 2020, the County received \$552,702 in federal aid from the Coronavirus Aid, Relief, and Economic Securities (CARES) Act.

7. Joint Venture: Regional Library

Carroll and Madison Counties entered into an agreement on January 19, 2000, in accordance with Ark. Code Ann. § 13-2-401 to establish the Carroll and Madison Library System (the System). The agreement states that the intent is to enhance public library services to all residents of Carroll and Madison Counties. The System is financed by state aid to which Carroll and Madison Counties were entitled with the provision that members would receive excess funding, distributed quarterly in the same ratio as paid in, as well as obligated to make up shortfalls in funding in the same proportion as their respective state aid allocations. Madison County paid \$18,171 for regional library expenditures in 2019. Separate financial statements of the System are available at: CAMLS, 106 Spring Street, Berryville, AR 72616-3846.

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

8. Jointly Governed Organizations

Boston Mountain Solid Waste District

Madison, Washington, 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 their emphasis will be on recycling, composting, and waste reduction. In February 2005, only Washington and Madison County remained in the agreement and the name was changed to Boston Mountain Solid Waste District. Madison County paid \$7,564 to the Boston Mountain Solid Waste District during 2019. Separate financial statements of the Boston Mountain Solid Waste District may be obtained at: 11398 Bond Road, Prairie Grove, AR 72752.

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 Drug Task Force were not available.

9. 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 \$537,107.

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 \$4,419,915.

10. Capital Assets

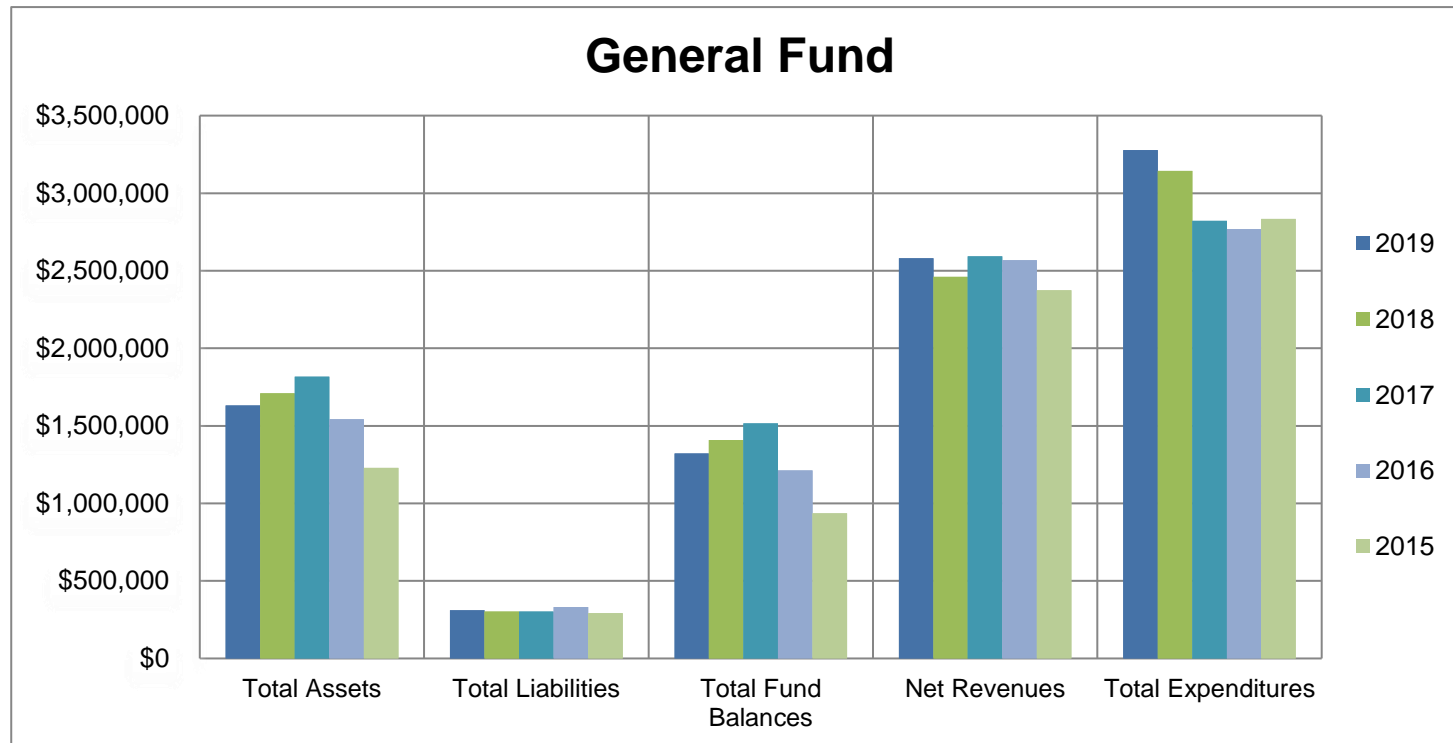
The County's capital assets records are summarized below :

	December 31, 2019
Land	\$ 492,727
Buildings	2,610,563
Equipment	8,446,550
Improvements	64,511
Total	\$ 11,614,351

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

Schedule 3-1

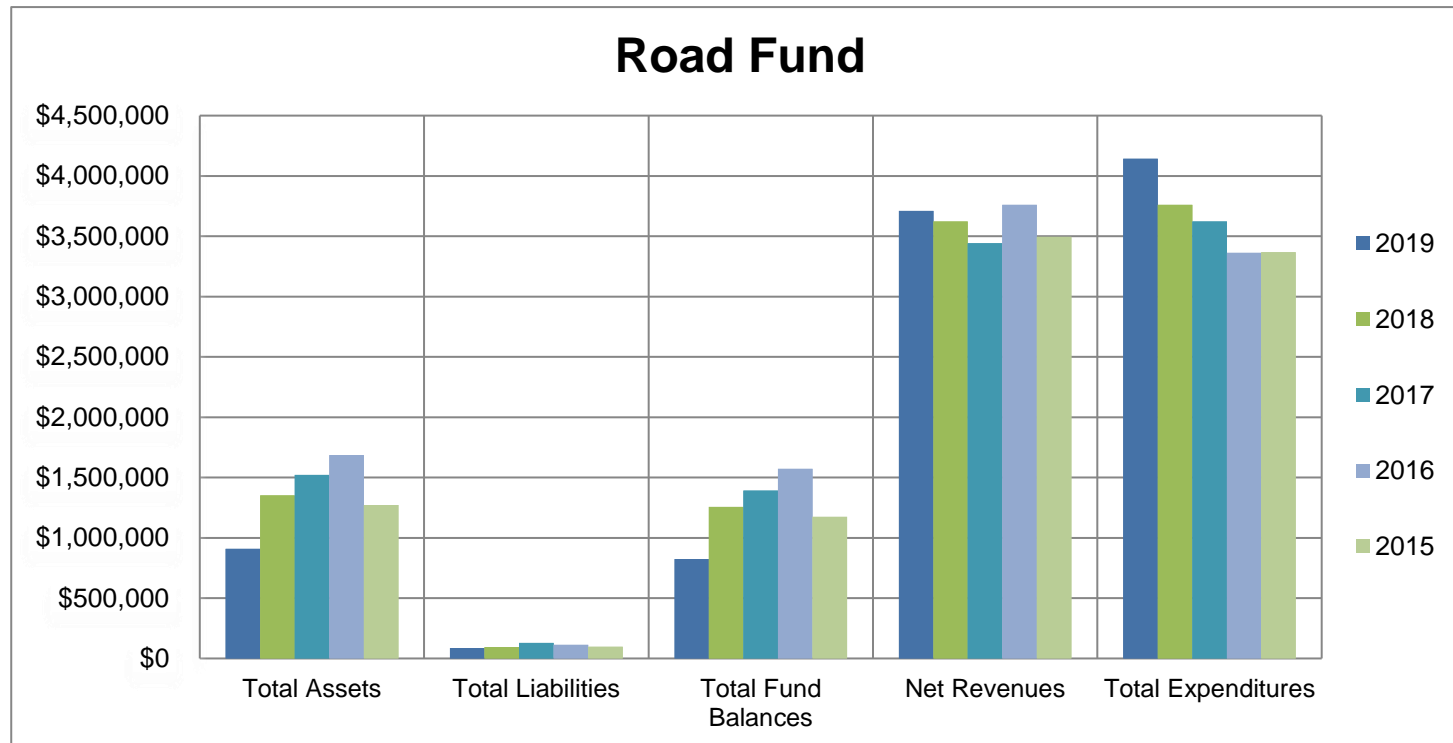
<u>General</u>	2019	2018	2017	2016	2015
Total Assets	\$ 1,631,180	\$ 1,710,299	\$ 1,817,614	\$ 1,542,177	\$ 1,228,145
Total Liabilities	310,566	302,555	302,322	330,684	291,652
Total Fund Balances	1,320,614	1,407,744	1,515,292	1,211,493	936,493
Net Revenues	2,579,588	2,460,738	2,592,448	2,568,305	2,373,731
Total Expenditures	3,277,718	3,144,286	2,820,946	2,767,305	2,834,841
Total Other Financing Sources/Uses	611,000	576,000	554,000	474,000	523,996



MADISON 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	\$ 908,529	\$ 1,350,848	\$ 1,521,033	\$ 1,685,316	\$ 1,272,303
Total Liabilities	85,326	94,623	128,631	112,241	97,451
Total Fund Balances	823,203	1,256,225	1,392,402	1,573,075	1,174,852
Net Revenues	3,709,636	3,623,222	3,440,904	3,760,963	3,494,678
Total Expenditures	4,142,658	3,759,399	3,621,578	3,362,740	3,366,639
Total Other Financing Sources/Uses					(27,973)



MADISON 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

<u>Other Funds in the Aggregate</u>	2019	2018	2017	2016	2015
Total Assets	\$ 2,841,704	\$ 3,297,313	\$ 3,058,362	\$ 2,777,070	\$ 2,517,483
Total Liabilities	572,895	364,147	342,795	364,098	218,088
Total Fund Balances	2,268,809	2,933,166	2,715,567	2,412,972	2,299,395
Net Revenues	2,860,403	4,384,607	4,260,902	3,366,276	2,917,695
Total Expenditures	2,913,760	3,591,010	3,403,618	2,778,699	2,233,498
Total Other Financing Sources/Uses	(611,000)	(576,000)	(554,000)	(474,000)	(496,023)

