

Baxter County, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



BAXTER COUNTY, ARKANSAS
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Arkansas

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Senate Chair
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Rep. Jimmy Gazaway
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of Baxter County, Arkansas (County), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, road fund, and other funds in the aggregate as of December 31, 2022, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Road Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of December 31, 2022; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and road fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas, as of December 31, 2022, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
October 10, 2023
LOCO00322

Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, road fund, and other funds in the aggregate of Baxter County, Arkansas (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements, and have issued our report thereon dated October 10, 2023. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the County in a separate letter dated October 10, 2023.

Purpose of This Report

The purpose of this report is solely to described the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

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

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
October 10, 2023

Arkansas

Sen. David Wallace
Senate Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2022:

County Judge: Mickey Pendergrass
Treasurer: Jenay Mize
Sheriff: John Montgomery
Tax Collector: Teresa Smith
County and Circuit Clerk: Canda Reese
Assessor: Jayme Nicholson
County Librarian: Kim Crow-Shearer
Airport Manager: Paul Fagras (January 1, 2022 through October 7, 2022)
Taylor Carmichael (October 10, 2022 through December 31, 2022)

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

County Judge and County Clerk

The County disbursed funds totaling \$279,189 in apparent conflict with Ark. Const. art. 12, § 5, as interpreted in Op. Att'y Gen. nos. 1992-099 and 1991-410, respectively:

- \$275,000 to three vendors on behalf of the Mountain Home Saddle Club for rodeo arena equipment without a contract for services.
- \$4,189 to a local grocery store to purchase gift certificates for all employees for Christmas.

County Judge

Competitive bids were not solicited or waived for two purchases of equipment totaling \$263,700, in noncompliance with Ark. Code Ann. §§ 14-22-101 - 14-22-115.

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

ARKANSAS LEGISLATIVE AUDIT

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

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
October 10, 2023

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

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 10,373,189	\$ 1,188,734	\$ 14,680,237
Accounts receivable	154,894	47,375	198,916
	<u>10,528,083</u>	<u>1,236,109</u>	<u>14,879,153</u>
TOTAL ASSETS	<u>\$ 10,528,083</u>	<u>\$ 1,236,109</u>	<u>\$ 14,879,153</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 95,839	\$ 160,662	\$ 54,298
Settlements pending			878,253
Total Liabilities	<u>95,839</u>	<u>160,662</u>	<u>932,551</u>
Fund Balances:			
Restricted	51,039	1,075,447	13,264,220
Committed	1,031,643		
Assigned	1,755,799		682,382
Unassigned	7,593,763		
Total Fund Balances	<u>10,432,244</u>	<u>1,075,447</u>	<u>13,946,602</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,528,083</u>	<u>\$ 1,236,109</u>	<u>\$ 14,879,153</u>

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 1,309,785	\$ 2,710,274	\$ 373,563
Federal aid	398,695	993,365	4,577,589
Property taxes	2,072,592	1,432,449	689,160
Sales taxes	5,727,410		2,520,851
Fines, forfeitures, and costs	557,510		181,862
Interest	322,882	26,720	102,733
Officers' fees	123,992		433,327
Donations			375,039
911 fees			670,716
Jail fees			367,499
Airport sales and rental income			138,854
Treasurer's commission	179,710		50,588
Collector's commission	457,253		137,722
Taxes apportioned - Assessor's salary and expense	907,530		
Other	595,113	37,536	115,050
TOTAL REVENUES	12,652,472	5,200,344	10,734,553
Less: Treasurer's commission	88,304	42,953	45,638
NET REVENUES	12,564,168	5,157,391	10,688,915
EXPENDITURES			
Current:			
General government	4,067,796		1,023,571
Law enforcement	4,872,269		2,843,507
Highways and streets	100,706	5,125,791	300,000
Public safety	530,720		808,287
Health	37,654		
Recreation and culture			1,435,956
Social services	91,786		
Airport	374,529		505,763
Total Current	10,075,460	5,125,791	6,917,084
Debt Service:			
Bond principal			216,292
Bond interest and other charges			5,318
Financed purchase principal		344,000	
Financed purchase interest		7,848	
TOTAL EXPENDITURES	10,075,460	5,477,639	7,138,694

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

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 2,488,708	\$ (320,248)	\$ 3,550,221
OTHER FINANCING SOURCES (USES)			
Transfers in			704,705
Transfers out	(674,396)		(30,309)
TOTAL OTHER FINANCING SOURCES (USES)	(674,396)		674,396
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,814,312	(320,248)	4,224,617
FUND BALANCES - JANUARY 1	8,617,932	1,395,695	9,721,985
FUND BALANCES - DECEMBER 31	\$ 10,432,244	\$ 1,075,447	\$ 13,946,602

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

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 880,900	\$ 1,309,785	\$ 428,885	\$ 2,548,450	\$ 2,710,274	\$ 161,824
Federal aid	27,000	398,695	371,695	1,198,204	993,365	(204,839)
Property taxes	1,899,100	2,072,592	173,492	1,307,000	1,432,449	125,449
Sales taxes	4,900,000	5,727,410	827,410			
Fines, forfeitures, and costs	544,400	557,510	13,110			
Interest	28,712	322,882	294,170	11,000	26,720	15,720
Officers' fees	111,000	123,992	12,992			
Treasurer's commission	150,000	179,710	29,710			
Collector's commission	390,000	457,253	67,253			
Taxes apportioned - Assessor's salary and expense	700,000	907,530	207,530			
Other	586,000	595,113	9,113	257,135	37,536	(219,599)
TOTAL REVENUES	10,217,112	12,652,472	2,435,360	5,321,789	5,200,344	(121,445)
Less: Treasurer's commission		88,304	(88,304)		42,953	(42,953)
NET REVENUES	10,217,112	12,564,168	2,347,056	5,321,789	5,157,391	(164,398)
EXPENDITURES						
Current:						
General government	5,224,145	4,067,796	1,156,349			
Law enforcement	4,942,748	4,872,269	70,479			
Highways and streets		100,706	(100,706)	5,684,327	5,125,791	558,536
Public safety	463,486	530,720	(67,234)			
Sanitation	108,475		108,475			
Health	21,000	37,654	(16,654)			
Recreation and culture	3,500		3,500			
Social services	109,067	91,786	17,281			
Airport	371,977	374,529	(2,552)			
Total Current	11,244,398	10,075,460	1,168,938	5,684,327	5,125,791	558,536
Debt Service:						
Financed purchase principal					344,000	(344,000)
Financed purchase interest					7,848	(7,848)
TOTAL EXPENDITURES	11,244,398	10,075,460	1,168,938	5,684,327	5,477,639	206,688

BAXTER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND ROAD FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,027,286)</u>	<u>\$ 2,488,708</u>	<u>\$ 3,515,994</u>	<u>\$ (362,538)</u>	<u>\$ (320,248)</u>	<u>\$ 42,290</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	127,400		(127,400)			
Transfers out	<u>(65,000)</u>	<u>(674,396)</u>	<u>(609,396)</u>			
TOTAL OTHER FINANCING SOURCES (USES)	<u>62,400</u>	<u>(674,396)</u>	<u>(736,796)</u>			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(964,886)	1,814,312	2,779,198	(362,538)	(320,248)	42,290
FUND BALANCES - JANUARY 1	<u>2,624,066</u>	<u>8,617,932</u>	<u>5,993,866</u>	<u>600,000</u>	<u>1,395,695</u>	<u>795,695</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 1,659,180</u></u>	<u><u>\$ 10,432,244</u></u>	<u><u>\$ 8,773,064</u></u>	<u><u>\$ 237,462</u></u>	<u><u>\$ 1,075,447</u></u>	<u><u>\$ 837,985</u></u>

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation - Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and road fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to actual expenditures for the general and road funds; notes to financial statements; and a supplemental schedule of capital assets.

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback, property taxes, and federal aid that are restricted or committed for maintaining and constructing roads.

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

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

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

Debt Service Fund - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedule 2 for the Debt Service Fund reported with other funds in the aggregate.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available except for Treasurer's and Collector's commission and Taxes apportioned – Assessor's salary and expense which are recognized when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury, as well as county sales taxes, is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as part of supplementary information in order to provide users of the financial statements a better understanding of the entity as a whole.

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, property taxes, trusts, and excess commissions 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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

2. Accounting

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

G. Fund Balance Classification Policies and Procedures

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

The County does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The County does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,559,102	\$ 1,585,023
Collateralized:		
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name	24,677,859	25,199,094
Total Deposits	<u>\$ 26,236,961</u>	<u>\$ 26,784,117</u>

The above total deposits do not include cash on hand of \$5,199.

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

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that county funds be deposited in federally insured banks located in the State of Arkansas. The county deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

NOTE 4: Accounts Receivable

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
Federal aid	\$ 1,257		\$ 1,000
Fines, forfeitures, and costs	15,979		6,218
Interest	158		
Officers' fees	3,114		28,191
911 fees			1,308
Jail fees			59,371
Treasurer's commission	18,312		50,588
Other	12,834	\$ 304	3,807
Treasurer's commission charged	103,240	47,071	48,433
Totals	<u>\$ 154,894</u>	<u>\$ 47,375</u>	<u>\$ 198,916</u>

NOTE 5: Accounts Payable

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 95,839</u>	<u>\$ 160,662</u>	<u>\$ 54,298</u>

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

NOTE 6: Details of Fund Balance Classifications

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

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government			\$ 8,943,616
Law enforcement			2,781,938
Highways and streets		\$ 1,075,447	
Public safety			306,831
Sanitation	\$ 51,039		
Recreation and culture			791,341
Airport			440,494
Total Restricted	<u>51,039</u>	<u>1,075,447</u>	<u>13,264,220</u>
Committed for:			
General government	1,019,913		
Law enforcement	11,730		
Total Committed	<u>1,031,643</u>		
Assigned to:			
General government	1,662,670		
Law enforcement	93,129		50,000
Public safety			40,826
Capital outlay			591,556
Total Assigned	<u>1,755,799</u>		<u>682,382</u>
Unassigned	<u>7,593,763</u>		
Totals	<u>\$ 10,432,244</u>	<u>\$ 1,075,447</u>	<u>\$ 13,946,602</u>

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2022, the legal debt limit for bonded debt was \$79,485,949. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2022, the legal debt limit for short-term financing obligations was \$20,986,100. There were no short-term financing obligations.

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

NOTE 8: Commitments

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

	December 31, 2022
Long-term liabilities	\$ 1,455,982
Reappraisal contract	1,161,756
Total Commitments	<u>\$ 2,617,738</u>

Long-term Liabilities

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

	December 31, 2022
Compensated absences consisting of accrued vacation, sick, and compensatory leave adjusted to current salary cost	<u>\$ 1,455,982</u>

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

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
Bonds payable	\$ 216,292	\$ 0	\$ 216,292	\$ 0
<u>Direct Borrowings</u>				
Financed purchases	344,000	0	344,000	0
Total Long-Term Debt	<u>\$ 560,292</u>	<u>\$ 0</u>	<u>\$ 560,292</u>	<u>\$ 0</u>

County-Wide Reappraisal Contract

The County entered into a contract with Total Assessment Solutions Corporation on November 3, 2022, for a county-wide reappraisal. The County is obligated for 36 monthly payments of \$32,271 for a total of \$1,161,756 beginning January 1, 2023. Contract expense for 2022 on a previous contract dated October 25, 2017, was \$332,400.

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

Year	December 31, 2022
2023	\$ 387,252
2024	387,252
2025	387,252
Total	<u>\$ 1,161,756</u>

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

NOTE 9: Interfund Transfers

The General Fund transferred \$674,396 to the Other Funds in the Aggregate to pay off bonds (Airport Revenue Bond \$174,396) and for future capital projects (Health Unit Building \$500,000). Within Other Funds in the Aggregate, Sheriff's Projects transferred \$7,041 and \$1,000 to Drug Enforcement and K-9, respectively, to set up new funds, Juvenile Grant transferred \$54 to Circuit Court Juvenile Division to close out the fund, and Airport transferred \$22,214 to Airport Revenue Bond Fund to pay off bonds.

NOTE 10: Subsequent Events

On July 13, 2023, the County signed a construction manager contract with Gregory Company, Inc. for the construction of a new Health Department building. Construction manager fees will be charged as a percentage of the construction costs, which are estimated to be approximately \$4,000,000 as of the date of our report.

NOTE 11: Related Party Transaction

The County paid Magness Oil Company \$548,816 for oil and fuel in 2022. Magness Oil Company is owned by part-time Sheriff's Office employee Benny Magness. Baxter County Ordinance no. 2022-31 (June 7, 2022) allows the County to conduct business with this related party.

NOTE 12: Jointly Governed Organizations

Fourteenth Judicial Drug Task Force

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

Ozark Mountain Solid Waste District

The Ozark Mountain Solid Waste District is a jointly governed organization comprised of representatives from Baxter, Boone, Carroll, Marion, Newton, and Searcy Counties and participating cities within the aforementioned counties. Representatives are the respective judges and mayors unless some other representative is appointed by the participating entity. Baxter County made no payments to the Ozark Mountain Solid Waste District in 2022. Service fees billed and collected on property tax statements in prior years were disbursed to a third party in January 2022 per Baxter County Circuit Case No. 03CV-18-284.

NOTE 13: Risk Management

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

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

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

Property Program – This program is a blanket policy with coverage up to \$1,100,000,000 for any one loss with a \$1,000 deductible. The County shall pay into the program each year a charge established by the Risk Management Fund Board for covered county property.

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

NOTE 13: Risk Management (Continued)

Vehicle Program

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

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

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

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended June 30, 2022, (date of APERS Employer Allocation Report) were \$1,293,116.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the County's share of the collective net pension liability. The County's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$10,888,165.

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

NOTE 15: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the County was awarded \$8,144,799 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$8,144,799 of this amount has been received. In 2022, the County was awarded \$708,546 in federal aid from the Local Assistance and Tribal Consistency Fund, which was a part of the American Rescue Plan Act of 2021. In 2022 and 2023, the County received funds in the amount of \$354,273 and \$354,273, respectively. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

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

Schedule 1

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Recorder's Cost	County Public Library	County Clerk's Cost	Child Support Cost	Breathalyzer
ASSETS									
Cash and cash equivalents	\$ 229,297	\$ 878,348	\$ 235,878	\$ 95,957	\$ 749,975	\$ 804,051	\$ 4,120	\$ 52,817	\$ 11,123
Accounts receivable	50,588				32,943	8,449	42	72	140
TOTAL ASSETS	<u>\$ 279,885</u>	<u>\$ 878,348</u>	<u>\$ 235,878</u>	<u>\$ 95,957</u>	<u>\$ 782,918</u>	<u>\$ 812,500</u>	<u>\$ 4,162</u>	<u>\$ 52,889</u>	<u>\$ 11,263</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 1,314			\$ 370	\$ 21,159			
Settlements pending									
Total Liabilities		<u>1,314</u>			<u>370</u>	<u>21,159</u>			
Fund Balances:									
Restricted	\$ 279,885	877,034	\$ 235,878	\$ 95,957	782,548	791,341	\$ 4,162	\$ 52,889	\$ 11,263
Assigned									
Total Fund Balances	<u>279,885</u>	<u>877,034</u>	<u>235,878</u>	<u>95,957</u>	<u>782,548</u>	<u>791,341</u>	<u>4,162</u>	<u>52,889</u>	<u>11,263</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 279,885</u>	<u>\$ 878,348</u>	<u>\$ 235,878</u>	<u>\$ 95,957</u>	<u>\$ 782,918</u>	<u>\$ 812,500</u>	<u>\$ 4,162</u>	<u>\$ 52,889</u>	<u>\$ 11,263</u>

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

Schedule 1

SPECIAL REVENUE FUNDS								
	Special Jail Fee	County Detention Facility	Boating Safety and Enforcement	Emergency 911	Public Defender	Drug Court Program	Circuit Court Juvenile Division	Assessor's Late Assessment Fee
ASSETS								
Cash and cash equivalents	\$ 109,678	\$ 25,663	\$ 77,266	\$ 343,497	\$ 65,546	\$ 9,594	\$ 122,086	\$ 10,682
Accounts receivable	5,987	106		8,815	434		1,010	115
TOTAL ASSETS	<u>\$ 115,665</u>	<u>\$ 25,769</u>	<u>\$ 77,266</u>	<u>\$ 352,312</u>	<u>\$ 65,980</u>	<u>\$ 9,594</u>	<u>\$ 123,096</u>	<u>\$ 10,682</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 169		\$ 4,655	\$ 5,383			
Settlements pending								
Total Liabilities		<u>169</u>		<u>4,655</u>	<u>5,383</u>			
Fund Balances:								
Restricted	\$ 115,665	25,600	\$ 77,266	306,831	60,597	\$ 9,594	\$ 123,096	\$ 10,682
Assigned				40,826				
Total Fund Balances	<u>115,665</u>	<u>25,600</u>	<u>77,266</u>	<u>347,657</u>	<u>60,597</u>	<u>9,594</u>	<u>123,096</u>	<u>10,682</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,665</u>	<u>\$ 25,769</u>	<u>\$ 77,266</u>	<u>\$ 352,312</u>	<u>\$ 65,980</u>	<u>\$ 9,594</u>	<u>\$ 123,096</u>	<u>\$ 10,682</u>

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

Schedule 1

	SPECIAL REVENUE FUNDS								CAPITAL PROJECT FUND
	American Rescue Plan Act	Sheriff's Projects	Jail Operation and Maintenance	Drug Enforcement	K-9	14th Judicial Drug Court	Communication Facility and Equipment	Airport	Health Unit Building
ASSETS									
Cash and cash equivalents	\$ 6,814,837	\$ 74,405	\$ 1,963,519	\$ 8,463	\$ 9,767	\$ (1,000)	\$ 48,858	\$ 440,494	\$ 591,556
Accounts receivable		1,000	88,090	125		1,000			
TOTAL ASSETS	<u>\$ 6,814,837</u>	<u>\$ 75,405</u>	<u>\$ 2,051,609</u>	<u>\$ 8,588</u>	<u>\$ 9,767</u>	<u>\$ 0</u>	<u>\$ 48,858</u>	<u>\$ 440,494</u>	<u>\$ 591,556</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 2,834	\$ 18,414						
Settlements pending									
Total Liabilities		<u>2,834</u>	<u>18,414</u>						
Fund Balances:									
Restricted	\$ 6,814,837	72,571	1,983,195	\$ 8,588	\$ 9,767		\$ 48,858	\$ 440,494	
Assigned			50,000						\$ 591,556
Total Fund Balances	<u>6,814,837</u>	<u>72,571</u>	<u>2,033,195</u>	<u>8,588</u>	<u>9,767</u>		<u>48,858</u>	<u>440,494</u>	<u>591,556</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,814,837</u>	<u>\$ 75,405</u>	<u>\$ 2,051,609</u>	<u>\$ 8,588</u>	<u>\$ 9,767</u>	<u>\$ 0</u>	<u>\$ 48,858</u>	<u>\$ 440,494</u>	<u>\$ 591,556</u>

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

Schedule 1

	CUSTODIAL FUNDS					
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Juvenile Probation	Totals
ASSETS						
Cash and cash equivalents	\$ 354,914	\$ 163,529	\$ 93,965	\$ 263,096	\$ 2,749	\$ 14,680,237
Accounts receivable						198,916
TOTAL ASSETS	<u>\$ 354,914</u>	<u>\$ 163,529</u>	<u>\$ 93,965</u>	<u>\$ 263,096</u>	<u>\$ 2,749</u>	<u>\$ 14,879,153</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 54,298
Settlements pending	\$ 354,914	\$ 163,529	\$ 93,965	\$ 263,096	\$ 2,749	878,253
Total Liabilities	<u>354,914</u>	<u>163,529</u>	<u>93,965</u>	<u>263,096</u>	<u>2,749</u>	<u>932,551</u>
Fund Balances:						
Restricted						13,264,220
Assigned						682,382
Total Fund Balances						<u>13,946,602</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 354,914</u>	<u>\$ 163,529</u>	<u>\$ 93,965</u>	<u>\$ 263,096</u>	<u>\$ 2,749</u>	<u>\$ 14,879,153</u>

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

Schedule 2

	SPECIAL REVENUE FUNDS							
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Recorder's Cost	County Public Library	County Clerk's Cost	Child Support Cost
REVENUES								
State aid				\$ 18,947		\$ 191,355		
Federal aid						9,146		
Property taxes						687,091		
Sales taxes								
Fines, forfeitures, and costs			\$ 14,029					
Interest	\$ 4,955	\$ 16,320	4,768	2,080	\$ 15,011	1,355	\$ 79	\$ 1,108
Officers' fees					399,880		686	3,166
Donations						375,039		
911 fees								
Jail fees								
Airport sales and rental income								
Treasurer's commission	50,588							
Collector's commission		137,722						
Other	104	1,224	238	284	4,780	70,813	7	58
TOTAL REVENUES	55,647	155,266	19,035	21,311	419,671	1,334,799	772	4,332
Less: Treasurer's commission		326	404	420	3,922	7,061	15	85
NET REVENUES	55,647	154,940	18,631	20,891	415,749	1,327,738	757	4,247
EXPENDITURES								
Current:								
General government	26,876	107,369		8,948	272,576			7,318
Law enforcement			2,743					
Highways and streets								
Public safety								
Recreation and culture						1,435,956		
Airport								
Total Current	26,876	107,369	2,743	8,948	272,576	1,435,956		7,318
Debt Service:								
Bond principal								
Bond interest and other charges								
TOTAL EXPENDITURES	26,876	107,369	2,743	8,948	272,576	1,435,956		7,318
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	28,771	47,571	15,888	11,943	143,173	(108,218)	757	(3,071)
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	28,771	47,571	15,888	11,943	143,173	(108,218)	757	(3,071)
FUND BALANCES - JANUARY 1	251,114	829,463	219,990	84,014	639,375	899,559	3,405	55,960
FUND BALANCES - DECEMBER 31	\$ 279,885	\$ 877,034	\$ 235,878	\$ 95,957	\$ 782,548	\$ 791,341	\$ 4,162	\$ 52,889

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

Schedule 2

	SPECIAL REVENUE FUNDS						
	Breathalyzer	Special Jail Fee	County Detention Facility	Boating Safety and Enforcement	Emergency 911	Public Defender	Circuit Court Juvenile Division
REVENUES							
State aid				\$ 9,866		\$ 1,751	
Federal aid							
Property taxes							
Sales taxes							
Fines, forfeitures, and costs		\$ 92,743	\$ 17,487			25,524	
Interest	\$ 219	1,722	568	1,524	\$ 7,359	1,228	\$ 2,544
Officers' fees							12,320
Donations							
911 fees					670,716		
Jail fees							
Airport sales and rental income							
Treasurer's commission							
Collector's commission							
Other	1,581	867	195	130	336	808	2,737
TOTAL REVENUES	1,800	95,332	18,250	11,520	678,411	29,311	17,601
Less: Treasurer's commission	34	1,895	382	228	6,273	60	356
NET REVENUES	1,766	93,437	17,868	11,292	672,138	29,251	17,245
EXPENDITURES							
Current:							
General government							
Law enforcement		11,000	9,557	328		19,539	8,113
Highways and streets							
Public safety					808,287		
Recreation and culture							
Airport							
Total Current		11,000	9,557	328	808,287	19,539	8,113
Debt Service:							
Bond principal							
Bond interest and other charges							
TOTAL EXPENDITURES		11,000	9,557	328	808,287	19,539	8,113
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,766	82,437	8,311	10,964	(136,149)	9,712	9,132
OTHER FINANCING SOURCES (USES)							
Transfers in							54
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)							54
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,766	82,437	8,311	10,964	(136,149)	9,712	9,186
FUND BALANCES - JANUARY 1	9,497	33,228	17,289	66,302	483,806	50,885	113,910
FUND BALANCES - DECEMBER 31	\$ 11,263	\$ 115,665	\$ 25,600	\$ 77,266	\$ 347,657	\$ 60,597	\$ 123,096

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

Schedule 2

	SPECIAL REVENUE FUNDS						
	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Sheriff's Projects	Jail Operation and Maintenance	Drug Enforcement	K-9 Juvenile Grant
REVENUES							
State aid					\$ 26,913		\$ 8,686
Federal aid			\$ 4,072,399				
Property taxes		\$ 2,069					
Sales taxes					2,513,528		
Fines, forfeitures, and costs				\$ 30,654		\$ 1,425	
Interest	\$ 518	203		1,841	36,498	122	81
Officers' fees	1,356						
Donations							
911 fees							
Jail fees					309,085		
Airport sales and rental income							
Treasurer's commission							
Collector's commission							
Other	6	23		8,233	21,815		
TOTAL REVENUES	1,880	2,295	4,072,399	40,728	2,907,839	1,547	8,767
Less: Treasurer's commission	43	45		829	23,218		
NET REVENUES	1,837	2,250	4,072,399	39,899	2,884,621	1,547	8,767
EXPENDITURES							
Current:							
General government			600,484				
Law enforcement				78,293	2,619,083		
Highways and streets			300,000				
Public safety							
Recreation and culture							
Airport							
Total Current			900,484	78,293	2,619,083		
Debt Service:							
Bond principal							
Bond interest and other charges							
TOTAL EXPENDITURES			900,484	78,293	2,619,083		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,837	2,250	3,171,915	(38,394)	265,538	1,547	8,767
OTHER FINANCING SOURCES (USES)							
Transfers in						7,041	1,000
Transfers out				(8,041)			\$ (54)
TOTAL OTHER FINANCING SOURCES (USES)				(8,041)		7,041	1,000 (54)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,837	2,250	3,171,915	(46,435)	265,538	8,588	9,767 (54)
FUND BALANCES - JANUARY 1	23,785	8,432	3,642,922	119,006	1,767,657		54
FUND BALANCES - DECEMBER 31	\$ 25,622	\$ 10,682	\$ 6,814,837	\$ 72,571	\$ 2,033,195	\$ 8,588	\$ 9,767 0

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

Schedule 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUND	DEBT SERVICE FUND	
	14th Judicial Drug Court	Communication Facility and Equipment	Airport	Health Unit Building	Airport Revenue Bond	Totals
REVENUES						
State aid			\$ 116,045			\$ 373,563
Federal aid	\$ 19,551		476,493			4,577,589
Property taxes						689,160
Sales taxes			7,323			2,520,851
Fines, forfeitures, and costs						181,862
Interest		\$ 59	482	\$ 1,888		102,733
Officers' fees		15,919				433,327
Donations						375,039
911 fees						670,716
Jail fees		58,414				367,499
Airport sales and rental income			138,854			138,854
Treasurer's commission						50,588
Collector's commission						137,722
Other			799	10		115,050
TOTAL REVENUES	19,551	74,392	739,996	1,898		10,734,553
Less: Treasurer's commission				38		45,638
NET REVENUES	19,551	74,392	739,996	1,860		10,688,915
EXPENDITURES						
Current:						
General government						1,023,571
Law enforcement	19,551	75,092				2,843,507
Highways and streets						300,000
Public safety						808,287
Recreation and culture						1,435,956
Airport			505,763			505,763
Total Current	19,551	75,092	505,763			6,917,084
Debt Service:						
Bond principal					\$ 216,292	216,292
Bond interest and other charges					5,318	5,318
TOTAL EXPENDITURES	19,551	75,092	505,763		221,610	7,138,694
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(700)	234,233	1,860	(221,610)	3,550,221
OTHER FINANCING SOURCES (USES)						
Transfers in				500,000	196,610	704,705
Transfers out			(22,214)			(30,309)
TOTAL OTHER FINANCING SOURCES (USES)			(22,214)	500,000	196,610	674,396
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(700)	212,019	501,860	(25,000)	4,224,617
FUND BALANCES - JANUARY 1		49,558	228,475	89,696	25,000	9,721,985
FUND BALANCES - DECEMBER 31	\$ 0	\$ 48,858	\$ 440,494	\$ 591,556	\$ 0	\$ 13,946,602

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of treasurer's gross commissions to operate the treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross 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 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.
County Clerk's Cost	Ark. Code Ann. § 16-20-407 established a \$2 marriage license fee to be used for the operation of the office of county clerk.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Breathalyzer	Ark. Code Ann. § 16-10-307 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzer.
Special Jail Fee	Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail.
County Detention Facility	Ark. Code Ann. § 12-41-505 established fund to receive 90% of a \$40 booking and administration fee assessed on persons 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 or for certificate pay for law enforcement and jailer personnel.
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.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund to be used for defense of indigents.
Drug Court Program	Ark. Code Ann. § 16-98-304 established fund to receive program user fees set by drug court judges to be used for the benefit and administration of the drug court program.
Circuit Court Juvenile Division	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
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.
Sheriff's Projects	Established to account for installment fees assessed on defendants for making restitution payments on an installment basis.
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, including construction and maintenance of the county jail. Additionally, Baxter County Ordinance no. 2017-28 (July 11, 2017) provided for the levying of a sales and use tax of one quarter of one percent (0.25%) to acquire, expand, construct, improve, furnish, equip, and provide for the operation and maintenance of the Baxter County Detention facilities and to pay for the costs associated with the housing of the prisoners.
Drug Enforcement	Baxter County Ordinance no. 2022-35 (June 7, 2022) established fund to account for one half of the \$30 fine imposed on DWI offenses as authorized by Baxter County Ordinance no. 2005-65 (May 3, 2005).
K-9	Baxter County Ordinance no. 2022-35 (June 7, 2022) established fund to account for donations received for the establishment and funding of a K-9 program for the Baxter County Sheriff's Office.

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

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

<u>Fund Name</u>	<u>Fund Description</u>
Juvenile Grant	Established to receive and disburse state grant monies for the operations of the Juvenile Services Department. Fund is restricted by Grantor.
14th Judicial Drug Court	Established fund to receive and disburse federal grant monies for the operations of the 14th Judicial Drug Court.
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.
Airport	Established by Baxter County court order dated March 16, 1978 to receive federal grants, state grants, and operating revenues to be used for improvement and operations of the Baxter Regional Airport.
Health Unit Building	Established to receive and disburse local and state grant monies for the construction of a new health unit building. Fund is restricted by Grantor.
Airport Revenue Bond	Baxter County Ordinance no. 2012-59 (September 6, 2012) established fund to receive airport revenues and make principal and interest payments on revenue bonds. Airport revenues are pledged for the Airport Revenue Refund Bond.

Treasurer's accounts consist primarily of treasurer's commission not yet distributed to the appropriate agencies and the County Law Library Fund.

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 fees to be settled with the Treasurer and trust money awaiting disposition by the applicable court.

Juvenile Probation accounts consist primarily of probation fees awaiting disposition to the County.

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

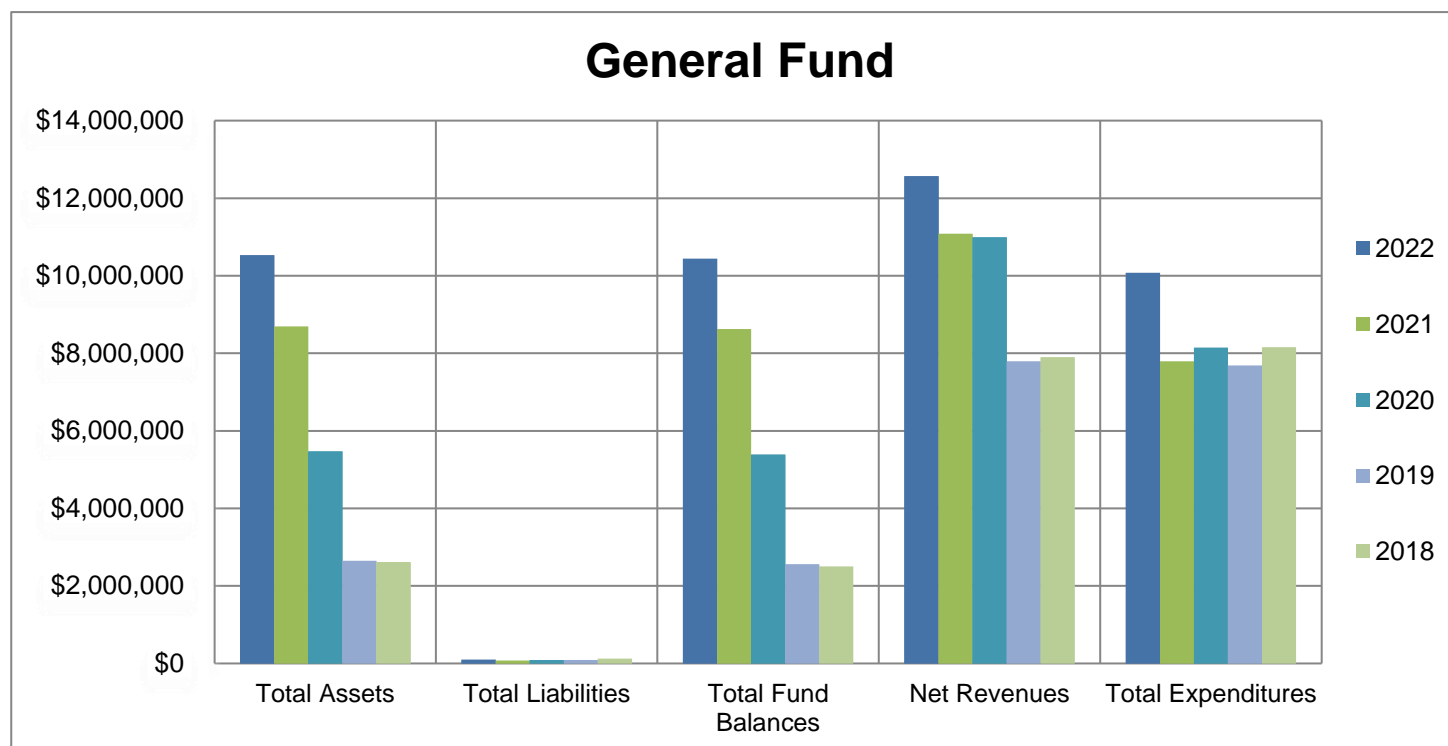
Schedule 3

	December 31, 2022
	<hr/>
Land and Buildings	\$ 16,400,128
Construction in Progress	35,517
Improvements	3,088,659
Equipment	<hr/> 14,528,322
	<hr/>
Total	<u><u>\$ 34,052,626</u></u>

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

Schedule 4-1

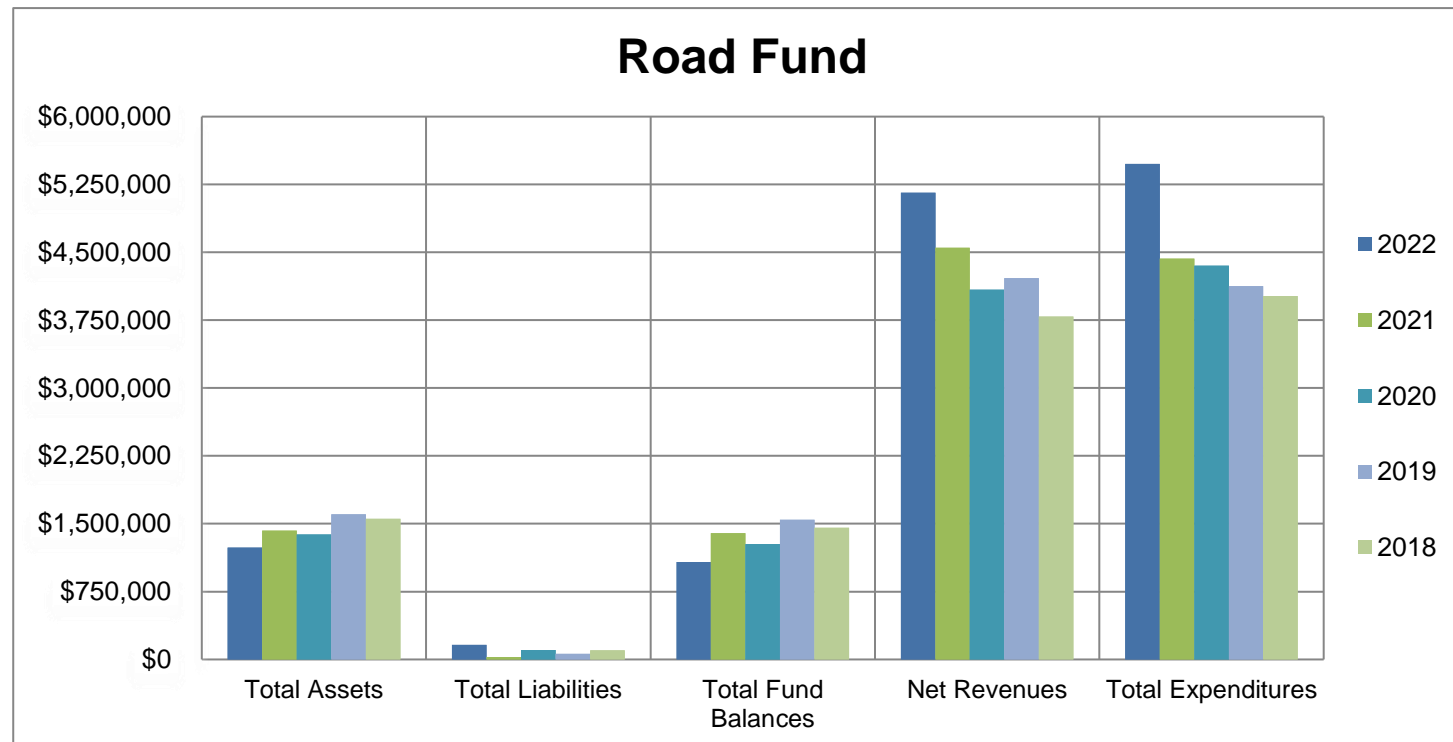
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 10,528,083	\$ 8,690,683	\$ 5,471,885	\$ 2,644,577	\$ 2,615,854
Total Liabilities	95,839	72,751	85,464	87,221	119,233
Total Fund Balances	10,432,244	8,617,932	5,386,421	2,557,356	2,496,621
Net Revenues	12,564,168	11,076,271	10,988,719	7,786,117	7,894,924
Total Expenditures	10,075,460	7,789,877	8,145,010	7,683,022	8,150,587
Total Other Financing Sources/Uses	(674,396)	(54,883)	(14,644)	(42,360)	



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

Schedule 4-2

<u>Road</u>	2022	2021	2020	2019	2018
Total Assets	\$ 1,236,109	\$ 1,422,343	\$ 1,381,118	\$ 1,605,778	\$ 1,555,996
Total Liabilities	160,662	26,648	104,466	63,123	99,901
Total Fund Balances	1,075,447	1,395,695	1,276,652	1,542,655	1,456,095
Net Revenues	5,157,391	4,549,153	4,088,128	4,213,809	3,788,471
Total Expenditures	5,477,639	4,430,110	4,354,131	4,127,249	4,017,932
Total Other Financing Sources/Uses					



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 14,879,153	\$ 11,161,893	\$ 5,717,073	\$ 3,998,798	\$ 6,724,607
Total Liabilities	932,551	1,439,908	1,205,685	771,938	867,266
Total Fund Balances	13,946,602	9,721,985	4,511,388	3,226,860	5,857,341
Net Revenues	10,688,915	10,631,268	5,872,693	4,861,267	6,291,440
Total Expenditures	7,138,694	4,972,854	4,602,809	7,534,108	3,432,007
Total Other Financing Sources/Uses	674,396	(447,817)	14,644	42,360	197,449

