

Drew County, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE



DREW COUNTY, ARKANSAS
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Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

Drew 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 Drew 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, 2025; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis for the year then ended; and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Drew County, Arkansas, as of December 31, 2025; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and road fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, road fund, and other funds in the aggregate of Drew County, Arkansas, as of December 31, 2025, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 8, 2026
LOCO02225

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

Drew 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 Drew County, Arkansas (County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements, and have issued our report thereon dated September 8, 2026. 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

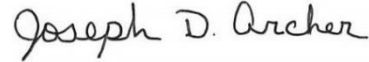
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 September 8, 2026.

Purpose of This Report

The purpose of this report is solely to describe 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 dark ink that reads "Joseph D. Archer". The signature is written in a cursive, flowing style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 8, 2026

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Drew 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 2025:

County Judge: Jessie Griffin
Treasurer: Charles Searcy
Sheriff: Tim Nichols
Tax Collector: Tonya Loveless
County Clerk: Stephanie Chisom
Circuit Clerk: Beverly Burks
Assessor: Cheri Adcock

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 8, 2026

DREW COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2025

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 8,508,409	\$ 12,646,055	\$ 5,407,077
Accounts receivable	218,148	48,163	139,943
Interfund receivables			57,228
	<u>8,726,557</u>	<u>12,694,218</u>	<u>5,604,248</u>
TOTAL ASSETS	<u>\$ 8,726,557</u>	<u>\$ 12,694,218</u>	<u>\$ 5,604,248</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 59,231	\$ 78,749	\$ 34,413
Interfund payables	57,228		
Settlements pending	305,622		1,664,416
Total Liabilities	<u>422,081</u>	<u>78,749</u>	<u>1,698,829</u>
Fund Balances:			
Restricted		12,615,469	3,775,174
Assigned	803		131,565
Unassigned	8,303,673		(1,320)
Total Fund Balances	<u>8,304,476</u>	<u>12,615,469</u>	<u>3,905,419</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,726,557</u>	<u>\$ 12,694,218</u>	<u>\$ 5,604,248</u>

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

DREW COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 684,613	\$ 1,861,740	\$ 433,415
Federal aid	19,377	133,732	6,000,000
Property taxes	695,562	221,800	727,085
Sales taxes	2,951,546	3,053,224	1,017,741
Fines, forfeitures, and costs	269,052		89,651
Interest	378,045	407,450	127,094
Officers' fees	21,588		124,495
Sanitation			1,016,787
Jail fees	208,394		117,813
911 fees			290,498
Library reimbursements	87,125		
Sale of assets			120,725
Treasurer's commission	136,950		28,418
Collector's commission	228,437		54,514
Taxes apportioned - Assessor's salary and expense	403,709		
Other	72,444	211,346	256,590
TOTAL REVENUES	6,156,842	5,889,292	10,404,826
Less: Treasurer's commission	51,296	59,822	37,783
NET REVENUES	6,105,546	5,829,470	10,367,043
EXPENDITURES			
Current:			
General government	2,153,591		250,949
Law enforcement	2,926,770		213,560
Highways and streets		4,537,265	
Public safety	47,034		193,375
Sanitation			1,353,081
Health	142,976		
Recreation and culture	22,504		250,000
Social services	67,559		
Economic development			6,000,000
Total Current	5,360,434	4,537,265	8,260,965
Debt Service:			
Bond principal			1,300,000
Bond interest and other charges			220,159
Financed purchase principal	25,057		143,724
Financed purchase interest			3,823
TOTAL EXPENDITURES	5,385,491	4,537,265	9,928,671

DREW COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 720,055	\$ 1,292,205	\$ 438,372
OTHER FINANCING SOURCES (USES)			
Transfers in			15,067
Transfers out	(15,067)		
TOTAL OTHER FINANCING SOURCES (USES)	(15,067)		15,067
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	704,988	1,292,205	453,439
FUND BALANCES - JANUARY 1	7,599,488	11,323,264	3,451,980
FUND BALANCES - DECEMBER 31	\$ 8,304,476	\$ 12,615,469	\$ 3,905,419

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

DREW 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, 2025

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 485,000	\$ 684,613	\$ 199,613	\$ 1,263,000	\$ 1,861,740	\$ 598,740
Federal aid		19,377	19,377		133,732	133,732
Property taxes	487,000	695,562	208,562	190,000	221,800	31,800
Sales taxes	2,600,000	2,951,546	351,546	2,600,000	3,053,224	453,224
Fines, forfeitures, and costs	175,000	269,052	94,052			
Interest	125,300	378,045	252,745	185,000	407,450	222,450
Officers' fees	19,000	21,588	2,588			
Jail fees	135,000	208,394	73,394			
Library reimbursements		87,125	87,125			
Treasurer's commission	23,000	136,950	113,950			
Collector's commission	5,000	228,437	223,437			
Taxes apportioned - Assessor's salary and expense	598,101	403,709	(194,392)			
Other	394,352	72,444	(321,908)	21,000	211,346	190,346
TOTAL REVENUES	5,046,753	6,156,842	1,110,089	4,259,000	5,889,292	1,630,292
Less: Treasurer's commission		51,296	(51,296)		59,822	(59,822)
NET REVENUES	5,046,753	6,105,546	1,058,793	4,259,000	5,829,470	1,570,470
EXPENDITURES						
Current:						
General government	2,575,524	2,153,591	421,933			
Law enforcement	3,308,471	2,926,770	381,701			
Highways and streets				5,043,623	4,537,265	506,358
Public safety	66,907	47,034	19,873			
Health	155,141	142,976	12,165			
Recreation and culture	22,732	22,504	228			
Social services	179,245	67,559	111,686			
Total Current	6,308,020	5,360,434	947,586	5,043,623	4,537,265	506,358
Debt Service:						
Financed purchase principal		25,057	(25,057)			
TOTAL EXPENDITURES	6,308,020	5,385,491	922,529	5,043,623	4,537,265	506,358

DREW 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, 2025

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,261,267)	\$ 720,055	\$ 1,981,322	\$ (784,623)	\$ 1,292,205	\$ 2,076,828
OTHER FINANCING SOURCES (USES)						
Transfers in	3,688,530		(3,688,530)			
Transfers out	(36,025)	(15,067)	20,958			
TOTAL OTHER FINANCING SOURCES (USES)	3,652,505	(15,067)	(3,667,572)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,391,238	704,988	(1,686,250)	(784,623)	1,292,205	2,076,828
FUND BALANCES - JANUARY 1	1,320,922	7,599,488	6,278,566	1,043,476	11,323,264	10,279,788
FUND BALANCES - DECEMBER 31	\$ 3,712,160	\$ 8,304,476	\$ 4,592,316	\$ 258,853	\$ 12,615,469	\$ 13,400,092

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

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 sales taxes that are restricted for maintaining and constructing roads.

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

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

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

Debt Service Funds - 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 Schedules 1 and 2 for the Debt Service Funds as reported with other funds in the aggregate.

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

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, solid waste collections, Treasurer's Commission, property taxes, Excess Collector's Commission, and hospital funds that have not been transferred to the appropriate entities.

Fund Balance Classifications

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

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.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

1. Legal Requirements

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

2. Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year end.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). The County's cash deposits at December 31, 2025, are as follows:

	Bank Balance
Insured (FDIC)	\$ 3,824,569
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the County's name	<u>23,360,426</u>
Total Deposits	<u>\$ 27,184,995</u>

The above total deposits do not include cash on hand of \$45,610.

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.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2025, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Property taxes		\$ 4,742	\$ 15,330
Fines, forfeitures, and costs	\$ 20,512		2,201
Officers' fees	1,466		11,288
Jail fees	20,543		8,752
911 fees			3,753
Treasurer's commission	136,950		28,418
Collector's commission			54,514
Other	1,822	440	1,479
Treasurer's commission charged	36,855	42,981	14,208
Totals	<u>\$ 218,148</u>	<u>\$ 48,163</u>	<u>\$ 139,943</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2025, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	\$ 59,231	\$ 78,749	\$ 34,367
Payroll taxes payable	0		46
Totals	<u>\$ 59,231</u>	<u>\$ 78,749</u>	<u>\$ 34,413</u>

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2025	
	Interfund Receivables	Interfund Payables
General Fund		\$ 57,228
Other Funds in the Aggregate:		
Special Revenue Funds:		
Automation Records System	\$ 57,228	
Totals	<u>\$ 57,228</u>	<u>\$ 57,228</u>

Interfund receivables and payables consist of errors in depositing restricted revenues and are expected to be repaid in 2026.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2025, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 649,107
Law enforcement			706,198
Highways and streets		\$ 12,615,469	
Public safety			584,948
Health			54
Recreation and culture			633,615
Capital outlay			20,495
Debt service			1,180,757
Total Restricted		<u>12,615,469</u>	<u>3,775,174</u>
Assigned to:			
General government			12,927
Law enforcement	\$ 803		
Sanitation			118,638
Total Assigned	<u>803</u>		<u>131,565</u>
Unassigned	<u>8,303,673</u>		<u>(1,320)</u>
Totals	<u>\$ 8,304,476</u>	<u>\$ 12,615,469</u>	<u>\$ 3,905,419</u>

NOTE 8: Deficit Fund Balances

The following fund has a deficit fund balance as of December 31, 2025:

	December 31, 2025
Other Funds in the Aggregate:	
Special Revenue Funds:	
Reappraisal Cost	<u>\$ (1,320)</u>

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2025, the legal debt limit for bonded debt was \$27,378,017. The bonded debt, net of amounts available in the Debt Service Fund for bond retirement, was \$1,009,672, leaving a legal debt margin of \$26,368,345.

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, 2025, the legal debt limit for short-term financing obligations was \$7,733,413. The amount of short-term financing obligations was \$25,798, leaving a legal debt margin of \$7,707,615.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2025:

	December 31, 2025
Long-term liabilities	\$ 6,660,853
Lease	19,158
Reappraisal contract	126,600
Construction contract	276,233
Residential solid waste contract	3,358,402
Total Commitments	<u>\$ 10,441,246</u>

Long-term Liabilities

Long-term liabilities at December 31, 2025, are comprised of the following:

	December 31, 2025
<u>Bonds</u>	
2013 Refunding and Improvement General Obligation Bonds, dated January 1, 2013, in the amount of \$5,040,000, due in annual installments of \$110,000 - \$265,000 plus interest through February 1, 2035; interest of 2.00% - 3.75%. Payments are to be made from the 2013 Series Hospital Bonds Debt Service Fund.	\$ 1,570,000
Sales and Use Tax Bonds, Series 2016, dated May 23, 2016, in the amount of \$9,775,000, due in annual installments of \$110,000 - \$485,000 plus interest through June 1, 2039; interest of 1.00% - 3.25%. Payments are to be made from the 2016 Series Sales Tax Hospital Bonds Debt Service Fund.	4,380,000
Total Bonds	<u>5,950,000</u>
<u>Direct Borrowings</u>	
Financed purchase agreement dated July 15, 2022, with Axon Enterprise, Inc. in the amount of \$127,678, with interest of 0.0%, for the purchase of 11 body cameras and accessories. Five annual payments of \$25,536. Payments are to be made from the General Fund.	25,798
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	84,052
Landfill closure and postclosure care costs	601,003
Total Long-term liabilities	<u>\$ 6,660,853</u>

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

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10: Commitments (Continued)

Long-term Liabilities (Continued)

The County's outstanding bonds payable of \$5,950,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 25% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the County and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The County's outstanding direct borrowings of \$25,798 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Change in Compensated Absences

	December 31, 2025
Beginning balance compensated absences	\$ 92,800
Ending balance compensated absences	84,052
Net increase (decrease)	<u>\$ (8,748)</u>

Post Employment Benefits Other Than Pensions

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

Landfill Closure and Postclosure Care Costs

Drew County is the owner of permit # 0282-S4-R1 to operate a Class IV solid waste landfill. State and federal regulations require that Drew County place final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill sight for 30 years after closure. Although closure and postclosure will be paid only near or after the date the landfill stops accepting waste, a portion of these closure and postclosure costs are being recognized as a commitment each year based on landfill capacity as of the balance sheet date. The estimated liability for landfill closure and postclosure care cost has a balance of \$601,003 as of December 31, 2025, and represents the cumulative amount reported to date based on 55% usage of the landfill. The county will recognize the remaining estimated cost of closure and postclosure care of \$502,639 as the remaining capacity is filled. At the present utilization rate, the landfill site life is estimated to be exhausted in 19 years from the balance sheet date.

Estimated costs are based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2025. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by Ark. Code Ann. § 8-6-1602 – 8-6-1603 to establish financial assurance for the cost or closure and postclosure care in compliance with state regulations and the solid waste permit. The county has provided financial assurance of \$861,416.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10: Commitments (Continued)

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2025</u>	<u>Maturities to December 31, 2025</u>
<u>Bonds</u>					
1/1/13	2/1/35	2-3.75%	\$ 5,040,000	\$ 1,570,000	\$ 3,470,000
5/23/16	6/1/39	1-3.25%	9,775,000	4,380,000	5,395,000
Total Bonds			<u>14,815,000</u>	<u>5,950,000</u>	<u>8,865,000</u>
<u>Direct Borrow ings</u>					
7/15/22	6/30/26	0.00%	<u>127,678</u>	<u>25,798</u>	<u>101,880</u>
Total Long-Term Debt			<u>\$ 14,942,678</u>	<u>\$ 5,975,798</u>	<u>\$ 8,966,880</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2025</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2025</u>
Bonds payable	<u>\$ 7,250,000</u>	<u>\$ 0</u>	<u>\$ 1,300,000</u>	<u>\$ 5,950,000</u>
<u>Direct Borrow ings</u>				
Financed purchases	<u>194,579</u>	<u>0</u>	<u>168,781 *</u>	<u>25,798</u>
Total Long-Term Debt	<u>\$ 7,444,579</u>	<u>\$ 0</u>	<u>\$ 1,468,781</u>	<u>\$ 5,975,798</u>

*Includes early retirement of debt of \$85,635.

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2025:

<u>Years Ending December 31,</u>	<u>Bonds</u>			<u>Direct Borrow ings</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>
2026	\$ 415,000	\$ 180,715	\$ 595,715	\$ 25,798
2027	425,000	168,115	593,115	
2028	440,000	155,140	595,140	
2029	455,000	141,515	596,515	
2030	470,000	127,234	597,234	
2031 through 2035	2,445,000	404,581	2,849,581	
2036 through 2039	<u>1,300,000</u>	<u>75,035</u>	<u>1,375,035</u>	
Totals	<u>\$ 5,950,000</u>	<u>\$ 1,252,335</u>	<u>\$ 7,202,335</u>	<u>\$ 25,798</u>

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 10: Commitments (Continued)

Lease

The County entered into a lease agreement for a Yealink Phone System with accessories on May 2, 2022. Terms of the lease are monthly rental payments of \$3,832 for 48 months. At the end of the lease term, the County will return the equipment or renegotiate the contract. The County is obligated for the following amount for the next year:

<u>Year</u>	<u>December 31, 2025</u>
2026	<u>\$ 19,158</u>

Lease expense for 2025, was \$45,978.

County-Wide Reappraisal Contract

The County entered into a contract with CAMA Technology on November 29, 2021, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$10,550 for a total of \$633,000 beginning January 1, 2022. Contract expense for 2025, was \$126,600.

The County is obligated for the following amount at December 31, 2025:

<u>Year</u>	<u>December 31, 2025</u>
2026	<u>\$ 126,600</u>

Construction Contract

The County was contractually obligated for the following construction contract at December 31, 2025:

<u>Project Name</u>	<u>Completed Date</u>	<u>Contract Balance December 31, 2025</u>
Drew County Health Unit Addition and Renovation	July 2026	<u>\$ 276,233</u>

Residential Solid Waste Contract

The County entered a contract, dated August 15, 2023, with Big Smith Waste Services for residential collection and disposal of solid waste. The contract obligates the County for monthly payments of various amounts, dependent upon the residential count determined prior to each contract year. Either the County or Contractor may terminate the contract early by providing written notification at least 120 days prior to the effective date of such termination. On July 21, 2025, the contract with Big Smith Waste Services was assigned to Flat Creek Services, LLC and extended to December 31, 2030. The contract balance, if paid through the contract end date of December 31, 2030, was \$3,358,402 as of December 31, 2025. Contract expenses for 2025 were \$614,113.

NOTE 11: Interfund Transfers

The General Fund transferred to Other Funds in the Aggregate \$15,067 (Reappraisal Cost and Drug Control) for operations.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 12: Pledged Revenues

2013 Series Hospital Bonds

The County pledged future 1.8 mil property tax levies to repay \$5,040,000 in Refunding and Improvement General Obligation Bonds that were issued in 2013 to finance improvements for Drew Memorial Hospital and refund 2004 Bonds. Total principal and interest remaining on the bonds are \$1,570,000 and \$269,550, respectively, payable through February 1, 2035. For 2025, total principal and interest paid were \$440,000 and \$59,840, respectively.

The 2013 Series Hospital Bonds Debt Service Fund received \$462,690 in property taxes for the pledged 1.8 mil tax in 2025.

2016 Series Hospital Sales and Use Tax Bonds

The County pledged future .25% sales and use taxes to repay \$9,775,000 in Sales and Use Tax bonds that were issued in 2016 to provide funding for the Drew Memorial Hospital Addition and Renovation Project. Total principal and interest remaining on the bonds are \$4,380,000 and \$982,785, respectively, payable through June 1, 2039. For 2025, total principal and interest paid were \$860,000 and \$153,315, respectively.

The 2016 Series Sales Tax Hospital Bonds Debt Service Fund received \$1,017,741 in sales taxes in 2025. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to redeem bonds prior to maturity.

NOTE 13: Joint Venture: Regional Library

Bradley, Chicot, Desha, Drew, and Lincoln Counties entered into an agreement on March 23, 1994, in accordance with Ark. Code Ann. § 13-2-401 to establish the Southeast Arkansas Regional Library. The agreement states that the Regional Library Board shall employ a regional director to serve for such time as the Board may prescribe and to be paid from the regional budget. County and branch library employees are to be recommended by county library boards and to be employed with the approval of the Regional Board. Their salaries are to be paid from the regional funds. The parties agreed that the regional budget shall pay utility and janitorial costs. Each county library shall contribute their respective property tax funds for the operation of the Southeast Arkansas Regional Library. The County Library paid \$250,000 for regional library expenditures in 2025. Southeast Arkansas Regional Library reimbursed the County \$87,125 for employee benefits. Separate financial statements of the Southeast Arkansas Regional Library are available at the Regional Library in Monticello.

NOTE 14: Jointly Governed Organizations

Southeast Arkansas Regional Solid Waste Management District

Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Grant, Jefferson, and Lincoln Counties entered into an agreement in 1991 to form the Southeast Arkansas Regional Solid Waste Management District. Separate financial statements may be obtained at P.O. Box 6806, Pine Bluff, AR 71611.

Tenth Judicial District Drug Task Force

The Sheriffs' Departments of Ashley, Bradley, Chicot, Desha, and Drew Counties entered into an agreement to establish the Tenth Judicial District Drug Task Force. Funding was provided through a Drug Enforcement Program grant applied for by the Prosecuting Attorney of the Tenth Judicial District. No contributions or payments for expenditures were made to the Tenth Judicial District Drug Task Force by the County. The 2025 financial statements of the Tenth Judicial District Drug Task Force have not been audited.

Southeast Arkansas Regional Intermodal Facilities Authority

Drew and Bradley Counties and the Cities of Monticello and Warren entered into an agreement on May 14, 1998, to establish the Southeast Arkansas Regional Intermodal Facilities Authority pursuant to Ark. Code Ann. §§ 14-143-101 – 14-143-129. The Southeast Arkansas Regional Intermodal Facilities Authority shall be governed by a board of directors consisting of 12 members. No contributions or payments for expenditures were made to the Southeast Arkansas Regional Intermodal Facilities Authority. Separate financial statements may be obtained at 101 South Myrtle, Warren, AR 71671.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 14: Jointly Governed Organizations (Continued)

Drew County Museum Commission

The City of Monticello and Drew County entered into an interlocal agreement dated July 1, 1970, for the purpose of establishing a public historical museum to be known as the Drew County Historical Museum Commission, pursuant to Act 430 of the Regular Session of 1967. The Drew County Museum Commission shall be governed by a board of nine regular members, appointed by the Monticello Mayor and Drew County Judge, and four ex-officio members, composed of the Monticello Mayor, the Drew County Judge, and two members from other entities within the County. The County contributed \$7,500 to the Museum in 2025. Separate financial statements may be obtained at 404 South Main Street, Monticello, Arkansas 71655.

NOTE 15: 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.

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.

DREW COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 16: 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 6.00% as of July 1, 2025. 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, 2025, (date of APERS Employer Allocation Report) were \$645,940.

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, 2025, (actuarial valuation date and measurement date) was \$3,696,553.

NOTE 17: Assignment and Lease of Drew County Memorial Hospital Facilities

Drew County Ordinance no. 2012-9 (July 16, 2012) authorized the assignment and lease of the Drew Memorial Hospital to Drew Memorial Hospital, Inc., an Arkansas nonprofit corporation. On September 6, 2012, Drew Memorial Hospital, Inc. signed a leased agreement with the County to lease the facilities for: (a) monthly rental equal to all amounts required to be paid by the Lessor to the Lenders pursuant to the terms of the Lessor's Series 2010A, 2010B, 2010C Bonds, and (b) the Lessee shall pay all accruing obligations pursuant to each of the contracts, leases, and rental agreements assumed. Pursuant to the service agreement the County has transferred and will transfer to Drew Memorial Hospital, Inc. certain investments. The lease agreement stipulates that the Drew Memorial Hospital Inc. shall lease all hospital real estate and equipment for 10 years and at the end of each subsequent 10-year renewal term, the lease shall automatically renew upon the same terms and conditions, unless given written notice at least six months prior to the expiration of any such lease. Drew Memorial Hospital, Inc. assumes all rights and responsibilities for the operation of the hospital and related ancillary facilities.

On December 4, 2023, Drew Memorial Hospital became Baptist Health Medical Center - Drew County, the hospital lease extended to Baptist Health Medical Center - Drew County.

DREW COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	SPECIAL REVENUE FUNDS							
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder's Cost	County Public Library	Solid Waste Management
ASSETS								
Cash and cash equivalents	\$ 201,309	\$ 147,862	\$ 36,067	\$ 39,571	\$ 18,256	\$ 43,863	\$ 625,661	\$ 119,602
Accounts receivable	28,418	54,514	492		185	8,841	5,475	10,409
Interfund receivables								
TOTAL ASSETS	<u>\$ 229,727</u>	<u>\$ 202,376</u>	<u>\$ 36,559</u>	<u>\$ 39,571</u>	<u>\$ 18,441</u>	<u>\$ 52,704</u>	<u>\$ 631,136</u>	<u>\$ 130,011</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 857	\$ 806				\$ 226		\$ 11,373
Settlements pending								
Total Liabilities	<u>857</u>	<u>806</u>				<u>226</u>		<u>11,373</u>
Fund Balances:								
Restricted	228,870	201,570	\$ 36,559	\$ 39,571	\$ 18,441	39,551	\$ 631,136	
Assigned						12,927		118,638
Unassigned								
Total Fund Balances	<u>228,870</u>	<u>201,570</u>	<u>36,559</u>	<u>39,571</u>	<u>18,441</u>	<u>52,478</u>	<u>631,136</u>	<u>118,638</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 229,727</u>	<u>\$ 202,376</u>	<u>\$ 36,559</u>	<u>\$ 39,571</u>	<u>\$ 18,441</u>	<u>\$ 52,704</u>	<u>\$ 631,136</u>	<u>\$ 130,011</u>

DREW COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	SPECIAL REVENUE FUNDS							
	Reappraisal Cost	Child Support Cost	Communication Facility and Equipment	Jail Operation and Maintenance	Boating Safety and Enforcement	Emergency 911	Public Defender	Drug Court Program
ASSETS								
Cash and cash equivalents	\$ 9,230	\$ 17,317	\$ 57,298	\$ 343,177	\$ 29,177	\$ 590,235	\$ 29,467	\$ 32,324
Accounts receivable			3,106	5,766		3,804	1,597	323
Interfund receivables								
TOTAL ASSETS	<u>\$ 9,230</u>	<u>\$ 17,317</u>	<u>\$ 60,404</u>	<u>\$ 348,943</u>	<u>\$ 29,177</u>	<u>\$ 594,039</u>	<u>\$ 31,064</u>	<u>\$ 32,647</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 10,550		\$ 94			\$ 9,091	\$ 1,416	
Settlements pending								
Total Liabilities	<u>10,550</u>		<u>94</u>			<u>9,091</u>	<u>1,416</u>	
Fund Balances:								
Restricted		\$ 17,317	60,310	\$ 348,943	\$ 29,177	584,948	29,648	\$ 32,647
Assigned								
Unassigned	(1,320)							
Total Fund Balances	<u>(1,320)</u>	<u>17,317</u>	<u>60,310</u>	<u>348,943</u>	<u>29,177</u>	<u>584,948</u>	<u>29,648</u>	<u>32,647</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,230</u>	<u>\$ 17,317</u>	<u>\$ 60,404</u>	<u>\$ 348,943</u>	<u>\$ 29,177</u>	<u>\$ 594,039</u>	<u>\$ 31,064</u>	<u>\$ 32,647</u>

DREW COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	SPECIAL REVENUE FUNDS							
	Circuit Court Juvenile Division	Assessor's Late Assessment Fee	American Rescue Plan Act	Passport Acceptance Facility	District Court Cost	Hospital Maintenance	Veteran's Memorial Maintenance	Voluntary Animal Control Spay/Neuter
ASSETS								
Cash and cash equivalents	\$ 33,221	\$ 5,590	\$ 10,961	\$ 10,656	\$ 131,176	\$ 54	\$ 2,061	\$ 15,411
Accounts receivable	20			1,880	930			
Interfund receivables								
TOTAL ASSETS	<u>\$ 33,241</u>	<u>\$ 5,590</u>	<u>\$ 10,961</u>	<u>\$ 12,536</u>	<u>\$ 132,106</u>	<u>\$ 54</u>	<u>\$ 2,061</u>	<u>\$ 15,411</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								
Settlements pending								
Total Liabilities								
Fund Balances:								
Restricted	\$ 33,241	\$ 5,590	\$ 10,961	\$ 12,536	\$ 132,106	\$ 54	\$ 2,061	\$ 15,411
Assigned								
Unassigned								
Total Fund Balances	<u>33,241</u>	<u>5,590</u>	<u>10,961</u>	<u>12,536</u>	<u>132,106</u>	<u>54</u>	<u>2,061</u>	<u>15,411</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,241</u>	<u>\$ 5,590</u>	<u>\$ 10,961</u>	<u>\$ 12,536</u>	<u>\$ 132,106</u>	<u>\$ 54</u>	<u>\$ 2,061</u>	<u>\$ 15,411</u>

DREW COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS	
	Justice Assistance Grant (JAG)	County Fair Building Grant	Automation Records System	Farmer's Market Pavilion	Hospital Construction	2013 Series Hospital Bonds	2016 Series Sales Tax Hospital Bonds
ASSETS							
Cash and cash equivalents	\$ 3,567	\$ 2,479		\$ 15,000	\$ 5,495	\$ 546,145	\$ 620,429
Accounts receivable						14,183	
Interfund receivables			\$ 57,228				
TOTAL ASSETS	<u>\$ 3,567</u>	<u>\$ 2,479</u>	<u>\$ 57,228</u>	<u>\$ 15,000</u>	<u>\$ 5,495</u>	<u>\$ 560,328</u>	<u>\$ 620,429</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							
Settlements pending							
Total Liabilities							
Fund Balances:							
Restricted	\$ 3,567	\$ 2,479	\$ 57,228	\$ 15,000	\$ 5,495	\$ 560,328	\$ 620,429
Assigned							
Unassigned							
Total Fund Balances	<u>3,567</u>	<u>2,479</u>	<u>57,228</u>	<u>15,000</u>	<u>5,495</u>	<u>560,328</u>	<u>620,429</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,567</u>	<u>\$ 2,479</u>	<u>\$ 57,228</u>	<u>\$ 15,000</u>	<u>\$ 5,495</u>	<u>\$ 560,328</u>	<u>\$ 620,429</u>

DREW COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2025

Schedule 1

	CUSTODIAL FUNDS						
	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	County Judge's Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 1,427,765	\$ 5,094	\$ 51,750	\$ 4,035	\$ 129,554	\$ 46,218	\$ 5,407,077
Accounts receivable							139,943
Interfund receivables							57,228
TOTAL ASSETS	<u>\$ 1,427,765</u>	<u>\$ 5,094</u>	<u>\$ 51,750</u>	<u>\$ 4,035</u>	<u>\$ 129,554</u>	<u>\$ 46,218</u>	<u>\$ 5,604,248</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 34,413
Settlements pending	\$ 1,427,765	\$ 5,094	\$ 51,750	\$ 4,035	\$ 129,554	\$ 46,218	1,664,416
Total Liabilities	<u>1,427,765</u>	<u>5,094</u>	<u>51,750</u>	<u>4,035</u>	<u>129,554</u>	<u>46,218</u>	<u>1,698,829</u>
Fund Balances:							
Restricted							3,775,174
Assigned							131,565
Unassigned							(1,320)
Total Fund Balances							<u>3,905,419</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,427,765</u>	<u>\$ 5,094</u>	<u>\$ 51,750</u>	<u>\$ 4,035</u>	<u>\$ 129,554</u>	<u>\$ 46,218</u>	<u>\$ 5,604,248</u>

DREW 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, 2025

Schedule 2

	SPECIAL REVENUE FUNDS								
	Treasurer's Automation	Collector's Automation	Circuit Court Automation	Assessor's Amendment no. 79	County Clerk's Cost	County Recorder's Cost	County Public Library	Solid Waste Management	Reappraisal Cost
REVENUES									
State aid				\$ 5,271			\$ 34,222	\$ 220,205	\$ 110,761
Federal aid									
Property taxes							257,627		
Sales taxes									
Fines, forfeitures, and costs			\$ 4,366						
Interest	\$ 7,350	\$ 5,496	1,257	1,465	\$ 609	\$ 109	21,841	1,869	139
Officers' fees					5,894	98,841			
Sanitation								1,016,787	
Jail fees									
911 fees									
Sale of assets								120,725	
Treasurer's commission	28,418								
Collector's commission		54,514							
Other		146	29	54	76	873	67	164,634	
TOTAL REVENUES	35,768	60,156	5,652	6,790	6,579	99,823	313,757	1,524,220	110,900
Less: Treasurer's commission			81	105	125	1,965	5,763	13,751	
NET REVENUES	35,768	60,156	5,571	6,685	6,454	97,858	307,994	1,510,469	110,900
EXPENDITURES									
Current:									
General government	10,290	37,822		534	3,752	71,951			126,600
Law enforcement									
Public safety									
Sanitation								1,353,081	
Recreation and culture							250,000		
Economic development									
Total Current	10,290	37,822		534	3,752	71,951	250,000	1,353,081	126,600
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchase principal								143,724	
Financed purchase interest								3,823	
TOTAL EXPENDITURES	10,290	37,822		534	3,752	71,951	250,000	1,500,628	126,600
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES	25,478	22,334	5,571	6,151	2,702	25,907	57,994	9,841	(15,700)
OTHER FINANCING SOURCES (USES)									
Transfers in									13,943
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)									
EXPENDITURES AND OTHER USES	25,478	22,334	5,571	6,151	2,702	25,907	57,994	9,841	(1,757)
FUND BALANCES - JANUARY 1	203,392	179,236	30,988	33,420	15,739	26,571	573,142	108,797	437
FUND BALANCES - DECEMBER 31	\$ 228,870	\$ 201,570	\$ 36,559	\$ 39,571	\$ 18,441	\$ 52,478	\$ 631,136	\$ 118,638	\$ (1,320)

DREW 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, 2025

Schedule 2

	SPECIAL REVENUE FUNDS								
	Child Support Cost	Communication Facility and Equipment	Drug Control	Jail Operation and Maintenance	Boating Safety and Enforcement	Emergency 911	Public Defender	Drug Court Program	Circuit Court Juvenile Division
REVENUES									
State aid					\$ 1,359				
Federal aid									
Property taxes									
Sales taxes									
Fines, forfeitures, and costs			\$ 1,534	\$ 2,936			\$ 70,100		
Interest	\$ 638	\$ 3,030		11,373	1,062	\$ 19,075	1,633	\$ 1,189	\$ 1,215
Officers' fees	288	3,247						2,885	825
Sanitation									
Jail fees		40,069		77,744					
911 fees						290,498			
Sale of assets									
Treasurer's commission									
Collector's commission									
Other			2	842	19	71	32,230		10
TOTAL REVENUES	926	46,346	1,536	92,895	2,440	309,644	103,963	4,074	2,050
Less: Treasurer's commission			31	1,589	27	5,829	2,018		16
NET REVENUES	926	46,346	1,505	91,306	2,413	303,815	101,945	4,074	2,034
EXPENDITURES									
Current:									
General government									
Law enforcement		81,901	2,447		378		122,138	1,739	
Public safety						193,375			
Sanitation									
Recreation and culture									
Economic development									
Total Current		81,901	2,447		378	193,375	122,138	1,739	
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchase principal									
Financed purchase interest									
TOTAL EXPENDITURES		81,901	2,447		378	193,375	122,138	1,739	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	926	(35,555)	(942)	91,306	2,035	110,440	(20,193)	2,335	2,034
OTHER FINANCING SOURCES (USES)									
Transfers in			1,124						
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	926	(35,555)	182	91,306	2,035	110,440	(20,193)	2,335	2,034
FUND BALANCES - JANUARY 1	16,391	95,865	(182)	257,637	27,142	474,508	49,841	30,312	31,207
FUND BALANCES - DECEMBER 31	\$ 17,317	\$ 60,310	\$ 0	\$ 348,943	\$ 29,177	\$ 584,948	\$ 29,648	\$ 32,647	\$ 33,241

DREW 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, 2025

Schedule 2

	SPECIAL REVENUE FUNDS							
	Assessor's Late Assessment Fee	American Rescue Plan Act	Passport Acceptance Facility	District Court Cost	Hospital Maintenance	Veteran's Memorial Maintenance	Voluntary Animal Control Spay/Neuter	Justice Assistance Grant (JAG)
REVENUES								
State aid								
Federal aid								
Property taxes	\$ 697				\$ 11		\$ 6,060	\$ 6,000,000
Sales taxes								
Fines, forfeitures, and costs				\$ 10,715				
Interest	193	\$ 643	\$ 144	4,682	1	\$ 76	197	
Officers' fees			12,515					
Sanitation								
Jail fees								
911 fees								
Sale of assets								
Treasurer's commission								
Collector's commission								
Other				120			68	
TOTAL REVENUES	890	643	12,659	15,517	12	76	6,325	6,000,000
Less: Treasurer's commission			123	215			121	
NET REVENUES	890	643	12,536	15,302	12	76	6,204	6,000,000
EXPENDITURES								
Current:								
General government								
Law enforcement				3,397				\$ 1,560
Public safety								
Sanitation								
Recreation and culture								
Economic development								
Total Current				3,397			6,000,000	1,560
Debt Service:								
Bond principal								
Bond interest and other charges								
Financed purchase principal								
Financed purchase interest								
TOTAL EXPENDITURES				3,397			6,000,000	1,560
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	890	643	12,536	11,905	12	76	6,204	(1,560)
OTHER FINANCING SOURCES (USES)								
Transfers in								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	890	643	12,536	11,905	12	76	6,204	(1,560)
FUND BALANCES - JANUARY 1	4,700	10,318		120,201	42	1,985	9,207	5,127
FUND BALANCES - DECEMBER 31	\$ 5,590	\$ 10,961	\$ 12,536	\$ 132,106	\$ 54	\$ 2,061	\$ 15,411	\$ 3,567

DREW 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, 2025

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		
	County Fair Building Grant	Automation Records System	Farmer's Market Pavilion	Hospital Construction	2013 Series Hospital Bonds	2016 Series Sales Tax Hospital Bonds	Totals
REVENUES							
State aid					\$ 61,597		\$ 433,415
Federal aid							6,000,000
Property taxes					462,690		727,085
Sales taxes						\$ 1,017,741	1,017,741
Fines, forfeitures, and costs							89,651
Interest					11,879	29,929	127,094
Officers' fees							124,495
Sanitation							1,016,787
Jail fees							117,813
911 fees							290,498
Sale of assets							120,725
Treasurer's commission							28,418
Collector's commission							54,514
Other		\$ 57,228			121		256,590
TOTAL REVENUES		57,228			536,287	1,047,670	10,404,826
Less: Treasurer's commission					6,024		37,783
NET REVENUES		57,228			530,263	1,047,670	10,367,043
EXPENDITURES							
Current:							
General government							250,949
Law enforcement							213,560
Public safety							193,375
Sanitation							1,353,081
Recreation and culture							250,000
Economic development							6,000,000
Total Current							8,260,965
Debt Service:							
Bond principal					440,000	860,000	1,300,000
Bond interest and other charges					62,240	157,919	220,159
Financed purchase principal							143,724
Financed purchase interest							3,823
TOTAL EXPENDITURES					502,240	1,017,919	9,928,671
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		57,228			28,023	29,751	438,372
OTHER FINANCING SOURCES (USES)							
Transfers in							15,067
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		57,228			28,023	29,751	453,439
FUND BALANCES - JANUARY 1	\$ 2,479		\$ 15,000	\$ 5,495	532,305	590,678	3,451,980
FUND BALANCES - DECEMBER 31	\$ 2,479	\$ 57,228	\$ 15,000	\$ 5,495	\$ 560,328	\$ 620,429	\$ 3,905,419

DREW COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2025

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

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of treasurer's gross commissions to operate the treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commission to operate the collector's office and to purchase, maintain, and operate an automated record keeping system.
Circuit Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 79.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems and any legitimate county purpose.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
County Public Library	Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the quorum court for the support, operation, and maintenance of the public library.
Solid Waste Management	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 fee schedule contained in an ordinance. County Ordinance no. 2000-10 (December 23, 2000) authorized solid waste management fees.
Reappraisal Cost	Ark. Code Ann. § 26-26-1907 established fund to pay reappraisals of real property with revenue received from the State.
Child Support Cost	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected, phone commission funds, and profits earned from prisoner commissary services to be used to train operations staff; operate, equip, repair, or replace existing communications 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.

DREW COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2025

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

<u>Fund Name</u>	<u>Fund Description</u>
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
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.
Boating Safety and Enforcement	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within the county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall be remitted to the Arkansas Public Defender Commission. Three dollars of each fee is remitted back to the county quarterly to be used to defray the operating expenses of the public defender office.
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.
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.
Passport Acceptance Facility	Ark. Code Ann. § 21-6-312 established fund to receive reasonable fees collected by a county office, that is a passport acceptance facility recognized by the US Department of State, for passport photographs, mail services, and expediting an application. To be used for the operation of the county office that is a passport acceptance facility.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.

DREW COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2025

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

<u>Fund Name</u>	<u>Fund Description</u>
Hospital Maintenance	Ark. Const. amend. 32 established fund to collect and disburse a property tax approved by voters in 1984 to be used for maintenance, operation, and support of public hospital.
Veteran's Memorial Maintenance	Established to account for donations for Veteran's War Memorial maintenance.
Voluntary Animal Control Spay/Neuter	Drew County Ordinance no. 2017-14 (November 20, 2017) established the fund to account for the voluntary tax of ten dollars (\$10) for the support of Drew County's efforts to manage its population of domestic pets and stray domestic animals and for other purposes.
Weyerhaeuser Grant	Established to account for grant received from the Arkansas Community and Economic Development Program (ACEDP) to assist in equipment purchases necessary for the operation of an engineered wood manufacturing plant in Drew County.
Justice Assistance Grant (JAG)	Established to account for grants received from the U.S. Department of Justice to assist in fighting crime in the community.
County Fair Building Grant	Established to account for grant received from the State of Arkansas to assist rural county fairs with the construction and improvement of buildings.
Automation Records System	Established to receive grant funds from the Association of Arkansas Counties for a fully integrated lands records management software for the Circuit Clerk's office.
Farmer's Market Pavilion	Established to account for a grant received from the Arkansas Department of Parks and Tourism for a 50/50 matching grant to be used to construct an outdoor farmer's market pavilion.
Hospital Construction	Drew County Ordinance no. 2012-7 (July 6, 2012) authorized the issuance of General Obligation Bonds under Ark. Const. amend. 62 for the purposes of refunding the County's Capital Improvement and Refunding Limited Tax General Obligation Bonds Series 2004 and for constructing and equipping capital improvements.
2013 Series Hospital Bonds	Drew County Ordinance no. 2012-7 (July 6, 2012) authorized the issuance of Refunding and Improvement General Obligation Bonds under Ark. Const. amend. 62 for the purposes of refunding the County's Capital Improvement and Refunding Limited Tax General Obligation Bonds Series 2004 and for constructing and equipping capital improvements, and extending and continuing the levy of an existing ad valorem tax in the amount of 1.8 mills for the purpose of retiring such bonds.

DREW COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2025

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

<u>Fund Name</u>	<u>Fund Description</u>
2016 Series Sales Tax Hospital Bonds	Drew County Ordinance no. 2015-14 (September 28, 2015) established the fund to received .25% sales and use tax being levied for the purposes of refunding the County's 2011 Sales and Use Tax Bonds and for constructing and equipping capital improvements for the hospital. Drew County Ordinance no. 2016-6 (May 16, 2016) authorized the issuance of Refunding and Improvement General Obligation Bonds under Ark. Const. amend. 62.

Treasurer's accounts consist primarily of treasurer's commission, hospital revenues, and funds held for County Law Library and Prosecuting Attorney.

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

Sheriff's accounts consist primarily of fees settlement.

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.

Judge's account consist primarily of solid waste collections not yet remitted to the treasurer.

DREW COUNTY, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2025
(Unaudited)

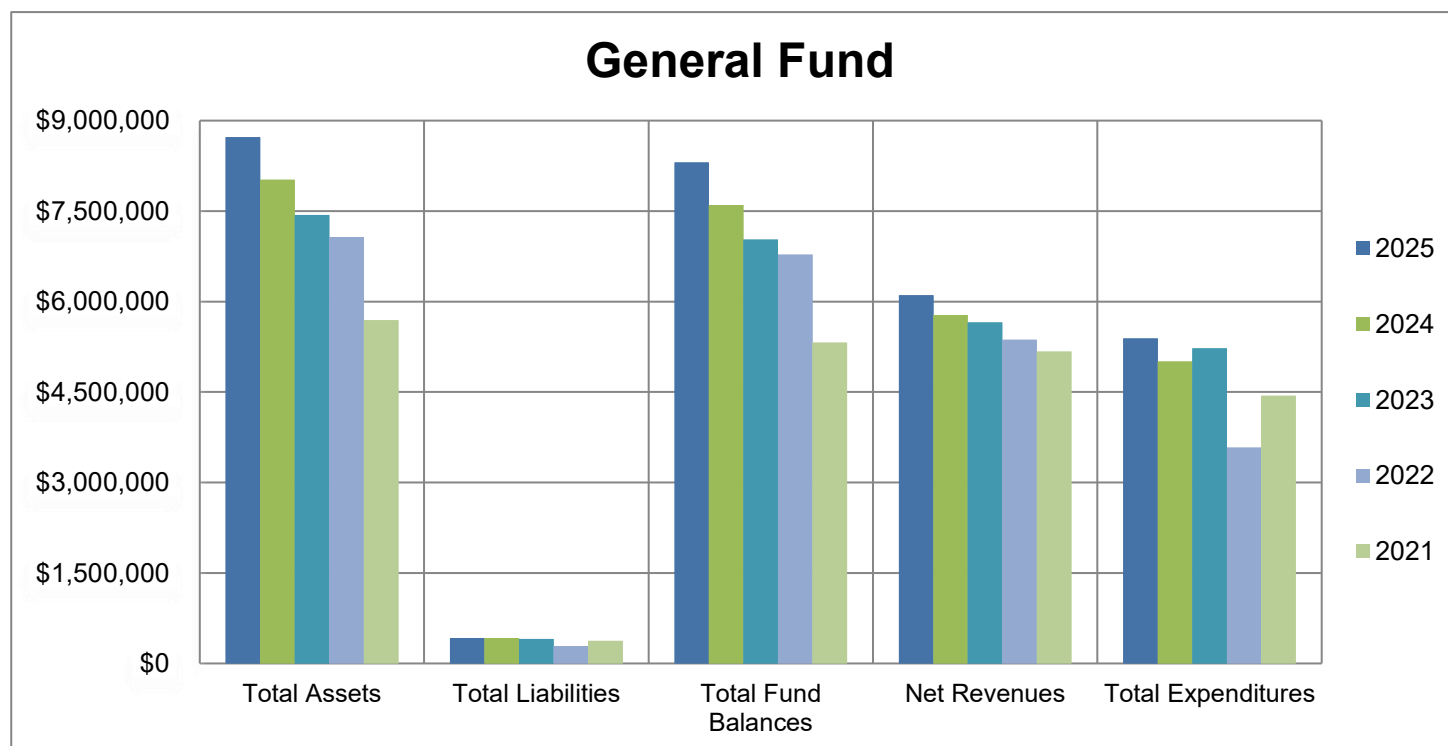
Schedule 3

	December 31, 2025
Land	\$ 934,856
Buildings	9,660,716
Equipment	<u>7,068,221</u>
Total	<u><u>\$ 17,663,793</u></u>

DREW COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2025
(Unaudited)

Schedule 4-1

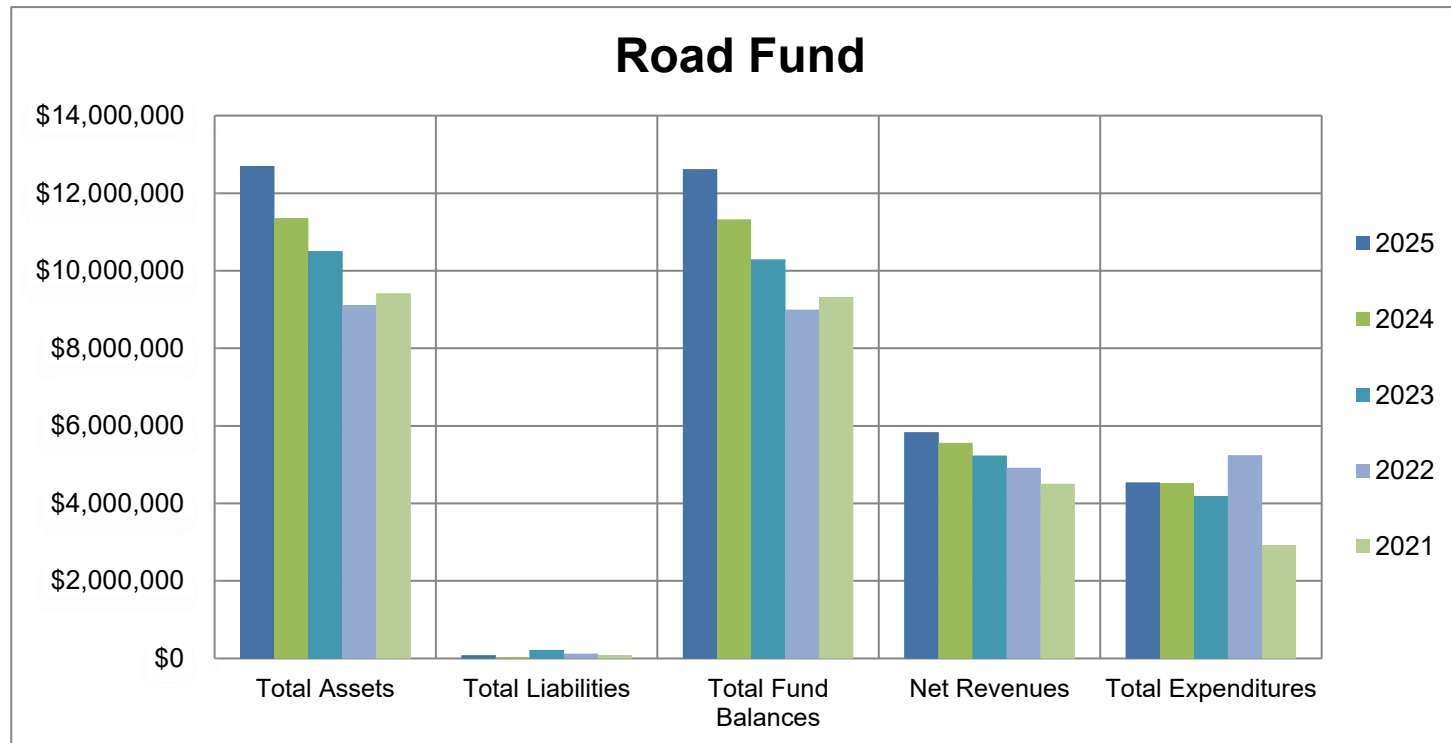
<u>General</u>	2025	2024	2023	2022	2021
Total Assets	\$ 8,726,557	\$ 8,019,356	\$ 7,436,353	\$ 7,071,438	\$ 5,691,676
Total Liabilities	422,081	419,868	407,753	291,928	373,127
Total Fund Balances	8,304,476	7,599,488	7,028,600	6,779,510	5,318,549
Net Revenues	6,105,546	5,775,603	5,651,846	5,364,558	5,169,102
Total Expenditures	5,385,491	5,007,731	5,223,982	3,578,597	4,438,398
Total Other Financing Sources/Uses	(15,067)	(189,500)	(178,774)	(325,000)	(232,000)



DREW COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
DECEMBER 31, 2025
(Unaudited)

Schedule 4-2

<u>Road</u>	2025	2024	2023	2022	2021
Total Assets	\$ 12,694,218	\$ 11,354,994	\$ 10,505,082	\$ 9,114,993	\$ 9,409,455
Total Liabilities	78,749	31,730	216,682	120,125	88,917
Total Fund Balances	12,615,469	11,323,264	10,288,400	8,994,868	9,320,538
Net Revenues	5,829,470	5,555,683	5,228,948	4,912,026	4,501,498
Total Expenditures	4,537,265	4,520,819	4,184,992	5,237,696	2,925,420
Total Other Financing Sources/Uses			249,576		



DREW COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2025
(Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2025	2024	2023	2022	2021
Total Assets	\$ 5,604,248	\$ 4,833,481	\$ 4,588,677	\$ 5,043,033	\$ 4,345,353
Total Liabilities	1,698,829	1,381,501	1,561,856	1,183,613	481,050
Total Fund Balances	3,905,419	3,451,980	3,026,821	3,859,420	3,864,303
Net Revenues	10,367,043	4,194,084	3,687,129	5,271,421	4,966,935
Total Expenditures	9,928,671	3,965,909	4,699,939	5,743,582	4,243,407
Total Other Financing Sources/Uses	15,067	189,500	178,774	467,278	828,384

