

# **Hot Spring County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

---



HOT SPRING COUNTY, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Independent Auditor's Report  
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*  
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Road Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

# 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

Independent Auditor's Report

Hot Spring 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 Hot Spring 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 Hot Spring 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 Hot Spring 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 March 14, 2024, 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  
March 14, 2024  
LOCO03022

# 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

Hot Spring 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 Hot Spring 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 March 14, 2024. 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 March 14, 2024.

### **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  
March 14, 2024

# 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

### MANAGEMENT LETTER

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

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

County Judge: Dennis Thornton  
Treasurer: Mary Cansler  
Sheriff: Mike Cash  
Tax Collector: Valerie Hearn  
County Clerk: Sandy Boyette  
Circuit Clerk: Teresa Pilcher  
Assessor: Blake Riggan  
County Librarian: Clare Graham  
Juvenile Probation Officer: Judy Walters

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 black ink, appearing to read "Timothy R. Jones".

Timothy R. Jones, CPA, CFF  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 14, 2024



HOT SPRING COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2022

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 6,318,966	\$ 2,245,625	\$ 16,068,223
Investments			745,931
Accounts receivable	390,010	80,163	212,540
	<u>390,010</u>	<u>80,163</u>	<u>212,540</u>
TOTAL ASSETS	<u>\$ 6,708,976</u>	<u>\$ 2,325,788</u>	<u>\$ 17,026,694</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 78,596	\$ 38,012	\$ 288,480
Settlements pending	767,987		993,105
Total Liabilities	<u>846,583</u>	<u>38,012</u>	<u>1,281,585</u>
Fund Balances:			
Restricted	58,153	2,212,472	15,295,833
Committed		75,304	
Assigned	3,566,166		449,276
Unassigned	2,238,074		
Total Fund Balances	<u>5,862,393</u>	<u>2,287,776</u>	<u>15,745,109</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,708,976</u>	<u>\$ 2,325,788</u>	<u>\$ 17,026,694</u>

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

HOT SPRING 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	\$ 976,085	\$ 2,722,090	\$ 160,651
Federal aid	193,786	428	3,530,512
Property taxes	2,262,541	1,131,501	428,522
Sales taxes			5,470,182
Fines, forfeitures, and costs	331,640		71,135
Interest	54,535	17,924	98,290
Officers' fees	39,835		199,564
Franchise fees	221		
Jail fees	212,775		37,604
Industrial park rent	206,717	16,925	
Library fees			9,178
Contributions from Mid-Ark Library			18,152
911 fees	926		544,919
Salary reimbursements	231,068		98,371
Jail commissary and phone commissions			17,590
Insurance proceeds	4,548	4,075	
Proceeds from sale of assets	225,236		
Insurance premium rebates	13,049		
Realized gain on investments			11,670
Net increase/decrease in value of investments			(183,926)
Treasurer's commission	161,040	135	38,646
Collector's commission	322,767		95,223
Taxes apportioned - Assessor's salary and expense	393,292		
Other	123,198	10,418	20,177
TOTAL REVENUES	5,753,259	3,903,496	10,666,460
Less: Treasurer's commission	143,463	39,336	69,589
NET REVENUES	5,609,796	3,864,160	10,596,871

HOT SPRING 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
EXPENDITURES			
Current:			
General government	\$ 2,158,166		\$ 4,342,705
Law enforcement	2,727,542		305,557
Highways and streets		\$ 3,245,262	
Public safety	66,940		686,541
Sanitation			141,815
Health	26,174		500
Recreation and culture			646,679
Social services	121,371		
Economic development			480,299
Total Current	<u>5,100,193</u>	<u>3,245,262</u>	<u>6,604,096</u>
Debt Service:			
Financed purchases principal		124,218	
Financed purchases interest		<u>19,398</u>	
TOTAL EXPENDITURES	<u>5,100,193</u>	<u>3,388,878</u>	<u>6,604,096</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>509,603</u>	<u>475,282</u>	<u>3,992,775</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	734,154		411,421
Transfers out	(263,331)		(882,244)
Sales tax remitted to hospital			(1,542,001)
Financed purchases proceeds			4,720,000
Sales tax remitted to solid waste authority			(1,102,896)
Sales tax remitted to cities			<u>(37,746)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>470,823</u>		<u>1,566,534</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	980,426	475,282	5,559,309
FUND BALANCES - JANUARY 1	<u>4,881,967</u>	<u>1,812,494</u>	<u>10,185,800</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 5,862,393</u></u>	<u><u>\$ 2,287,776</u></u>	<u><u>\$ 15,745,109</u></u>

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

HOT SPRING 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	\$ 437,000	\$ 976,085	\$ 539,085	\$ 140,000	\$ 2,722,090	\$ 2,582,090
Federal aid	578,894	193,786	(385,108)	1,014,000	428	(1,013,572)
Property taxes	2,192,000	2,262,541	70,541	998,000	1,131,501	133,501
Sales taxes				600,000		(600,000)
Fines, forfeitures, and costs	279,800	331,640	51,840			
Interest	20,000	54,535	34,535	11,200	17,924	6,724
Officers' fees	29,500	39,835	10,335			
Franchise fees		221	221			
Jail fees	125,000	212,775	87,775			
Industrial park rent	150,000	206,717	56,717	21,000	16,925	(4,075)
911 fees		926	926			
Salary reimbursements	181,000	231,068	50,068			
Insurance proceeds		4,548	4,548		4,075	4,075
Proceeds from sale of assets		225,236	225,236			
Insurance premium rebates		13,049	13,049			
Treasurer's commission	109,000	161,040	52,040		135	135
Collector's commission	190,000	322,767	132,767			
Taxes apportioned - Assessor's salary and expense	315,000	393,292	78,292			
Other	80,920	123,198	42,278	22,300	10,418	(11,882)
TOTAL REVENUES	4,688,114	5,753,259	1,065,145	2,806,500	3,903,496	1,096,996
Less: Treasurer's commission		143,463	(143,463)		39,336	(39,336)
NET REVENUES	4,688,114	5,609,796	921,682	2,806,500	3,864,160	1,057,660
EXPENDITURES						
Current:						
General government	4,447,489	2,158,166	2,289,323			
Law enforcement	2,863,236	2,727,542	135,694			
Highways and streets				4,041,750	3,245,262	796,488
Public safety	68,771	66,940	1,831			
Health	34,560	26,174	8,386			
Recreation and culture	8,500		8,500			
Social services	94,519	121,371	(26,852)			
Total Current	7,517,075	5,100,193	2,416,882	4,041,750	3,245,262	796,488
Debt Service:						
Financed purchases principal					124,218	(124,218)
Finance purchases interest					19,398	(19,398)
TOTAL EXPENDITURES	7,517,075	5,100,193	2,416,882	4,041,750	3,388,878	652,872

HOT SPRING 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	\$ (2,828,961)	\$ 509,603	\$ 3,338,564	\$ (1,235,250)	\$ 475,282	\$ 1,710,532
OTHER FINANCING SOURCES (USES)						
Transfers in	2,170,359	734,154	(1,436,205)	2,000		(2,000)
Transfers out	(2,919,778)	(263,331)	2,656,447			
TOTAL OTHER FINANCING SOURCES (USES)	(749,419)	470,823	1,220,242	2,000		(2,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,578,380)	980,426	4,558,806	(1,233,250)	475,282	1,708,532
FUND BALANCES - JANUARY 1	4,262,700	4,881,967	619,267	1,715,000	1,812,494	97,494
FUND BALANCES - DECEMBER 31	<u>\$ 684,320</u>	<u>\$ 5,862,393</u>	<u>\$ 5,178,073</u>	<u>\$ 481,750</u>	<u>\$ 2,287,776</u>	<u>\$ 1,806,026</u>

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

HOT SPRING 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. The General Fund heading as it appears in the financial statements includes the following accounts: County General, General Reserve, Employee Insurance, Coronavirus Relief, ARPA Revenue Replacement, Local Assistance & Tribal Consideration, Surplus Sales Tax, and Jones Mill Industrial Park.

**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, and property taxes 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.

**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.

HOT SPRING 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, savings, money market accounts, and certificates of deposit.

Investments

Investments are reported at fair value.

Settlements Pending

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

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Balances (Continued)**

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.

**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.



HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**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)	\$ 1,475,978	\$ 1,530,974
Collateralized:	23,100,424	24,952,889
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name		
Uncollateralized	55,637	55,637
Total Deposits	<u>\$ 24,632,039</u>	<u>\$ 26,539,500</u>

The above total deposits do not include cash on hand of \$775.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial risk. As of December 31, 2022, \$55,637 of the County's bank balances of \$26,539,500 was exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of U.S. Government and Treasury Obligations, which are not insured or collateralized.

**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: Public Fund Investments**

A summary of investments by fund types is as follows:

Fund Type	December 31, 2022 Fair Value
Library Foundation	<u>\$ 745,931</u>

Investments are reported at fair value. Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets.
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity)

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 4: Public Fund Investments (Continued)**

The County's investments are composed of the following:

<u>December 31, 2022</u>	Quoted Prices in Active Markets for Identical Investments Level I
Investment Type	
Mutual funds	\$ 745,931

The fair value of mutual funds is measured on a recurring basis and is based on quoted marked prices obtained from independent pricing sources. As a result, these were classified as Level I inputs.

**NOTE 5: 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	\$ 954		
Property taxes	103,258	\$ 43,587	\$ 16,778
Fines, forfeitures, and costs	12,319		862
Interest			58
Officers' fees	2,045		13,553
Franchise fees	36		
Jail fees	13,784		2,468
Industrial park rent	21,110		134
Library fees	12,106		
Contributions from Mid-Ark Library			14,226
911 fees			4,302
Treasurer's commission	211,279	36,576	64,935
Collector's commission			95,224
Taxes apportioned - Assessor's salary and expense	11,863		
Other	1,256		
Totals	<u>\$ 390,010</u>	<u>\$ 80,163</u>	<u>\$ 212,540</u>

**NOTE 6: 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>\$ 78,596</u>	<u>\$ 38,012</u>	<u>\$ 288,480</u>

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 7: Federal Funds Program Compliance**

The County has not yet received the report for the audit of federal grant funds in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. However, the County has entered a contract for an accounting firm to perform a federal compliance audit. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the County.

**NOTE 8: 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	\$ 58,153		\$ 7,078,054
Law enforcement			216,300
Highways and streets		\$ 2,212,472	
Public safety			24,603
Sanitation			3,282,058
Health			2,885,950
Recreation and culture			1,797,146
Economic development			11,722
Total Restricted	<u>58,153</u>	<u>2,212,472</u>	<u>15,295,833</u>
Committed for:			
Highways and streets		<u>75,304</u>	
Assigned to:			
General government	3,566,166		
Law enforcement			54,525
Public safety			394,751
Total Assigned	<u>3,566,166</u>		<u>449,276</u>
Unassigned	<u>2,238,074</u>		
Totals	<u>\$ 5,862,393</u>	<u>\$ 2,287,776</u>	<u>\$ 15,745,109</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, 2022, the legal debt limit for bonded debt was \$37,607,705. 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 \$12,300,182. The amount of short-term financing obligations was \$528,699 and leaving a legal debt margin of \$11,771,483.

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 10: Commitments**

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

	December 31, 2022
Long-term liabilities	\$ 5,381,379
Reappraisal contract	699,360
Construction contracts	<u>3,775,855</u>
Total Commitments	<u>\$ 9,856,594</u>

Long-term Liabilities

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

	December 31, 2022
<u>Direct Borrowings</u>	
Financed purchase agreement dated June 24, 2019, in the amount of \$128,190 with Welch State Bank for the purchase of an Asphalt Zipper and transport trailer. Terms of the lease are five yearly payments of \$27,661 at 3.93% interest. Payments are to be made from the Road Fund.	\$ 26,612
Financed purchase agreement dated February 11, 2020, in the amount of \$142,702 with Deere Credit for the purchase of a John Deere 6110M Cab Tractor and Alamo Machete Boom Mower. Terms of the lease are three yearly payments of \$36,720, and one final payment of \$54,700 at 5.79% interest. Payments are to be made from the Road Fund.	51,702
Financed purchase agreement dated July 15, 2020, in the amount of \$614,873 with Bancorp South Bank for the purchase of four Mack Dump Trucks. Terms of the lease are 36 monthly payments of \$6,830, and one final payment of \$410,000 at 2.59% interest. Payments are to be made from the Road Fund.	450,385
Installment financing agreement dated November 3, 2022 in the amount of \$4,774,700 for acquisition, installation, and construction of certain energy efficiency equipment, improvements, and renovations. Due in annual installments of \$71,753 - \$469,826 plus interest through October 28, 2042; interest at 4.44% due on October 28 of each year beginning on October 28, 2023.	4,774,700
Total Direct Borrowings	<u>5,303,399</u>
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>77,980</u>
Total Long-term liabilities	<u>\$ 5,381,379</u>

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

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 10: Commitments (Continued)**

Long-term Liabilities (Continued)

The County's outstanding direct borrowings of \$5,303,399 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.

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Direct Borrowings</u>					
6/24/19	6/24/23	3.93%	\$ 128,190	\$ 26,612	\$ 101,578
2/11/20	2/11/23	5.79%	142,702	51,702	91,000
7/15/20	7/15/23	2.59%	614,873	450,385	164,488
11/3/22	10/28/42	4.44%	4,774,700	4,774,700	0
Total Direct Borrowings			<u>\$ 5,660,465</u>	<u>\$ 5,303,399</u>	<u>\$ 357,066</u>

Changes in Long-Term Debt

	Balance January 1, 2022	Issued	Retired	Balance December 31, 2022
<u>Direct Borrowings</u>				
Financed purchases	<u>\$ 652,917</u>	<u>\$ 4,774,700</u>	<u>\$ 124,218</u>	<u>\$ 5,303,399</u>

Debt Service Requirements to Maturity

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

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 600,453	\$ 223,466	\$ 823,919
2024	83,452	208,811	292,263
2025	95,924	205,106	301,030
2026	109,214	200,846	310,060
2027	123,366	195,997	319,363
2028 through 2032	862,605	883,803	1,746,408
2033 through 2037	1,375,079	649,486	2,024,565
2038 through 2042	2,053,306	286,849	2,340,155
Totals	<u>\$ 5,303,399</u>	<u>\$ 2,854,364</u>	<u>\$ 8,157,763</u>

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 10: Commitments (Continued)**

County-Wide Reappraisal Contract

The County entered into a contract with Total Assessment Solutions Corporation on November 30, 2021 for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$14,570 for a total of \$874,200 beginning January 15, 2022. Contract expense for 2022, was \$174,840.

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

Year	December 31, 2022
2023	\$ 174,840
2024	174,840
2025	174,840
2026	174,840
Total	<u>\$ 699,360</u>

Construction Contracts

The County was contractually obligated for the following construction contracts at December 31, 2022:

Project Name	Completion Date	Contract Balance December 31, 2022
Jones Mill Industrial Park Improvements	2/21/2023	\$ 3,329
McKinstry Energy Efficiency Project	10/27/2023	<u>3,772,526</u>
Total Construction Contracts		<u>\$ 3,775,855</u>

**NOTE 11: Interfund Transfers**

The General Fund transferred \$263,331 to Other Funds in the Aggregate to supplement Recorder Cost, County Detention Facility, Emergency 911 Services, and Public Defender Funds. The Other Funds in the Aggregate transferred \$734,154 to the General Fund for grant expenditure reimbursement and for unrestricted excess sales tax. Within Other Funds in the Aggregate, \$148,090 was transferred from Solid Waste Sales Tax Fund to Solid Waste Reserve Fund to satisfy reserve requirements to the solid waste sales tax as approved by voters.

**NOTE 12: Joint Venture: Regional Library**

Dallas, Grant, and Hot Spring Counties entered into an agreement in January 1982 in accordance with Ark. Code Ann. § 13-2-401 to establish the Mid-Arkansas Regional Library. The agreement was amended in September 1989 to include Cleveland County and in July 2019 to include Saline County. The agreement states that business of the Mid-Arkansas Regional Library shall be handled by the Regional Board composed of the chairman, one other member of each county board and four co-regional librarians and shall be administered by a regional director. Funds for the Mid-Arkansas Regional Library consist of state aid grants, federal funds and other available funds for the purchase of books, maintenance of bookmobiles and the employment of drivers and clerks. Each county continues to supervise control over its income from the county's one mill tax and has control of its particular library. The County Library made no payments to or on behalf of the Regional Library in 2022. The financial statements of the Mid-Arkansas Regional Library have not been audited. Financial information may be obtained at the Hot Spring County Library, 202 East Third Street, Malvern, Arkansas 72104.

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 13: Jointly Governed Organizations**

A. Narcotics Enforcement Unit

The Prosecuting Attorneys of the Seventh and Ninth-(East) Judicial Districts, the Sheriffs' Departments of Clark, Grant, and Hot Spring Counties, and the Police Departments of Arkadelphia, Sheridan, and Malvern entered into an agreement to establish the Group "6" Narcotics Enforcement Unit. The agreement covers the period July 1, 2022 to June 30, 2023, and may be extended by mutual agreement. Funding is provided through federal and state grants in addition to contributions from participating entities. The County made no contributions to or on behalf of the Group "6" Narcotics Enforcement Unit in 2022. Separate financial statements of the Group "6" Narcotics Enforcement Unit are not available.

B. Southwest Central Regional Solid Waste Management District

Pursuant to Act 752 of the Acts of Arkansas of 1991, the Southwest Central Regional Solid Waste Management District and Board were organized to protect the public health and environmental quality for its service area by establishing a regional solid waste management system in Arkansas Counties of Clark, Garland, and Hot Spring. The District's board of directors is composed in accordance with the requirements of the Act and is comprised of representatives of the counties in the District and representatives of all first class cities, of all cities with a population over 2,000, and of the largest city of each county in the District. The County made no contributions to or disbursements on behalf of District in 2022. Separate financial statements of the Southwest Central Regional Solid Waste Management District are available at 1000 Central Avenue, Hot Springs, Arkansas, 71903.

**NOTE 14: Lease and Hospital Facilities**

Hot Spring County Memorial Hospital was operated as a county hospital through November 30, 1994. In November 1994, members of the Board of Directors of Hot Spring County Memorial Hospital formed a 501 (c) (3) not-for-profit corporation (Hot Spring County Medical Services, Inc.) for the purpose of leasing the hospital from the County and operating it as a private nonprofit concern. On November 3, 1994, Hot Spring County Medical Services, Inc. signed a lease agreement with the County to lease the facilities for: (a) a fee of \$25 annually and (b) payment of principal and interest necessary to meet the obligation of the hospital's existing bonded indebtedness. The lease agreement was approved by Hot Spring County Ordinance no. 94-31 (November 8, 1994) and modified with Hot Spring County Ordinance no. 08-42 (October 14, 2008). In 2013, the voters approved a one-half cent county-wide sales tax for 20 years to be used for the operation, maintenance, improvement, renovation, expansion, and equipping of hospital and related health care facilities, including particularly, without limitation, the hospital facility known as Hot Spring County Medical Center. The tax will expire December 31, 2033. The proceeds of the sales tax are accounted for in the Hospital Sales Tax Fund, a part of the other funds in the aggregate. In 2022, \$1,542,001 of this sales tax was remitted to the Hot Spring County Medical Center. The Quorum Court approved Hot Spring County Ordinance no. 13-53 (November 12, 2013) consenting to a sublease agreement between Hot Spring County Medical Center and Baptist Health.

**NOTE 15: Recycling Center Lease Agreement**

The County entered into a lease agreement with Hot Spring County Solid Waste Authority, Inc., on September 11, 2001. According to the terms of the agreement, the County (lessor) agreed to lease to the Solid Waste Authority (lessee) specified real property at the Jones Mill Industrial Park for the period of 50 years beginning on September 11, 2001 and ending on September 11, 2051. In return, the Hot Spring County Solid Waste Authority paid the County a lump sum amount of \$600,000 at the time of signing.

HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 16: Hot Spring County Solid Waste Authority**

The Hot Spring County Solid Waste Authority, a separate government entity, was established by the Quorum Court in 1985. In 1994, the voters approved a one percent county-wide sales tax to be used (95%) to retire the then current indebtedness of the Solid Waste Authority (SWA), the annual operations and maintenance of the SWA, other general needs of the County, and five percent to establish a reserve fund for the purchase, acquisition, and/or construction of landfills and recycling facilities, all for the purpose of solid waste disposal and/or recycling. All of the municipalities of the County, except the City of Malvern, remit their portion of the sales tax to the County in exchange for sanitation services established by SWA. The proceeds of the sales tax are accounted for in the Solid Waste Sales Tax and Solid Waste Reserve Funds, a part of the other funds in the aggregate. In 2022, \$1,102,896 of this sales tax was remitted to the SWA.

**NOTE 17: 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.



HOT SPRING COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 18: 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](http://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 \$552,490.

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 \$4,652,024.

**NOTE 19: 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 \$6,559,621 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$6,559,621 of this amount has been received. In 2022, the County was awarded \$100,000 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 \$50,000 and \$50,000, respectively. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

**NOTE 20: Employee Self-Insured Benefit Fund**

The County participates in an Employee Self-Insured Benefit Plan. The county is required to maintain a benefit plan account which will be sufficient at all times to fund plan benefits and plan-related expenses. As of December 31, 2022, the balance in this account was \$58,153 and is reflected in the financial statements as the General Fund's restricted fund balance.

HOT SPRING 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 Clerk's Cost	County Recorder's Cost	County Library	Solid Waste Sales Tax	Support Collections Costs
ASSETS									
Cash and cash equivalents	\$ 218,808	\$ 250,497	\$ 27,042	\$ 57,117	\$ 17,542	\$ 95,491	\$ 745,585	\$ 1,740,479	\$ 7,900
Investments									
Accounts receivable		95,224	240	111	751	14,591	35,525	28,593	15
TOTAL ASSETS	\$ 218,808	\$ 345,721	\$ 27,282	\$ 57,228	\$ 18,293	\$ 110,082	\$ 781,110	\$ 1,769,072	\$ 7,915
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,475			\$ 4,000		\$ 19,948	\$ 8,180		
Settlements pending									
Total Liabilities	2,475			4,000		19,948	8,180		
Fund Balances:									
Restricted	216,333	\$ 345,721	\$ 27,282	53,228	\$ 18,293	90,134	772,930	\$ 1,769,072	\$ 7,915
Assigned									
Total Fund Balances	216,333	345,721	27,282	53,228	18,293	90,134	772,930	1,769,072	7,915
TOTAL LIABILITIES AND FUND BALANCES	\$ 218,808	\$ 345,721	\$ 27,282	\$ 57,228	\$ 18,293	\$ 110,082	\$ 781,110	\$ 1,769,072	\$ 7,915

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

Schedule 1

SPECIAL REVENUE FUNDS

	Drug Control	Intoximeter	County Detention Facility	County Emergency Rescue	Emergency 911	Emergency Vehicle	Public Defender	Adult Drug Court
ASSETS								
Cash and cash equivalents	\$ 6,764	\$ 4,255	\$ 94,100	\$ 24,571	\$ 396,011	\$ 13,772	\$ 23,152	\$ 12,828
Investments								
Accounts receivable		1	2,839	32	9,787	36	49	8
TOTAL ASSETS	<u>\$ 6,764</u>	<u>\$ 4,256</u>	<u>\$ 96,939</u>	<u>\$ 24,603</u>	<u>\$ 405,798</u>	<u>\$ 13,808</u>	<u>\$ 23,201</u>	<u>\$ 12,836</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 42,414		\$ 11,047		\$ 4,948	\$ 15
Settlements pending								
Total Liabilities			<u>42,414</u>		<u>11,047</u>		<u>4,948</u>	<u>15</u>
Fund Balances:								
Restricted	\$ 6,764	\$ 4,256		\$ 24,603		\$ 13,808	18,253	12,821
Assigned			54,525		394,751			
Total Fund Balances	<u>6,764</u>	<u>4,256</u>	<u>54,525</u>	<u>24,603</u>	<u>394,751</u>	<u>13,808</u>	<u>18,253</u>	<u>12,821</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,764</u>	<u>\$ 4,256</u>	<u>\$ 96,939</u>	<u>\$ 24,603</u>	<u>\$ 405,798</u>	<u>\$ 13,808</u>	<u>\$ 23,201</u>	<u>\$ 12,836</u>

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

Schedule 1

SPECIAL REVENUE FUNDS

	Circuit Court Juvenile Division	Juvenile Court Representation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Circuit Court/Sheriff Automation	Hospital Sales Tax	Project Lifesaver
ASSETS								
Cash and cash equivalents	\$ 6,392	\$ 21,380	\$ 2,242	\$ 4,122	\$ 3,313,658	\$ 46,321	\$ 3,051,273	\$ 271
Investments								
Accounts receivable	79		39	7		615	23,121	
<b>TOTAL ASSETS</b>	<b>\$ 6,471</b>	<b>\$ 21,380</b>	<b>\$ 2,281</b>	<b>\$ 4,129</b>	<b>\$ 3,313,658</b>	<b>\$ 46,936</b>	<b>\$ 3,074,394</b>	<b>\$ 271</b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 16		\$ 253	\$ 6,600	\$ 188,444	
Settlements pending								
Total Liabilities			16		253	6,600	188,444	
Fund Balances:								
Restricted	\$ 6,471	\$ 21,380	2,265	\$ 4,129	3,313,405	40,336	2,885,950	\$ 271
Assigned								
Total Fund Balances	6,471	21,380	2,265	4,129	3,313,405	40,336	2,885,950	271
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,471</b>	<b>\$ 21,380</b>	<b>\$ 2,281</b>	<b>\$ 4,129</b>	<b>\$ 3,313,658</b>	<b>\$ 46,936</b>	<b>\$ 3,074,394</b>	<b>\$ 271</b>

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

Schedule 1

SPECIAL REVENUE FUNDS								
	Solid Waste Reserve	Fun Park Grant	Industrial Park Economic Development Administration Grant	Energy Efficiency Bond	Law Library	Library Foundation	Communication Facility and Equipment	Special Drug Buy
ASSETS								
Cash and cash equivalents	\$ 1,512,986	\$ 67,736	\$ 11,722	\$ 3,026,631	\$ 47,365	\$ 210,549	\$ 16,432	\$ 124
Investments						745,931		
Accounts receivable							877	
TOTAL ASSETS	<u>\$ 1,512,986</u>	<u>\$ 67,736</u>	<u>\$ 11,722</u>	<u>\$ 3,026,631</u>	<u>\$ 47,365</u>	<u>\$ 956,480</u>	<u>\$ 17,309</u>	<u>\$ 124</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable					\$ 140			
Settlements pending								
Total Liabilities					<u>140</u>			
Fund Balances:								
Restricted	\$ 1,512,986	\$ 67,736	\$ 11,722	\$ 3,026,631	47,225	\$ 956,480	\$ 17,309	\$ 124
Assigned								
Total Fund Balances	<u>1,512,986</u>	<u>67,736</u>	<u>11,722</u>	<u>3,026,631</u>	<u>47,225</u>	<u>956,480</u>	<u>17,309</u>	<u>124</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,512,986</u>	<u>\$ 67,736</u>	<u>\$ 11,722</u>	<u>\$ 3,026,631</u>	<u>\$ 47,365</u>	<u>\$ 956,480</u>	<u>\$ 17,309</u>	<u>\$ 124</u>

HOT SPRING 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	Circuit Clerk's Accounts	Juvenile Probation Office	Totals
ASSETS							
Cash and cash equivalents	\$ 349,569	\$ 330,613	\$ 88,451	\$ 55,524	\$ 168,725	\$ 223	\$ 16,068,223
Investments							745,931
Accounts receivable							212,540
TOTAL ASSETS	<u>\$ 349,569</u>	<u>\$ 330,613</u>	<u>\$ 88,451</u>	<u>\$ 55,524</u>	<u>\$ 168,725</u>	<u>\$ 223</u>	<u>\$ 17,026,694</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 288,480
Settlements pending	\$ 349,569	\$ 330,613	\$ 88,451	\$ 55,524	\$ 168,725	\$ 223	993,105
Total Liabilities	<u>349,569</u>	<u>330,613</u>	<u>88,451</u>	<u>55,524</u>	<u>168,725</u>	<u>223</u>	<u>1,281,585</u>
Fund Balances:							
Restricted							15,295,833
Assigned							449,276
Total Fund Balances							<u>15,745,109</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 349,569</u>	<u>\$ 330,613</u>	<u>\$ 88,451</u>	<u>\$ 55,524</u>	<u>\$ 168,725</u>	<u>\$ 223</u>	<u>\$ 17,026,694</u>

HOT SPRING 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 Clerk's Cost	County Recorder's Cost	County Library	Solid Waste Sales Tax
REVENUES								
State aid				\$ 11,483			\$ 52,068	
Federal aid								
Property taxes							427,827	
Sales taxes								\$ 3,075,183
Fines, forfeitures, and costs			\$ 5,971					
Interest	\$ 1,839	\$ 2,501	218	535	\$ 137	\$ 1,245	4,445	7,946
Officers' fees					7,622	178,681		
Jail fees								
Library fees							9,178	
Contributions from Mid-Ark Library							18,152	
911 fees								
Salary reimbursements								
Jail commissary and phone commissions								
Realized gain on investments								
Net increase/decrease in value of investments								
Treasurer's commission	38,646							
Collector's commission		95,223						
Other							19,986	
<b>TOTAL REVENUES</b>	<b>40,485</b>	<b>97,724</b>	<b>6,189</b>	<b>12,018</b>	<b>7,759</b>	<b>179,926</b>	<b>531,656</b>	<b>3,083,129</b>
Less: Treasurer's commission				119	78	1,881	4,845	30,644
<b>NET REVENUES</b>	<b>40,485</b>	<b>97,724</b>	<b>6,189</b>	<b>11,899</b>	<b>7,681</b>	<b>178,045</b>	<b>526,811</b>	<b>3,052,485</b>
EXPENDITURES								
Current:								
General government	20,006	80,667		8,216	1,875	303,998		
Law enforcement			780					
Public safety								
Sanitation								33,815
Health								
Recreation and culture							639,432	
Economic development								
<b>TOTAL EXPENDITURES</b>	<b>20,006</b>	<b>80,667</b>	<b>780</b>	<b>8,216</b>	<b>1,875</b>	<b>303,998</b>	<b>639,432</b>	<b>33,815</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>								
<b>EXPENDITURES</b>	<b>20,479</b>	<b>17,057</b>	<b>5,409</b>	<b>3,683</b>	<b>5,806</b>	<b>(125,953)</b>	<b>(112,621)</b>	<b>3,018,670</b>
OTHER FINANCING SOURCES (USES)								
Transfers in						134,873		
Transfers out								(882,244)
Sales tax remitted to hospital								
Financed purchases proceeds								
Sales tax remitted to solid waste authority								(1,102,896)
Sales tax remitted to cities								(37,746)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>						<b>134,873</b>		<b>(2,022,886)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)</b>								
<b>EXPENDITURES AND OTHER USES</b>	<b>20,479</b>	<b>17,057</b>	<b>5,409</b>	<b>3,683</b>	<b>5,806</b>	<b>8,920</b>	<b>(112,621)</b>	<b>995,784</b>
FUND BALANCES - JANUARY 1	195,854	328,664	21,873	49,545	12,487	81,214	885,551	773,288
FUND BALANCES - DECEMBER 31	\$ 216,333	\$ 345,721	\$ 27,282	\$ 53,228	\$ 18,293	\$ 90,134	\$ 772,930	\$ 1,769,072

HOT SPRING 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							
	Support Collections Costs	Drug Control	Intoximeter	County Detention Facility	County Emergency Rescue	Emergency 911	Emergency Vehicle	Public Defender
REVENUES								
State aid					\$ 3,286			\$ 1,658
Federal aid								
Property taxes								
Sales taxes								
Fines, forfeitures, and costs			\$ 375				\$ 2,694	16,394
Interest	\$ 80		37	\$ 1,124	211	\$ 3,430	111	290
Officers' fees	1,511							
Jail fees				37,604				
Library fees								
Contributions from Mid-Ark Library								
911 fees						544,919		
Salary reimbursements						98,371		
Jail commissary and phone commissions								
Realized gain on investments								
Net increase/decrease in value of investments								
Treasurer's commission								
Collector's commission								
Other				169		20		
TOTAL REVENUES	1,591		412	38,897	3,497	646,740	2,805	18,342
Less: Treasurer's commission	15		1	397	34	6,612	31	52
NET REVENUES	1,576		411	38,500	3,463	640,128	2,774	18,290
EXPENDITURES								
Current:								
General government	1,455							
Law enforcement			70	161,331				36,744
Public safety					621	685,920		
Sanitation								
Health								
Recreation and culture								
Economic development								
TOTAL EXPENDITURES	1,455		70	161,331	621	685,920		36,744
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	121		341	(122,831)	2,842	(45,792)	2,774	(18,454)
OTHER FINANCING SOURCES (USES)								
Transfers in				101,640		7,911		18,907
Transfers out								
Sales tax remitted to hospital								
Financed purchases proceeds								
Sales tax remitted to solid waste authority								
Sales tax remitted to cities								
TOTAL OTHER FINANCING SOURCES (USES)				101,640		7,911		18,907
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	121		341	(21,191)	2,842	(37,881)	2,774	453
FUND BALANCES - JANUARY 1	7,794	\$ 6,764	3,915	75,716	21,761	432,632	11,034	17,800
FUND BALANCES - DECEMBER 31	\$ 7,915	\$ 6,764	\$ 4,256	\$ 54,525	\$ 24,603	\$ 394,751	\$ 13,808	\$ 18,253



HOT SPRING 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							
	Victim/Witness	Adult Drug Court	Circuit Court Juvenile Division	Juvenile Court Representation	Circuit Clerk Commissioner's Fee	Assessor's Late Assessment Fee	American Rescue Plan Act	Circuit Court/Sheriff Automation
REVENUES								
State aid								
Federal aid								
Property taxes						\$ 695	\$ 3,279,811	
Sales taxes								
Fines, forfeitures, and costs	\$ 24,837	\$ 590						\$ 14,155
Interest		119	\$ 24	\$ 194	\$ 20	33	25,040	362
Officers' fees			9,949		39			
Jail fees								
Library fees								
Contributions from Mid-Ark Library								
911 fees								
Salary reimbursements								
Jail commissary and phone commissions								
Realized gain on investments								
Net increase/decrease in value of investments								
Treasurer's commission								
Collector's commission								
Other								
TOTAL REVENUES	24,837	709	9,973	194	59	728	3,304,851	14,517
Less: Treasurer's commission		9	85			7		
NET REVENUES	24,837	700	9,888	194	59	721	3,304,851	14,517
EXPENDITURES								
Current:								
General government					16		2,228,557	
Law enforcement	26,728	1,385	8,270					9,239
Public safety								
Sanitation								
Health								
Recreation and culture								
Economic development								
TOTAL EXPENDITURES	26,728	1,385	8,270		16		2,228,557	9,239
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,891)	(685)	1,618	194	43	721	1,076,294	5,278
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out								
Sales tax remitted to hospital								
Financed purchases proceeds								
Sales tax remitted to solid waste authority								
Sales tax remitted to cities								
TOTAL OTHER FINANCING SOURCES (USES)								
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,891)	(685)	1,618	194	43	721	1,076,294	5,278
FUND BALANCES - JANUARY 1	1,891	13,506	4,853	21,186	2,222	3,408	2,237,111	35,058
FUND BALANCES - DECEMBER 31	\$ 0	\$ 12,821	\$ 6,471	\$ 21,380	\$ 2,265	\$ 4,129	\$ 3,313,405	\$ 40,336

HOT SPRING 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							
	Hospital Sales Tax	Project Lifesaver	Solid Waste Reserve	Court Security Grant 2012	Fun Park Grant	ACEDP Public Health Grant	Industrial Park Economic Development Administration Grant	Energy Efficiency Bond
REVENUES								
State aid				\$ 17,173	\$ 74,983			
Federal aid						\$ 500	\$ 250,201	
Property taxes								
Sales taxes	\$ 2,394,999							
Fines, forfeitures, and costs								
Interest	22,821		\$ 13,702					\$ 4,546
Officers' fees								
Jail fees								
Library fees								
Contributions from Mid-Ark Library								
911 fees								
Salary reimbursements								
Jail commissary and phone commissions								
Realized gain on investments								
Net increase/decrease in value of investments								
Treasurer's commission								
Collector's commission								
Other								
TOTAL REVENUES	2,417,820		13,702	17,173	74,983	500	250,201	4,546
Less: Treasurer's commission	24,779							
NET REVENUES	2,393,041		13,702	17,173	74,983	500	250,201	4,546
EXPENDITURES								
Current:								
General government								1,697,915
Law enforcement				17,173				
Public safety								
Sanitation			108,000					
Health						500		
Recreation and culture					7,247			
Economic development							480,299	
TOTAL EXPENDITURES			108,000	17,173	7,247	500	480,299	1,697,915
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES	2,393,041		(94,298)		67,736		(230,098)	(1,693,369)
OTHER FINANCING SOURCES (USES)								
Transfers in			148,090					
Transfers out								
Sales tax remitted to hospital	(1,542,001)							
Financed purchases proceeds								4,720,000
Sales tax remitted to solid waste authority								
Sales tax remitted to cities								
TOTAL OTHER FINANCING SOURCES (USES)	(1,542,001)		148,090					4,720,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER)								
EXPENDITURES AND OTHER USES	851,040		53,792		67,736		(230,098)	3,026,631
FUND BALANCES - JANUARY 1	2,034,910	\$ 271	1,459,194				241,820	
FUND BALANCES - DECEMBER 31	\$ 2,885,950	\$ 271	\$ 1,512,986	\$ 0	\$ 67,736	\$ 0	\$ 11,722	\$ 3,026,631

HOT SPRING 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				
	Law Library	Library Foundation	Communication Facility and Equipment	Special Drug Buy	Totals
REVENUES					
State aid					\$ 160,651
Federal aid					3,530,512
Property taxes					428,522
Sales taxes					5,470,182
Fines, forfeitures, and costs	\$ 6,119				71,135
Interest	397	\$ 6,883			98,290
Officers' fees			\$ 1,762		199,564
Jail fees					37,604
Library fees					9,178
Contributions from Mid-Ark Library					18,152
911 fees					544,919
Salary reimbursements					98,371
Jail commissary and phone commissions			17,590		17,590
Realized gain on investments		11,670			11,670
Net increase/decrease in value of investments		(183,926)			(183,926)
Treasurer's commission					38,646
Collector's commission					95,223
Other			2		20,177
<b>TOTAL REVENUES</b>	<b>6,516</b>	<b>(165,373)</b>	<b>19,354</b>		<b>10,666,460</b>
Less: Treasurer's commission					69,589
<b>NET REVENUES</b>	<b>6,516</b>	<b>(165,373)</b>	<b>19,354</b>		<b>10,596,871</b>
EXPENDITURES					
Current:					
General government					4,342,705
Law enforcement	756		43,081		305,557
Public safety					686,541
Sanitation					141,815
Health					500
Recreation and culture					646,679
Economic development					480,299
<b>TOTAL EXPENDITURES</b>	<b>756</b>		<b>43,081</b>		<b>6,604,096</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,760</b>	<b>(165,373)</b>	<b>(23,727)</b>		<b>3,992,775</b>
OTHER FINANCING SOURCES (USES)					
Transfers in					411,421
Transfers out					(882,244)
Sales tax remitted to hospital					(1,542,001)
Financed purchases proceeds					4,720,000
Sales tax remitted to solid waste authority					(1,102,896)
Sales tax remitted to cities					(37,746)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					<b>1,566,534</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>5,760</b>	<b>(165,373)</b>	<b>(23,727)</b>		<b>5,559,309</b>
FUND BALANCES - JANUARY 1	41,465	1,121,853	41,036	\$ 124	10,185,800
FUND BALANCES - DECEMBER 31	\$ 47,225	\$ 956,480	\$ 17,309	\$ 124	\$ 15,745,109

HOT SPRING 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 Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive at least 35% of fees collected by county clerks to be used to purchase, maintain, and operate an automated records system.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive at least 25% of the fees collected by circuit clerks to be used to purchase, maintain, and operate an automated records system.
County Library	Fund consists of two accounts, Operating and Challenge. Ark. Code Ann. § 13-2-404 establishes the Operating account to receive property taxes, fees, fines, gifts, etc., to be appropriated for the support, operation, and maintenance of county public library system. All donations to the library are deposited in the Challenge Fund and are to be expended at the discretion of the Library Board.
Solid Waste Sales Tax	Established by Hot Spring County Ordinance no. 90-18 (October 9, 1990) to account for a one cent sales tax passed in January 1991. Civil Court Order no. 2003-279-2 determined that the designated purpose for the revenues are as follows: (a) 95% are to be used to pay the existing indebtedness of the Solid Waste Authority (SWA) to FmHA and the Bank of Malvern (retired prior to 2010) and the annual operation and maintenance of SWA and upon the retirement of the debt to FmHA and the Bank of Malvern, these revenues may be appropriated by the Quorum Court: First, to fund the annual operation and maintenance of SWA; and Second, to fund other general needs of the County as authorized by law. (b) 5% shall be appropriated into a reserve fund to be used for the purchase, acquisition and/or construction of landfills and recycling facilities, all for the purpose of solid waste disposal and/or recycling. Act 677 of 2021 determined that the SWA annual operating budget would be approved by a board consisting of representatives of the County and member municipalities. Any surplus of the sales tax contributed by the member municipalities will be refunded.

HOT SPRING 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>
Support Collections Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the Clerk's office.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency.
Intoximeter	Ark. Code Ann. § 16-10-307 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzer.
County Detention Facility	Ark. Code Ann. § 12-41-505 established fund to receive a \$20 booking and administration fee assessed on a person convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility.
County Emergency Rescue	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. § 12-10-308 established fund to receive fees collected by telephone providers for 911 emergency services.
Emergency Vehicle	Ark. Code Ann. § 27-22-103 established fund to account for the fine for failure to insure motor vehicles to be used for the purchase an maintenance of rescue, emergency medical, and law enforcement vehicles, communications equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus to be used for those purposes.
Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall be remitted to the Arkansas Public Defender Commission. Three dollars of each fee is remitted back to the county quarterly to be used to defray the operating expenses of the public defender office.
Victim/Witness	Ark. Code Ann. § 16-21-151 established fund to receive district court costs levied to be used by prosecuting attorney for operating victim/witness program.
Adult Drug Court	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.

HOT SPRING 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>
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.
Juvenile Court Representation	Ark. Code Ann. § 9-27-316 established fund to collect fees and costs to offset expenses of juvenile cases.
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	Established by Hot Spring County Ordinance no. 17-16 (July 11, 2017) to establish Assessor's Late Assessment Fee Fund 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.
Circuit Court/Sheriff 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.
Hospital Sales Tax	Established by Hot Spring County Ordinance no. 08-31 (July 8, 2008) to account for a 1/2 cent sales tax passed September 9, 2008, for the operation, maintenance, improvement, renovation, expansion, and equipping of hospital and related health care facilities, including particularly, without limitation, the hospital facility known as Hot Spring County Medical Center.
Project Lifesaver	Established by Hot Spring County Ordinance no. 10-75 (October 20, 2010) to provide training of law enforcement personnel in the operation of electronic tracking equipment.

HOT SPRING 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>
Solid Waste Reserve	Established by Hot Spring County Ordinance no. 90-18 (October 9, 1990) to account for a one cent sales tax passed in January 1991. Civil Court Order no. 2003-279-2 determined that the designated purpose for the revenues are as follows: (a) 95% are to be used to pay the existing indebtedness of the Solid Waste Authority (SWA) to FmHA and the Bank of Malvern (retired prior to 2010) and the annual operation and maintenance of SWA and upon the retirement of the debt to FmHA and the Bank of Malvern, these revenues may be appropriated by the Quorum Court: First, to fund the annual operation and maintenance of SWA; and Second, to fund other general needs of the County as authorized by law. (b) 5% shall be appropriated into a reserve fund to be used for the purchase, acquisition and/or construction of landfills and recycling facilities, all for the purpose of solid waste disposal and/or recycling. Act 677 of 2021 determined that the SWA annual operating budget would be approved by a board consisting of representatives of the County and member municipalities. Any surplus of the sales tax contributed by the member municipalities will be refunded.
Court Security Grant 2012	Ark. Code Ann. § 16-10-1006 established fund for the purpose of providing financial assistance to local governments to assist in the implementation of local security and emergency preparedness plans for circuit and district courts.
Fun Park Grant	Established by Hot Spring County Ordinance no. 18-15 (April 10, 2018) to account for State Funds received to construct parks within the county.
ACEDP Public Health Grant	Established by Hot Spring County Ordinance no. 18-34 (September 11, 2018) to account for Funds used to make improvements to the Public Health Facility.
Industrial Park Economic Development Administration Grant	Established by Hot Spring County Ordinance no. 19-26 (November 12, 2019) to account for Economic Development Administration Grant received to improve an industrial park and its marketability as an opportunity zone for private investment.
Energy Efficiency Bond	Established by Hot Spring County Ordinance no. 22-15 (November 15, 2022) to account for financed funds used for acquisition, installation, and construction of certain energy efficiency equipment and improvements.
Law Library	Ark. Code Ann. § 16-23-105 established fund to receive collections from the costs levied and to fund the law library expenditures.
Library Foundation	The Library Foundation Fund is an investment fund made up of excess donations from a fund raiser to construct a new library in 2004. These funds are overseen by the Library Board.

HOT SPRING 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>
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of sheriff's fees collected and phone commission funds to be used for communications equipment and repair and to train operations staff.
Special Drug Buy	Established by Hot Spring County Ordinance no. 98-20 (May 12, 1998) per Ark. Code Ann. § 14-21-201.

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

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

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

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

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

Juvenile Probation Office account consist of fees not yet remitted to the treasurer.



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

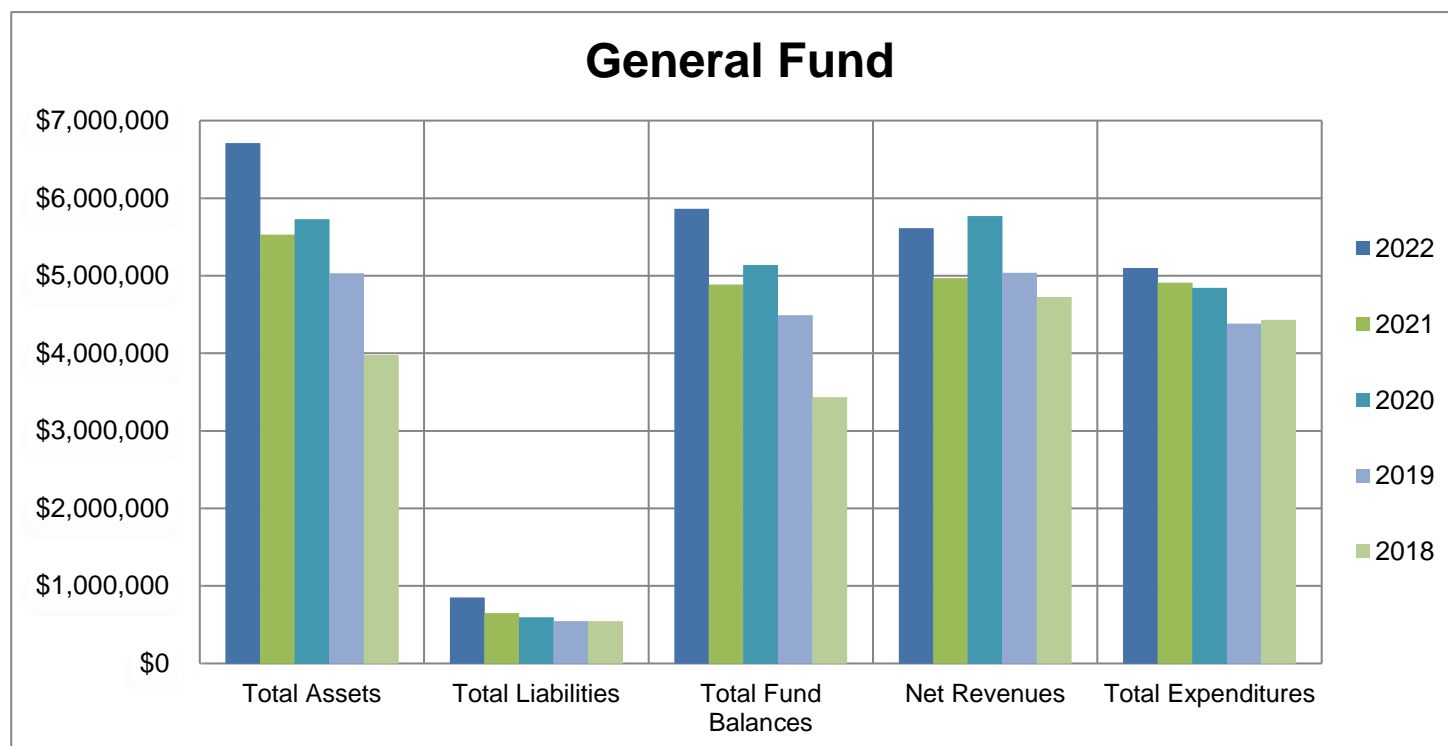
Schedule 3

	December 31, 2022
Land and buildings	\$ 10,852,533
Vehicles & Equipment	<u>10,662,335</u>
Total	<u><u>\$ 21,514,868</u></u>

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

Schedule 4-1

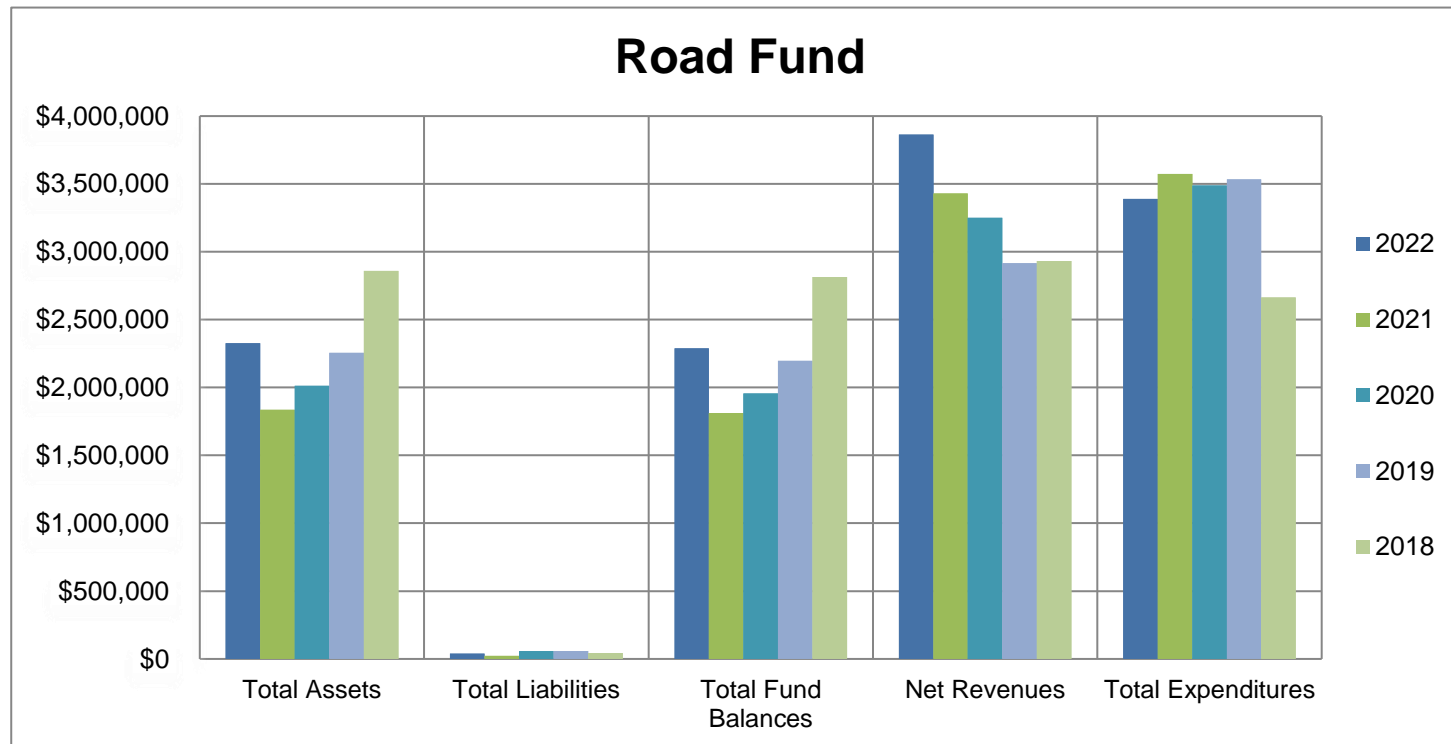
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 6,708,976	\$ 5,528,556	\$ 5,727,392	\$ 5,028,780	\$ 3,977,401
Total Liabilities	846,583	646,589	592,650	542,111	544,204
Total Fund Balances	5,862,393	4,881,967	5,134,742	4,486,669	3,433,197
Net Revenues	5,609,796	4,964,989	5,766,377	5,037,686	4,721,208
Total Expenditures	5,100,193	4,907,309	4,844,517	4,381,406	4,431,891
Total Other Financing Sources/Uses	470,823	(310,455)	(273,787)	397,192	(396,606)



HOT SPRING 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	\$ 2,325,788	\$ 1,835,269	\$ 2,013,520	\$ 2,254,731	\$ 2,859,494
Total Liabilities	38,012	22,775	57,154	58,532	44,784
Total Fund Balances	2,287,776	1,812,494	1,956,366	2,196,199	2,814,710
Net Revenues	3,864,160	3,430,300	3,249,912	2,914,603	2,932,681
Total Expenditures	3,388,878	3,574,172	3,489,746	3,533,114	2,664,379



HOT SPRING 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>	2022	2021	2020	2019	2018
Total Assets	\$ 17,026,694	\$ 11,517,665	\$ 6,893,088	\$ 5,813,330	\$ 6,746,106
Total Liabilities	1,281,585	1,331,865	1,194,224	1,295,601	1,070,372
Total Fund Balances	15,745,109	10,185,800	5,698,864	4,517,729	5,675,734
Net Revenues	10,596,871	13,156,143	6,810,369	5,375,983	5,613,402
Total Expenditures	6,604,096	4,690,923	2,368,734	1,989,277	2,029,850
Total Other Financing Sources/Uses	1,566,534	(3,978,284)	(3,288,923)	4,544,711	3,181,398

