

Hot Spring County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



HOT SPRING COUNTY, ARKANSAS
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Arkansas

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



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

Kevin William White, CPA, JD
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, 2023, the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Road Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, road fund, and other funds in the aggregate of Hot Spring County, Arkansas, as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and road fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, road fund, and other funds in the aggregate of Hot Spring County, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 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

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 6, 2024
LOCO03023

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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, 2023, 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 November 6, 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

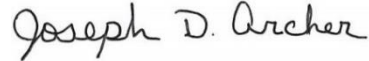
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 November 6, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 6, 2024

Arkansas



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

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

Kevin William White, CPA, JD
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 relates to the following officials who held office during 2023:

County Judge: Dennis Thornton
Treasurer: Glorie Thornton
Sheriff: Shane Davis (Appointed Interim Sheriff on December 12, 2023)
Scott Finkbeiner (January 1, 2023 – December 11, 2023)
Tax Collector: Sheri Oden
County Clerk: Patty Griggs
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

Handwritten signature of Joseph D. Archer in cursive.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 6, 2024

HOT SPRING COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 7,751,080	\$ 2,030,833	\$ 10,065,600
Investments			861,628
Accounts receivable	321,155	81,020	206,181
TOTAL ASSETS	\$ 8,072,235	\$ 2,111,853	\$ 11,133,409
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 116,965	\$ 21,995	\$ 2,462,740
Settlements pending	784,991		1,121,706
Total Liabilities	901,956	21,995	3,584,446
Fund Balances:			
Restricted	58,031	1,989,885	7,140,628
Committed		99,973	
Assigned	4,734,778		408,335
Unassigned	2,377,470		
Total Fund Balances	7,170,279	2,089,858	7,548,963
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,072,235	\$ 2,111,853	\$ 11,133,409

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, 2023

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 886,924	\$ 2,472,764	\$ 539,447
Federal aid	180,969	364	
Property taxes	2,405,734	1,227,970	463,387
Sales taxes			5,379,655
Fines, forfeitures, and costs	381,593		74,411
Interest	313,897	89,071	457,618
Officers' fees	45,533		186,313
Franchise fees	124		
Jail fees	242,661		47,857
911 fees			526,328
Industrial park rent	212,500	21,000	
Jail commissary and phone commissions			97,283
Library fees			10,588
Salary reimbursements	231,148		98,371
Realized gain on investments			19,677
Net increase/decrease in value of investments			95,599
Proceeds from easement on Ouachita River	200,000		
Proceeds from sale of assets	200,888		
Treasurer's commission	161,516		39,646
Collector's commission	365,198		100,731
Taxes apportioned - Assessor's salary and expense	411,354		
Other	90,074	114,657	34,093
TOTAL REVENUES	6,330,113	3,925,826	8,171,004
Less: Treasurer's commission	61,478	36,549	74,683
NET REVENUES	6,268,635	3,889,277	8,096,321

HOT SPRING COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Road	Other Funds in the Aggregate
EXPENDITURES			
Current:			
General government	\$ 3,086,108		\$ 5,963,700
Law enforcement	3,057,271		392,203
Highways and streets		\$ 3,635,939	614,770
Public safety	74,690		908,143
Sanitation			34,206
Health	24,286		
Recreation and culture			710,986
Social services	115,020		
Economic development			11,722
Total Current	6,357,375	3,635,939	8,635,730
Debt Service:			
Financed purchase principal		406,363	71,753
Financed purchase interest		44,893	211,997
TOTAL EXPENDITURES	6,357,375	4,087,195	8,919,480
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(88,740)	(197,918)	(823,159)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,710,654		459,782
Transfers out	(314,028)		(1,856,408)
Sales tax remitted to hospital			(4,372,245)
Sales tax remitted to solid waste authority			(1,601,300)
Sales tax remitted to cities			(2,816)
TOTAL OTHER FINANCING SOURCES (USES)	1,396,626		(7,372,987)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,307,886	(197,918)	(8,196,146)
FUND BALANCES - JANUARY 1	5,862,393	2,287,776	15,745,109
FUND BALANCES - DECEMBER 31	\$ 7,170,279	\$ 2,089,858	\$ 7,548,963

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, 2023

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,269,373	\$ 886,924	\$ (382,449)	\$ 1,889,844	\$ 2,472,764	\$ 582,920
Federal aid	204,255	180,969	(23,286)		364	364
Property taxes	2,251,000	2,405,734	154,734	1,060,000	1,227,970	167,970
Fines, forfeitures, and costs	473,310	381,593	(91,717)			
Interest	52,341	313,897	261,556	25,666	89,071	63,405
Officers' fees	56,226	45,533	(10,693)			
Franchise fees	112	124	12			
Jail fees	306,562	242,661	(63,901)			
Industrial park rent		212,500	212,500	21,000	21,000	0
Salary reimbursements	196,200	231,148	34,948			
Proceeds from easement on Ouachita River		200,000	200,000			
Proceeds from sale of assets	2,880	200,888	198,008			
Treasurer's commission	112,000	161,516	49,516			
Collector's commission	190,000	365,198	175,198			
Taxes apportioned - Assessor's salary and expense	300,000	411,354	111,354			
Other	82,000	90,074	8,074	85,173	114,657	29,484
TOTAL REVENUES	5,496,259	6,330,113	833,854	3,081,683	3,925,826	844,143
Less: Treasurer's commission		61,478	(61,478)		36,549	(36,549)
NET REVENUES	5,496,259	6,268,635	772,376	3,081,683	3,889,277	807,594
EXPENDITURES						
Current:						
General government	3,053,667	3,086,108	(32,441)			
Law enforcement	3,348,122	3,057,271	290,851			
Highways and streets				4,176,851	3,635,939	540,912
Public safety	77,795	74,690	3,105			
Health	34,560	24,286	10,274			
Social services	128,225	115,020	13,205			
Total Current	6,642,369	6,357,375	284,994	4,176,851	3,635,939	540,912
Debt Service:						
Financed purchase principal					406,363	(406,363)
Financed purchase interest					44,893	(44,893)
TOTAL EXPENDITURES	6,642,369	6,357,375	284,994	4,176,851	4,087,195	89,656

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, 2023

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,146,110)	\$ (88,740)	\$ 1,057,370	\$ (1,095,168)	\$ (197,918)	\$ 897,250
OTHER FINANCING SOURCES (USES)						
Transfers in	883,313	1,710,654	827,341	2,000		(2,000)
Transfers out	(236,137)	(314,028)	(77,891)			
TOTAL OTHER FINANCING SOURCES (USES)	647,176	1,396,626	749,450	2,000		(2,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(498,934)	1,307,886	1,806,820	(1,093,168)	(197,918)	895,250
FUND BALANCES - JANUARY 1	4,196,686	5,862,393	1,665,707	2,301,137	2,287,776	(13,361)
FUND BALANCES - DECEMBER 31	\$ 3,697,752	\$ 7,170,279	\$ 3,472,527	\$ 1,207,969	\$ 2,089,858	\$ 881,889

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

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, Local Assistance & Tribal Consideration, 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, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

2. Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,413,745	\$ 1,417,628
Collateralized:		
Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name	18,367,809	18,808,521
Uninsured and uncollateralized	65,259	65,259
Total Deposits	\$ 19,846,813	\$ 20,291,408

The above total deposits do not include cash on hand of \$700.

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, 2023, \$65,259 of the County's balances of \$20,291,408 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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023 Fair Value
Library Foundation	\$ 861,628

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)

The County’s investments are composed of the following:

December 31, 2023 Investment Type	Quoted Prices in Active Markets for Identical Investments Level I
Mutual funds	\$ 861,628

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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Property taxes	\$ 52,801	\$ 45,544	\$ 17,462
Fines, forfeitures, and costs	16,951		2,446
Officers' fees	2,488		12,871
Franchise fees	12		
Jail fees	3,425		2,087
911 fees			941
Industrial park rent	1,008		
Jail commissary and phone commissions			3,142
Treasurer's commission	161,516		
Collector's commission			100,731
Taxes apportioned - Assessor's salary and expense	12,842		
Other	17,740		
Treasurer's commission charged	<u>52,372</u>	<u>35,476</u>	<u>66,501</u>
Totals	<u>\$ 321,155</u>	<u>\$ 81,020</u>	<u>\$ 206,181</u>

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 116,965</u>	<u>\$ 21,995</u>	<u>\$ 2,462,740</u>

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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Road Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government	\$ 58,031		\$ 1,088,650
Law enforcement			231,284
Highways and streets		\$ 1,989,885	
Public safety			27,813
Sanitation			3,029,974
Health			981,465
Recreation and culture			1,781,442
Total Restricted	<u>58,031</u>	<u>1,989,885</u>	<u>7,140,628</u>
Committed for:			
Highways and streets		<u>99,973</u>	
Assigned to:			
General government	4,734,778		
Law enforcement			30,031
Public safety			378,304
Total Assigned	<u>4,734,778</u>		<u>408,335</u>
Unassigned	<u>2,377,470</u>		
Totals	<u>\$ 7,170,279</u>	<u>\$ 2,089,858</u>	<u>\$ 7,548,963</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, 2023, the legal debt limit for bonded debt was \$40,135,391. 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, 2023, the legal debt limit for short-term financing obligations was \$13,109,964. The amount of short-term financing obligations was \$399,976 leaving a legal debt margin of \$12,709,988.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 5,155,470
Lease	84,785
Reappraisal contract	524,520
Construction contract	413,665
 Total Commitments	 \$ 6,178,440

Long-term Liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Direct Borrowings</u>	
Financed purchase 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. Payments are to be made from the Energy Efficiency Bond Fund.	\$ 4,702,947
Financed purchase agreement dated October 25, 2023, in the amount of \$410,000 with Cadence Bank for the purchase of two Mack Dump Trucks. Terms are 36 monthly payments of \$6,975, and one final payment of \$215,000 at 5.78% interest. Payments are to be made from the Road Fund.	399,976
Total Direct Borrowings	5,102,923
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	52,547
Total Long-term liabilities	\$ 5,155,470

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

The County's outstanding direct borrowings of \$5,102,923 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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Direct Borrowings</u>					
11/3/22	10/28/42	4.44%	\$ 4,774,700	\$ 4,702,947	\$ 71,753
10/25/23	11/23/26	5.78%	410,000	399,976	10,024
Total Direct Borrowings			<u>\$ 5,184,700</u>	<u>\$ 5,102,923</u>	<u>\$ 81,777</u>

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
<u>Direct Borrowings</u>				
Financed purchases	\$ 5,303,399	\$ 410,000	\$ 610,476 *	<u>\$ 5,102,923</u>

*The County returned assets, thereby reducing debt by \$132,360.

Debt Service Requirements to Maturity

The County is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2024	\$ 145,661	\$ 230,299	\$ 375,960
2025	161,826	222,901	384,727
2026	381,080	213,728	594,808
2027	123,366	195,997	319,363
2028	138,424	190,520	328,944
2029 through 2033	953,296	845,504	1,798,800
2034 through 2038	1,496,870	588,432	2,085,302
2039 through 2042	<u>1,702,400</u>	<u>195,682</u>	<u>1,898,082</u>
Totals	<u>\$ 5,102,923</u>	<u>\$ 2,683,063</u>	<u>\$ 7,785,986</u>

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

Lease

The County entered into a lease agreement for a phone system on December 16, 2021. Terms of the lease are monthly rental payments of \$3,533 for 48 months. At the end of the lease term, the County may purchase the phone system equipment for fair market value. The County is obligated for the following amounts for the next two years:

<u>Year</u>	<u>December 31, 2023</u>
2024	\$ 42,392
2025	42,393
Total	<u>\$ 84,785</u>

Lease expense for 2023, was \$42,392.

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 2023, was \$174,840.

The County is obligated for the following amounts at December 31, 2023:

<u>Year</u>	<u>December 31, 2023</u>
2024	\$ 174,840
2025	174,840
2026	174,840
Total	<u>\$ 524,520</u>

Construction Contract

The County was contractually obligated for the following construction contract at December 31, 2023:

<u>Project Name</u>	<u>Completed Date</u>	<u>Contract Balance December 31, 2023</u>
McKinstry Energy Efficiency Project	February 15, 2024	<u>\$ 413,665</u>

NOTE 11: Interfund Transfers

The General Fund transferred \$314,028 to Other Funds in the Aggregate to supplement County Recorder's Cost, County Detention Facility, Emergency 911, and Public Defender Funds. The Other Funds in the Aggregate transferred \$1,710,654 to the General Fund for unrestricted excess sales tax. Within Other Funds in the Aggregate, \$145,754 was transferred from Solid Waste Sales Tax to Solid Waste Reserve to satisfy reserve requirements of the solid waste sales tax as approved by voters.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 2023. 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.

NOTE 13: Jointly Governed Organization: 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 2023. 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 2023, \$4,372,245 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.

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 2023, \$1,601,300 of this sales tax was remitted to the SWA.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 18: Arkansas Public Employees Retirement System (Continued)

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 5.5% as of July 1, 2023. 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, 2023, (date of APERS Employer Allocation Report) were \$618,400.

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, 2023, (actuarial valuation date and measurement date) was \$5,307,339.

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 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, and as of the report date, \$100,000 of this amount has been received. 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, 2023, the balance in this account was \$58,031 and is reflected in the financial statements as the General Fund's restricted fund balance.

NOTE 21: Subsequent Events

In September 2024, Hot Spring County received notification from the Arkansas Department and Finance and Administration of a sales and use tax revenue reduction. This reduction was due to audits, local rebates, and/or amended returns. Based on information provided by the Arkansas Department of Finance and Administration, this reduction of \$2,300,000 will be amortized over 46 months. Each disbursement from October 2024 through July 2028 will be reduced by \$50,000 per month. All sales and use tax revenue received by Hot Spring County is remitted to the Hot Spring County Medical Center, Hot Spring County Solid Waste Authority, and various cities within the County pursuant to sales tax ballots as approved by voters.

HOT SPRING COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

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
ASSETS								
Cash and cash equivalents	\$ 243,081	\$ 269,470	\$ 32,898	\$ 43,438	\$ 24,257	\$ 48,708	\$ 680,623	\$ 1,529,914
Investments								
Accounts receivable		100,731	646	119	1,005	13,314	22,466	28,919
TOTAL ASSETS	\$ 243,081	\$ 370,201	\$ 33,544	\$ 43,557	\$ 25,262	\$ 62,022	\$ 703,089	\$ 1,558,833
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable		\$ 7,100				\$ 1,362	\$ 3,779	
Settlements pending								
Total Liabilities		7,100				1,362	3,779	
Fund Balances:								
Restricted	\$ 243,081	363,101	\$ 33,544	\$ 43,557	\$ 25,262	60,660	699,310	\$ 1,558,833
Assigned								
Total Fund Balances	243,081	363,101	33,544	43,557	25,262	60,660	699,310	1,558,833
TOTAL LIABILITIES AND FUND BALANCES	\$ 243,081	\$ 370,201	\$ 33,544	\$ 43,557	\$ 25,262	\$ 62,022	\$ 703,089	\$ 1,558,833

HOT SPRING COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

SPECIAL REVENUE FUNDS								
	Support Collections Costs	Drug Control	Intoximeter	County Detention Facility	County Emergency Rescue	Emergency 911	Emergency Vehicle	Public Defender
ASSETS								
Cash and cash equivalents	\$ 7,458	\$ 4,764	\$ 4,729	\$ 27,463	\$ 27,774	\$ 382,426	\$ 12,700	\$ 29,687
Investments								
Accounts receivable	13		2	2,568	39	7,173	689	81
TOTAL ASSETS	\$ 7,471	\$ 4,764	\$ 4,731	\$ 30,031	\$ 27,813	\$ 389,599	\$ 13,389	\$ 29,768
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 232					\$ 11,295	\$ 932	\$ 7,743
Settlements pending								
Total Liabilities	232					11,295	932	7,743
Fund Balances:								
Restricted	7,239	\$ 4,764	\$ 4,731		\$ 27,813		12,457	22,025
Assigned				\$ 30,031		378,304		
Total Fund Balances	7,239	4,764	4,731	30,031	27,813	378,304	12,457	22,025
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,471	\$ 4,764	\$ 4,731	\$ 30,031	\$ 27,813	\$ 389,599	\$ 13,389	\$ 29,768

HOT SPRING COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

SPECIAL REVENUE FUNDS								
	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	Hospital Sales Tax
ASSETS								
Cash and cash equivalents	\$ 14,059	\$ 6,070	\$ 22,336	\$ 499	\$ 5,115	\$ 319,657	\$ 41,034	\$ 3,263,105
Investments								
Accounts receivable	20	79	3	3	35		1,170	23,686
TOTAL ASSETS	\$ 14,079	\$ 6,149	\$ 22,339	\$ 502	\$ 5,150	\$ 319,657	\$ 42,204	\$ 3,286,791
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable							\$ 12,385	\$ 2,305,326
Settlements pending								
Total Liabilities							12,385	2,305,326
Fund Balances:								
Restricted	\$ 14,079	\$ 6,149	\$ 22,339	\$ 502	\$ 5,150	\$ 319,657	29,819	981,465
Assigned								
Total Fund Balances	14,079	6,149	22,339	502	5,150	319,657	29,819	981,465
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,079	\$ 6,149	\$ 22,339	\$ 502	\$ 5,150	\$ 319,657	\$ 42,204	\$ 3,286,791

HOT SPRING COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

SPECIAL REVENUE FUNDS								
	Project Lifesaver	Solid Waste Reserve	Arkansas Historic Preservation Grant	Energy Efficiency Bond	Law Library	Library Foundation	Communication Facility and Equipment	Special Drug Buy
ASSETS								
Cash and cash equivalents	\$ 138	\$ 1,471,141	\$ 112,317	\$ 20,441	\$ 55,777	\$ 220,504	\$ 22,187	\$ 124
Investments						861,628		
Accounts receivable							3,420	
TOTAL ASSETS	\$ 138	\$ 1,471,141	\$ 112,317	\$ 20,441	\$ 55,777	\$ 1,082,132	\$ 25,607	\$ 124
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 112,317		\$ 269			
Settlements pending								
Total Liabilities			112,317		269			
Fund Balances:								
Restricted	\$ 138	\$ 1,471,141		\$ 20,441	55,508	\$ 1,082,132	\$ 25,607	\$ 124
Assigned								
Total Fund Balances	138	1,471,141		20,441	55,508	1,082,132	25,607	124
TOTAL LIABILITIES AND FUND BALANCES	\$ 138	\$ 1,471,141	\$ 112,317	\$ 20,441	\$ 55,777	\$ 1,082,132	\$ 25,607	\$ 124

HOT SPRING COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

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	\$ 362,567	\$ 363,059	\$ 36,258	\$ 51,049	\$ 308,309	\$ 464	\$ 10,065,600
Investments							861,628
Accounts receivable							206,181
TOTAL ASSETS	\$ 362,567	\$ 363,059	\$ 36,258	\$ 51,049	\$ 308,309	\$ 464	\$ 11,133,409
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 2,462,740
Settlements pending	\$ 362,567	\$ 363,059	\$ 36,258	\$ 51,049	\$ 308,309	\$ 464	1,121,706
Total Liabilities	362,567	363,059	36,258	51,049	308,309	464	3,584,446
Fund Balances:							
Restricted							7,140,628
Assigned							408,335
Total Fund Balances							7,548,963
TOTAL LIABILITIES AND FUND BALANCES	\$ 362,567	\$ 363,059	\$ 36,258	\$ 51,049	\$ 308,309	\$ 464	\$ 11,133,409

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, 2023

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	Support Collections Costs
REVENUES									
State aid				\$ 11,416			\$ 52,521		
Property taxes							462,603		
Sales taxes								\$ 3,022,472	
Fines, forfeitures, and costs			\$ 4,954						
Interest	\$ 8,927	\$ 12,077	1,314	2,253	\$ 954	\$ 5,780	23,895	41,813	\$ 383
Officers' fees					9,238	163,553			1,233
Jail fees									
911 fees									
Jail commissary and phone commissions									
Library fees							10,588		
Salary reimbursements									
Realized gain on investments									
Net increase/decrease in value of investments									
Treasurer's commission	39,646								
Collector's commission		100,731							
Other						23	25,179		
TOTAL REVENUES	48,573	112,808	6,268	13,669	10,192	169,356	574,786	3,064,285	1,616
Less: Treasurer's commission			6	123	95	1,684	5,156	29,794	14
NET REVENUES	48,573	112,808	6,262	13,546	10,097	167,672	569,630	3,034,491	1,602
EXPENDITURES									
Current:									
General government	21,825	95,428		23,217	3,128	327,862			2,278
Law enforcement									
Highways and streets									
Public safety									
Sanitation								34,206	
Recreation and culture							643,250		
Economic development									
Total Current	21,825	95,428		23,217	3,128	327,862	643,250	34,206	2,278
Debt Service:									
Financed purchase principal									
Financed purchase interest									
TOTAL EXPENDITURES	21,825	95,428		23,217	3,128	327,862	643,250	34,206	2,278
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,748	17,380	6,262	(9,671)	6,969	(160,190)	(73,620)	3,000,285	(676)
OTHER FINANCING SOURCES (USES)									
Transfers in						130,716			
Transfers out								(1,856,408)	
Sales tax remitted to hospital								(1,351,300)	
Sales tax remitted to solid waste authority								(2,816)	
Sales tax remitted to cities									
TOTAL OTHER FINANCING SOURCES (USES)						130,716		(3,210,524)	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	26,748	17,380	6,262	(9,671)	6,969	(29,474)	(73,620)	(210,239)	(676)
FUND BALANCES - JANUARY 1	216,333	345,721	27,282	53,228	18,293	90,134	772,930	1,769,072	7,915
FUND BALANCES - DECEMBER 31	\$ 243,081	\$ 363,101	\$ 33,544	\$ 43,557	\$ 25,262	\$ 60,660	\$ 699,310	\$ 1,558,833	\$ 7,239

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, 2023

Schedule 2

	SPECIAL REVENUE FUNDS								
	Drug Control	Intoximeter	County Detention Facility	County Emergency Rescue	Emergency 911	Emergency Vehicle	Public Defender	Victim/Witness	Adult Drug Court
REVENUES									
State aid				\$ 3,555			\$ 1,729		
Property taxes									
Sales taxes									
Fines, forfeitures, and costs		\$ 403				\$ 5,717	17,646	\$ 26,734	\$ 1,785
Interest		199	\$ 2,772	1,153	\$ 15,651	697	1,909		588
Officers' fees									
Jail fees			47,857						
911 fees					526,328				
Jail commissary and phone commissions									
Library fees									
Salary reimbursements					98,371				
Realized gain on investments									
Net increase/decrease in value of investments									
Treasurer's commission									
Collector's commission									
Other			358		6,170				
TOTAL REVENUES		602	50,987	4,708	646,520	6,414	21,284	26,734	2,373
Less: Treasurer's commission		2	495	40	12,591	54	83		20
NET REVENUES		600	50,492	4,668	633,929	6,360	21,201	26,734	2,353
EXPENDITURES									
Current:									
General government									
Law enforcement	\$ 2,000	125	178,046			7,711	49,078	26,734	1,095
Highways and streets									
Public safety				1,458	698,979				
Sanitation									
Recreation and culture									
Economic development									
Total Current	2,000	125	178,046	1,458	698,979	7,711	49,078	26,734	1,095
Debt Service:									
Financed purchase principal									
Financed purchase interest									
TOTAL EXPENDITURES	2,000	125	178,046	1,458	698,979	7,711	49,078	26,734	1,095
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,000)	475	(127,554)	3,210	(65,050)	(1,351)	(27,877)		1,258
OTHER FINANCING SOURCES (USES)									
Transfers in			103,060		48,603		31,649		
Transfers out									
Sales tax remitted to hospital									
Sales tax remitted to solid waste authority									
Sales tax remitted to cities									
TOTAL OTHER FINANCING SOURCES (USES)			103,060		48,603		31,649		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,000)	475	(24,494)	3,210	(16,447)	(1,351)	3,772		1,258
FUND BALANCES - JANUARY 1	6,764	4,256	54,525	24,603	394,751	13,808	18,253		12,821
FUND BALANCES - DECEMBER 31	\$ 4,764	\$ 4,731	\$ 30,031	\$ 27,813	\$ 378,304	\$ 12,457	\$ 22,025	\$ 0	\$ 14,079

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, 2023

Schedule 2

	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	Solid Waste Reserve
REVENUES									
State aid									
Property taxes				\$ 784					
Sales taxes							\$ 2,357,183		
Fines, forfeitures, and costs	\$ 250					\$ 10,337			
Interest	131	\$ 962	\$ 92	273	\$ 83,528	1,931	134,979		\$ 62,401
Officers' fees	7,648		190						
Jail fees									
911 fees									
Jail commissary and phone commissions									
Library fees									
Salary reimbursements									
Realized gain on investments									
Net increase/decrease in value of investments									
Treasurer's commission									
Collector's commission									
Other									
TOTAL REVENUES	8,029	962	282	1,057	83,528	12,268	2,492,162		62,401
Less: Treasurer's commission	82	3	3	36			24,402		
NET REVENUES	7,947	959	279	1,021	83,528	12,268	2,467,760		62,401
EXPENDITURES									
Current:									
General government			2,042		2,254,800				
Law enforcement	8,269					22,785		\$ 133	
Highways and streets					614,770				
Public safety					207,706				
Sanitation									
Recreation and culture									
Economic development									
Total Current	8,269		2,042		3,077,276	22,785		133	
Debt Service:									
Financed purchase principal									
Financed purchase interest									
TOTAL EXPENDITURES	8,269		2,042		3,077,276	22,785		133	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(322)	959	(1,763)	1,021	(2,993,748)	(10,517)	2,467,760	(133)	62,401
OTHER FINANCING SOURCES (USES)									
Transfers in									145,754
Transfers out									
Sales tax remitted to hospital							(4,372,245)		
Sales tax remitted to solid waste authority									(250,000)
Sales tax remitted to cities									
TOTAL OTHER FINANCING SOURCES (USES)							(4,372,245)		(104,246)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(322)	959	(1,763)	1,021	(2,993,748)	(10,517)	(1,904,485)	(133)	(41,845)
FUND BALANCES - JANUARY 1	6,471	21,380	2,265	4,129	3,313,405	40,336	2,885,950	271	1,512,986
FUND BALANCES - DECEMBER 31	\$ 6,149	\$ 22,339	\$ 502	\$ 5,150	\$ 319,657	\$ 29,819	\$ 981,465	\$ 138	\$ 1,471,141

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, 2023

Schedule 2

	SPECIAL REVENUE FUNDS								
	Arkansas Historic Preservation Grant	Fun Park Grant	Industrial Park Economic Development Administration Grant	Energy Efficiency Bond	Law Library	Library Foundation	Communication Facility and Equipment	Special Drug Buy	Totals
REVENUES									
State aid	\$ 470,226								\$ 539,447
Property taxes									463,387
Sales taxes									5,379,655
Fines, forfeitures, and costs					\$ 6,585				74,411
Interest				\$ 40,454	2,276	\$ 10,226			457,618
Officers' fees							\$ 4,451		186,313
Jail fees									47,857
911 fees									526,328
Jail commissary and phone commissions							97,283		97,283
Library fees									10,588
Salary reimbursements									98,371
Realized gain on investments						19,677			19,677
Net increase/decrease in value of investments						95,599			95,599
Treasurer's commission									39,646
Collector's commission									100,731
Other						150	2,213		34,093
TOTAL REVENUES	470,226			40,454	8,861	125,652	103,947		8,171,004
Less: Treasurer's commission									74,683
NET REVENUES	470,226			40,454	8,861	125,652	103,947		8,096,321
EXPENDITURES									
Current:									
General government	470,226			2,762,894					5,963,700
Law enforcement					578		95,649		392,203
Highways and streets									614,770
Public safety									908,143
Sanitation									34,206
Recreation and culture		\$ 67,736							710,986
Economic development			\$ 11,722						11,722
Total Current	470,226	67,736	11,722	2,762,894	578		95,649		8,635,730
Debt Service:									
Financed purchase principal				71,753					71,753
Financed purchase interest				211,997					211,997
TOTAL EXPENDITURES	470,226	67,736	11,722	3,046,644	578		95,649		8,919,480
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(67,736)	(11,722)	(3,006,190)	8,283	125,652	8,298		(823,159)
OTHER FINANCING SOURCES (USES)									
Transfers in									459,782
Transfers out									(1,856,408)
Sales tax remitted to hospital									(4,372,245)
Sales tax remitted to solid waste authority									(1,601,300)
Sales tax remitted to cities									(2,816)
TOTAL OTHER FINANCING SOURCES (USES)									(7,372,987)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		(67,736)	(11,722)	(3,006,190)	8,283	125,652	8,298		(8,196,146)
FUND BALANCES - JANUARY 1		67,736	11,722	3,026,631	47,225	956,480	17,309	\$ 124	15,745,109
FUND BALANCES - DECEMBER 31	\$ 0	\$ 0	\$ 0	\$ 20,441	\$ 55,508	\$ 1,082,132	\$ 25,607	\$ 124	\$ 7,548,963

HOT SPRING COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of treasurer's gross commissions to operate the treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commission to operate the collector's office and to purchase, maintain, and operate an automated record keeping system.
Circuit Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection.
Assessor's Amendment no. 79	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 79.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems and any legitimate county purpose.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
County 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, 2023

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 90% of a \$40 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility or for certificate pay for law enforcement and jailer personnel.
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. § 12-10-318 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 and 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.

HOT SPRING COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
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.
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, 2023

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.
Arkansas Historic Preservation Grant	Established by Hot Spring County Ordinance no. 17-23 (August 22, 2017) to account for State Funds received to offset costs associated with the preservation of County buildings deemed to be historic.
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.
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. §§ 16-23-101 - 105 established fund to receive costs levied on criminal and civil cases to be used for any purpose related to the establishment, maintenance, and operations of a county law library.
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, 2023

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, phone commission funds, and profits earned from prisoner commissary services to be used to train operations staff; operate, equip, repair, or replace existing communication equipment; purchase additional communications equipment; otherwise improve a communications facility or system for the sheriff's department; or purchase vehicles, weapons, or other equipment for the sheriff's department.
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, 2023
(Unaudited)

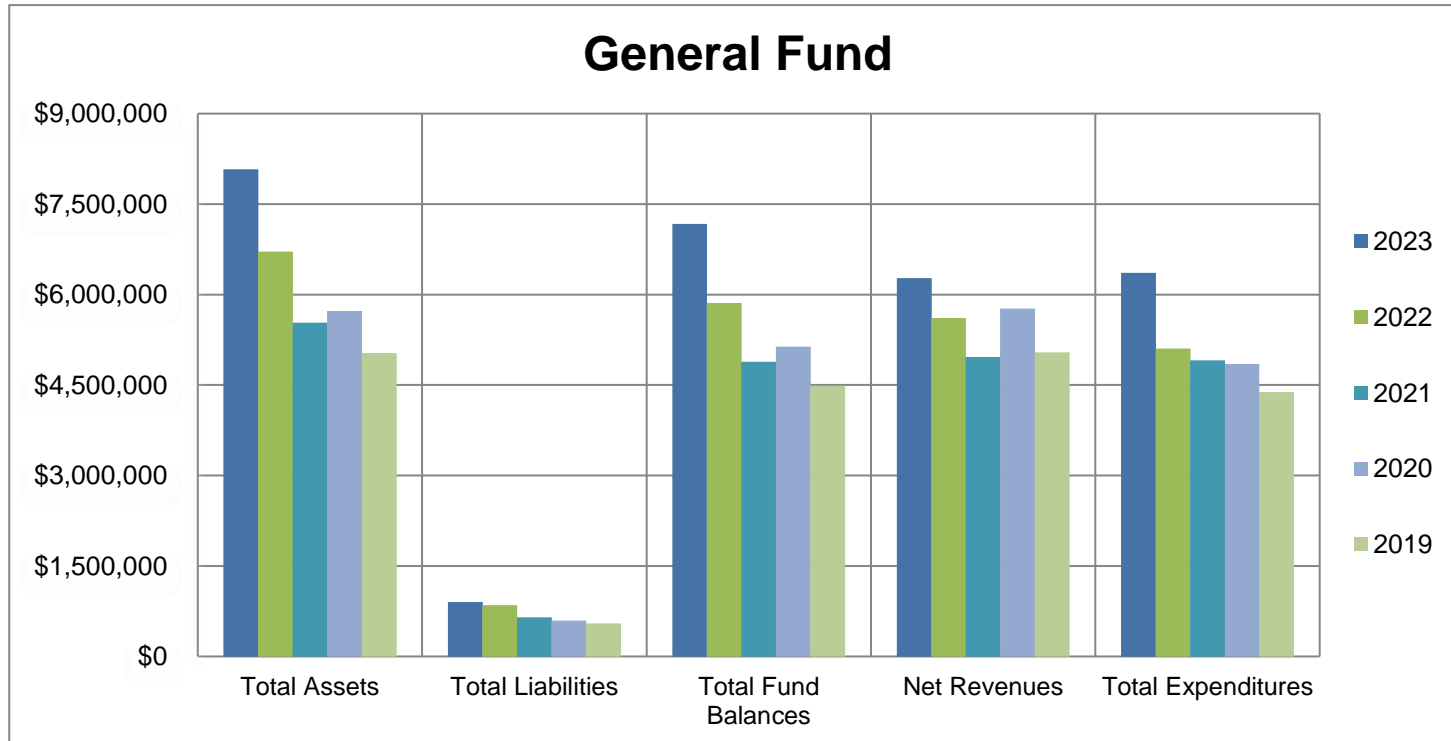
Schedule 3

	<u>December 31, 2023</u>
Land	\$ 396,780
Buildings	12,517,158
Equipment	<u>11,039,222</u>
Total	<u><u>\$ 23,953,160</u></u>

HOT SPRING COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-1

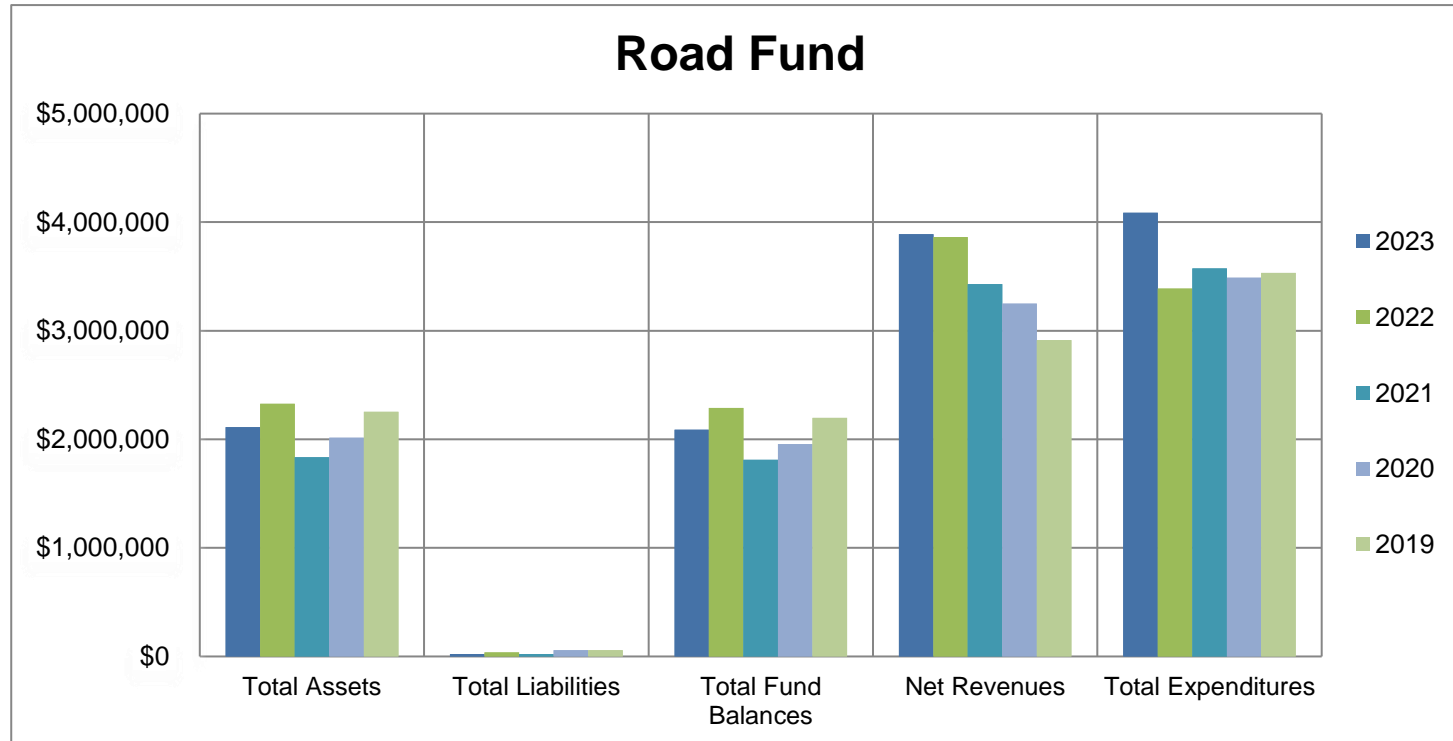
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 8,072,235	\$ 6,708,976	\$ 5,528,556	\$ 5,727,392	\$ 5,028,780
Total Liabilities	901,956	846,583	646,589	592,650	542,111
Total Fund Balances	7,170,279	5,862,393	4,881,967	5,134,742	4,486,699
Net Revenues	6,268,635	5,609,796	4,964,989	5,766,377	5,037,686
Total Expenditures	6,357,375	5,100,193	4,907,309	4,844,517	4,381,406
Total Other Financing Sources/Uses	1,396,626	470,823	(310,455)	(273,787)	397,192



HOT SPRING COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - ROAD FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-2

<u>Road</u>	2023	2022	2021	2020	2019
Total Assets	\$ 2,111,853	\$ 2,325,788	\$ 1,835,269	\$ 2,013,520	\$ 2,254,731
Total Liabilities	21,995	38,012	22,775	57,154	58,532
Total Fund Balances	2,089,858	2,287,776	1,812,494	1,956,366	2,196,199
Net Revenues	3,889,277	3,864,160	3,430,300	3,249,912	2,914,603
Total Expenditures	4,087,195	3,388,878	3,574,172	3,489,746	3,533,114
Total Other Financing Sources/Uses					



HOT SPRING COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2023	2022	2021	2020	2019
Total Assets	\$ 11,133,409	\$ 17,026,694	\$ 11,517,665	\$ 6,893,088	\$ 5,813,330
Total Liabilities	3,584,446	1,281,585	1,331,865	1,194,224	1,295,601
Total Fund Balances	7,548,963	15,745,109	10,185,800	5,698,864	4,517,729
Net Revenues	8,096,321	10,596,871	13,156,143	6,810,369	5,375,983
Total Expenditures	8,919,480	6,604,096	4,690,923	2,368,734	1,989,277
Total Other Financing Sources/Uses	(7,372,987)	1,566,534	(3,978,284)	(3,288,923)	4,544,711

