

Lee County, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



LEE COUNTY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

REGULATORY BASIS FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	2
Notes to Schedules 1 and 2 (Unaudited)	
Other General Information (Unaudited)	
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	3-1
Schedule of Selected Information for the Last Five Years – Road Fund - Regulatory Basis (Unaudited)	3-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate - Regulatory Basis (Unaudited)	3-3

Arkansas

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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

Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist county government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of county governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to regulatory basis financial information and compliance with certain state laws and accepted accounting practices for Lee County, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated December 12, 2024. Management of the County is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2023:

County Judge: Terry Sandefer
Treasurer: Mark Smith
Sheriff and Tax Collector: Corey Wilson
County Clerk: Pam Webb
Circuit Clerk: Millie Hill
Assessor: Becky Hogan Chaffin
County Librarian: Betsy Bowman
District Court Clerk: Sonia Thorne

We evaluated the County's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **District Court Clerk** and **County Judge**.

District Court Clerk

The following items were noted in an analysis of the District Court Bond and Fine bank accounts, in noncompliance with Ark. Code Ann. § 16-10-209:


- Bank reconciliations were prepared for the City and County accounts but were not accurate.
- Cash receipts journals were not properly prepared for the City and County accounts.
- Balances remaining in the City, County, Circuit, and Small Claims District Court accounts in the amounts of \$20,373, \$29,089, \$7,785, and \$15,820, respectively, were not identified with receipt numbers issued for cases not yet adjudicated and payments made on all unpaid individual time accounts.
- The City and County District Court accounts had negative ending balances due to errors in settlements.

County Judge

The County budgets and pays \$8,500 to the County Judge for a vehicle allowance and includes this amount on the Internal Revenue Service Form W-2. The County Judge also charged \$4,622 in fuel, which was budgeted in the Road Fund, to the County for the period February 3, 2023 through August 15, 2024, and placed the fuel in his personal vehicle. The County does not have a travel or vehicle allowance policy; therefore, we were unable to determine if this is a proper use of these funds.

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

ARKANSAS LEGISLATIVE AUDIT

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
December 12, 2024
LOCO03923

LEE COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023
(UNAUDITED)

Exhibit A

	<u>General</u>	<u>Road</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 1,577,916	\$ 1,310,683	\$ 2,729,866
Accounts receivable	46,805	4,775	5,069
Interfund receivables	<u>511,075</u>	<u>64,683</u>	<u></u>
TOTAL ASSETS	<u>\$ 2,135,796</u>	<u>\$ 1,380,141</u>	<u>\$ 2,734,935</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 186,508	\$ 74,386	\$ 46,427
Interfund payables	64,683		511,075
Settlements pending	<u>9,767</u>	<u></u>	<u>338,158</u>
Total Liabilities	<u>260,958</u>	<u>74,386</u>	<u>895,660</u>
Fund Balances:			
Restricted		1,305,755	1,730,385
Committed			108,890
Assigned	7,216		
Unassigned	<u>1,867,622</u>	<u></u>	<u></u>
Total Fund Balances	<u>1,874,838</u>	<u>1,305,755</u>	<u>1,839,275</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,135,796</u>	<u>\$ 1,380,141</u>	<u>\$ 2,734,935</u>

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

LEE COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 555,888	\$ 1,477,285	\$ 9,052
Federal aid	54,940	16,341	1,536
Property taxes	671,968	355,842	52,983
Sales taxes	538,036		
Fines, forfeitures, and costs	100,035		15,483
Interest	14,463	7,614	14,537
Officers' fees	14,210		53,372
Donations			7,160
Arkansas Community Foundation Grant			1,500
Emergency 911 fees			173,133
Jail fees	32,000		
Sanitation fees	214,555		
Treasurer's commission	94,829		11,761
Collector's commission	208,751		21,909
Taxes apportioned - Assessor's salary and expense	234,746		
Other	141,398	86,908	3,341
	2,875,819	1,943,990	365,767
TOTAL REVENUES			
Less: Treasurer's commission	52,576	32,317	6,162
	2,823,243	1,911,673	359,605
NET REVENUES			
EXPENDITURES			
Current:			
General government	1,228,072		39,343
Law enforcement	1,116,895		243,739
Highways and streets		1,787,073	
Public safety	69,713		128,856
Sanitation			210,302
Health	44,251		
Recreation and culture			63,451
Social services	43,744		
Total Current	2,502,675	1,787,073	685,691
Debt Service:			
Financed purchases principal	48,498	284,483	
Financed purchases interest	859	8,548	
	49,357	293,031	
TOTAL EXPENDITURES	2,552,032	2,080,104	685,691

LEE COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 271,211	\$ (168,431)	\$ (326,086)
FUND BALANCES - JANUARY 1	1,603,627	1,474,186	2,165,361
FUND BALANCES - DECEMBER 31	\$ 1,874,838	\$ 1,305,755	\$ 1,839,275

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

LEE 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
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 406,793	\$ 555,888	\$ 149,095	\$ 953,000	\$ 1,477,285	\$ 524,285
Federal aid		54,940	54,940		16,341	16,341
Property taxes	1,089,570	671,968	(417,602)	348,000	355,842	7,842
Sales taxes	475,000	538,036	63,036	415,000		(415,000)
Fines, forfeitures, and costs	296,068	100,035	(196,033)			
Interest	2,000	14,463	12,463	7,000	7,614	614
Officers' fees	15,500	14,210	(1,290)			
Jail fees	20,000	32,000	12,000			
Sanitation fees	185,000	214,555	29,555			
Treasurer's commission	155,000	94,829	(60,171)			
Collector's commission	225,890	208,751	(17,139)			
Taxes apportioned - Assessor's salary and expense		234,746	234,746			
Other	103,775	141,398	37,623	51,000	86,908	35,908
TOTAL REVENUES	2,974,596	2,875,819	(98,777)	1,774,000	1,943,990	169,990
Less: Treasurer's commission		52,576	(52,576)		32,317	(32,317)
NET REVENUES	2,974,596	2,823,243	(151,353)	1,774,000	1,911,673	137,673
EXPENDITURES						
Current:						
General government	1,567,248	1,228,072	339,176			
Law enforcement	1,663,692	1,116,895	546,797			
Highways and streets				2,215,408	1,787,073	428,335
Public safety	80,874	69,713	11,161			
Health	51,742	44,251	7,491			
Social services	44,881	43,744	1,137			
Total Current	<u>3,408,437</u>	<u>2,502,675</u>	<u>905,762</u>	<u>2,215,408</u>	<u>1,787,073</u>	<u>428,335</u>
Debt Service:						
Financed purchase principal		48,498	(48,498)		284,483	(284,483)
Financed purchase interest		859	(859)		8,548	(8,548)
TOTAL EXPENDITURES	3,408,437	2,552,032	856,405	2,215,408	2,080,104	135,304

LEE 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
(UNAUDITED)

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (433,841)	\$ 271,211	\$ 705,052	\$ (441,408)	\$ (168,431)	\$ 272,977
OTHER FINANCING SOURCES (USES) Transfers in	26,000		(26,000)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(407,841)	271,211	679,052	(441,408)	(168,431)	272,977
FUND BALANCES - JANUARY 1	645,000	1,603,627	958,627	1,400,000	1,474,186	74,186
FUND BALANCES - DECEMBER 31	<u>\$ 237,159</u>	<u>\$ 1,874,838</u>	<u>\$ 1,637,679</u>	<u>\$ 958,592</u>	<u>\$ 1,305,755</u>	<u>\$ 347,163</u>

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

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	County Library	Treasurer's Automation	Collector's Automation	Administration of Courts	Act 1809 - Court Automation	Assessor's Automation	County Clerk's Cost	County Recorder's Cost
ASSETS								
Cash and cash equivalents	\$ 358,341	\$ 59,095	\$ 269,923	\$ 108,890	\$ 1,641	\$ 6,179	\$ 8,380	\$ 52,067
Accounts receivable								3,453
TOTAL ASSETS	\$ 358,341	\$ 59,095	\$ 269,923	\$ 108,890	\$ 1,641	\$ 6,179	\$ 8,380	\$ 55,520
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,495							
Interfund payables								
Settlements pending			\$ 21,909					
Total Liabilities	1,495		21,909					
Fund Balances:								
Restricted	356,846	\$ 59,095	248,014		\$ 1,641	\$ 6,179	\$ 8,380	\$ 55,520
Committed				\$ 108,890				
Total Fund Balances	356,846	59,095	248,014	108,890	1,641	6,179	8,380	55,520
TOTAL LIABILITIES AND FUND BALANCES	\$ 358,341	\$ 59,095	\$ 269,923	\$ 108,890	\$ 1,641	\$ 6,179	\$ 8,380	\$ 55,520

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	Sheriff's Automation	Support Collections Costs	Communication Facility and Equipment	Sheriff's Donations	Act 117 Booking Fee	County Emergency Rescue (Boating Safety and Enforcement)	Emergency 911	Arkansas Public Defender
ASSETS								
Cash and cash equivalents	\$ 7,911	\$ 1,643	\$ 2,679	\$ 6,512	\$ 36,448	\$ 597	\$ 806,064	\$ 24,806
Accounts receivable							1,616	
TOTAL ASSETS	<u>\$ 7,911</u>	<u>\$ 1,643</u>	<u>\$ 2,679</u>	<u>\$ 6,512</u>	<u>\$ 36,448</u>	<u>\$ 597</u>	<u>\$ 807,680</u>	<u>\$ 24,806</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 100						\$ 44,040	
Interfund payables								
Settlements pending								
Total Liabilities	<u>100</u>						<u>44,040</u>	
Fund Balances:								
Restricted	7,811	\$ 1,643	\$ 2,679	\$ 6,512	\$ 36,448	\$ 597	763,640	\$ 24,806
Committed								
Total Fund Balances	<u>7,811</u>	<u>1,643</u>	<u>2,679</u>	<u>6,512</u>	<u>36,448</u>	<u>597</u>	<u>763,640</u>	<u>24,806</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,911</u>	<u>\$ 1,643</u>	<u>\$ 2,679</u>	<u>\$ 6,512</u>	<u>\$ 36,448</u>	<u>\$ 597</u>	<u>\$ 807,680</u>	<u>\$ 24,806</u>

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	Juvenile Probation Fees (Circuit Court Juvenile Division)	Circuit Clerk Commissioner's Fee	American Rescue Plan Act	Deputy Prosecuting Attorney	Public Defender	Sheriff's Equipment	Automated Records System Grant	Law Library
ASSETS								
Cash and cash equivalents	\$ 4,129	\$ 3,789	\$ 511,075	\$ 1,367	\$ 129,462	\$ 1,897	\$ 6	\$ 10,716
Accounts receivable								
TOTAL ASSETS	<u>\$ 4,129</u>	<u>\$ 3,789</u>	<u>\$ 511,075</u>	<u>\$ 1,367</u>	<u>\$ 129,462</u>	<u>\$ 1,897</u>	<u>\$ 6</u>	<u>\$ 10,716</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								\$ 792
Interfund payables			\$ 511,075					
Settlements pending								
Total Liabilities			<u>511,075</u>					<u>792</u>
Fund Balances:								
Restricted	\$ 4,129	\$ 3,789		\$ 1,367	\$ 129,462	\$ 1,897	\$ 6	9,924
Committed								
Total Fund Balances	<u>4,129</u>	<u>3,789</u>		<u>1,367</u>	<u>129,462</u>	<u>1,897</u>	<u>6</u>	<u>9,924</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,129</u>	<u>\$ 3,789</u>	<u>\$ 511,075</u>	<u>\$ 1,367</u>	<u>\$ 129,462</u>	<u>\$ 1,897</u>	<u>\$ 6</u>	<u>\$ 10,716</u>

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

CUSTODIAL FUNDS						
	Treasurer's Accounts	Collector's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	Totals
ASSETS						
Cash and cash equivalents	\$ 201,604	\$ 67,878	\$ 164	\$ 10,874	\$ 35,729	\$ 2,729,866
Accounts receivable						5,069
TOTAL ASSETS	\$ 201,604	\$ 67,878	\$ 164	\$ 10,874	\$ 35,729	\$ 2,734,935
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 46,427
Interfund payables						511,075
Settlements pending	\$ 201,604	\$ 67,878	\$ 164	\$ 10,874	\$ 35,729	338,158
Total Liabilities	201,604	67,878	164	10,874	35,729	895,660
Fund Balances:						
Restricted						1,730,385
Committed						108,890
Total Fund Balances						1,839,275
TOTAL LIABILITIES AND FUND BALANCES	\$ 201,604	\$ 67,878	\$ 164	\$ 10,874	\$ 35,729	\$ 2,734,935

LEE 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
 (UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS									
	County Library	Treasurer's Automation	Collector's Automation	Administration of Courts	Act 1809 - Court Automation	Assessor's Automation	County Clerk's Cost	County Recorder's Cost	Sheriff's Automation
REVENUES									
State aid	\$ 5,089					\$ 2,096			
Federal aid	1,536								
Property taxes	52,983								
Fines, forfeitures, and costs				\$ 2,642					\$ 310
Interest	6,887	\$ 287	\$ 1,239	586	\$ 2	34	\$ 36	\$ 351	45
Officers' fees							4,506	47,893	
Donations									
Arkansas Community Foundation Grant									
Emergency 911 fees									
Treasurer's commission		11,761							
Collector's commission			21,909						
Other	2,874			9		4	8	59	1
TOTAL REVENUES	69,369	12,048	23,148	3,237	2	2,134	4,550	48,303	356
Less: Treasurer's commission	1,189			56		42	90	889	6
NET REVENUES	68,180	12,048	23,148	3,181	2	2,092	4,460	47,414	350
EXPENDITURES									
Current:									
General government		7,728						31,615	
Law enforcement									600
Public safety									
Sanitation									
Recreation and culture	62,659								
TOTAL EXPENDITURES	62,659	7,728						31,615	600
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,521	4,320	23,148	3,181	2	2,092	4,460	15,799	(250)
FUND BALANCES - JANUARY 1	351,325	54,775	224,866	105,709	1,639	4,087	3,920	39,721	8,061
FUND BALANCES - DECEMBER 31	<u>\$ 356,846</u>	<u>\$ 59,095</u>	<u>\$ 248,014</u>	<u>\$ 108,890</u>	<u>\$ 1,641</u>	<u>\$ 6,179</u>	<u>\$ 8,380</u>	<u>\$ 55,520</u>	<u>\$ 7,811</u>

LEE 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
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	Support Collections Costs	Communication Facility and Equipment	Sheriff's Donations	Act 117 Booking Fee	County Emergency Rescue (Boating Safety and Enforcement)	Emergency 911	Arkansas Public Defender	Juvenile Probation Fees (Circuit Court Juvenile Division)
REVENUES								
State aid					\$ 413		\$ 1,454	
Federal aid								
Property taxes								
Fines, forfeitures, and costs		\$ 1,685		\$ 10,846				
Interest		10		29	2	\$ 4,107	132	
Officers' fees	\$ 145							\$ 593
Donations			\$ 7,160					
Arkansas Community Foundation Grant			1,500					
Emergency 911 fees						173,133		
Treasurer's commission								
Collector's commission								
Other		5		20	1	359		1
TOTAL REVENUES	145	1,700	8,660	10,895	416	177,599	1,586	594
Less: Treasurer's commission	3	33	143	225	8	3,462		12
NET REVENUES	142	1,667	8,517	10,670	408	174,137	1,586	582
EXPENDITURES								
Current:								
General government								
Law enforcement			5,579					
Public safety						128,856		
Sanitation								
Recreation and culture								
TOTAL EXPENDITURES			5,579			128,856		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	142	1,667	2,938	10,670	408	45,281	1,586	582
FUND BALANCES - JANUARY 1	1,501	1,012	3,574	25,778	189	718,359	23,220	3,547
FUND BALANCES - DECEMBER 31	<u>\$ 1,643</u>	<u>\$ 2,679</u>	<u>\$ 6,512</u>	<u>\$ 36,448</u>	<u>\$ 597</u>	<u>\$ 763,640</u>	<u>\$ 24,806</u>	<u>\$ 4,129</u>

LEE 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
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS							
	Circuit Clerk Commissioner's Fee	American Rescue Plan Act	Deputy Prosecuting Attorney	Public Defender	Sheriff's Equipment	Automated Records System Grant	Law Library	Totals
REVENUES								
State aid								\$ 9,052
Federal aid								1,536
Property taxes								52,983
Fines, forfeitures, and costs								15,483
Interest	\$ 3		\$ 8	\$ 709	\$ 11		\$ 59	14,537
Officers' fees	235							53,372
Donations								7,160
Arkansas Community Foundation Grant								1,500
Emergency 911 fees								173,133
Treasurer's commission								11,761
Collector's commission								21,909
Other								3,341
TOTAL REVENUES	238		8	709	11		59	365,767
Less: Treasurer's commission	4							6,162
NET REVENUES	234		8	709	11		59	359,605
EXPENDITURES								
Current:								
General government								39,343
Law enforcement		\$ 237,560						243,739
Public safety								128,856
Sanitation		210,302						210,302
Recreation and culture							792	63,451
TOTAL EXPENDITURES		447,862					792	685,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	234	(447,862)	8	709	11		(733)	(326,086)
FUND BALANCES - JANUARY 1	3,555	447,862	1,359	128,753	1,886	\$ 6	10,657	2,165,361
FUND BALANCES - DECEMBER 31	<u>\$ 3,789</u>	<u>\$ 0</u>	<u>\$ 1,367</u>	<u>\$ 129,462</u>	<u>\$ 1,897</u>	<u>\$ 6</u>	<u>\$ 9,924</u>	<u>\$ 1,839,275</u>

LEE COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023
(UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
County Library	Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the quorum court for the support, operation, and maintenance of the public library.
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.
Administration of Courts	Lee County Ordinance no. 12 (August 23, 1994) established an \$8 fee levied on each case for any permissible use in the administration of justice.
Act 1809 - Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees to be used solely for district court-related technology.
Assessor's Automation	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.
Sheriff's Automation	Ark. Code Ann. § 27-53-210 established fund to partially reimburse county law enforcement agency for cost of making copies of accident reports and traffic violations. Funds collected shall be retained for support of the law enforcement agency.
Support Collections Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected, phone commission funds, and profits earned from prisoner commissary services to be used to train operations staff; operate, equip, repair, or replace existing 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.

LEE COUNTY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2023
 (UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
Sheriff's Donations	Established to account for donations restricted by outside donors to be used for law enforcement.
Act 117 Booking Fee	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 (Boating Safety and Enforcement)	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within the county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Arkansas 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.
Juvenile Probation Fees (Circuit Court Juvenile Division)	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Circuit Clerk Commissioner's Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioner's duties and for general operations expense of the office of circuit clerk.
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.
Deputy Prosecuting Attorney	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund for expenses of the prosecutor.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund to be used for defense of indigents.
Sheriff's Equipment	Established to account for circuit court ordered fines to be used for sheriff's equipment expenses.
Automated Records System Grant	Established to account for the Automated Records System grant revenue received from the Association of Arkansas Counties solely for purposes directly related to office automation.

LEE COUNTY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023
(UNAUDITED)

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

<u>Fund Name</u>	<u>Fund Description</u>
Law Library	Ark. Code Ann. § 16-10-307 established fund to receive costs to be used for any purpose related to establishment, maintenance, and operations of a county law library.

Treasurer's accounts consist primarily of property taxes and unclaimed property not distributed to the appropriate agencies.

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

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

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

District Court accounts consist primarily of fines and costs not yet distributed to the county and/or state.

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

1. A. Basis of Presentation - Regulatory

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

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

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

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

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

Road Fund - The Road Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Road Fund accounts for and reports proceeds of state highway turnback 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. The Special Revenue Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

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

B. Basis of Accounting - Regulatory

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

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.

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

1: (Continued)

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

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

D. Property Taxes

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

E. Budget Law

1. Legal Requirements

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

2. Accounting

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

F. Fund Balance Classification Policies and Procedures

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

For classification of fund balance amounts, restricted resources are considered spent before unrestricted. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

2. Details of Fund Balance Classifications

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

<u>Description</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Funds in the Aggregate</u>
Fund Balances:			
Restricted for:			
General government			\$ 382,626
Law enforcement			216,752
Highways and streets		\$ 1,305,755	
Public safety			764,237
Recreation and culture			366,770
Total Restricted		<u>1,305,755</u>	<u>1,730,385</u>
Committed for:			
Law enforcement			<u>108,890</u>
Assigned to:			
Law enforcement	<u>\$ 7,216</u>		
Unassigned	<u>1,867,622</u>		
Totals	<u>\$ 1,874,838</u>	<u>\$ 1,305,755</u>	<u>\$ 1,839,275</u>

3. Commitments

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

	<u>December 31, 2023</u>
Long-term liabilities	\$ 669,301
Reappraisal contract	<u>76,853</u>
Total Commitments	<u>\$ 746,154</u>

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

3. Commitments (Continued)

Long-term Liabilities

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

	December 31, 2023
<u>Direct Borrowings</u>	
Financed purchase with Armor Bank for a 2021 Western Star 4700 truck dated February 1, 2021. The debt was for \$155,127 with an interest rate of 1.95% to be paid in sixty monthly payments of \$2,715 beginning February 25, 2021. Payments are to be made from Road Fund.	\$ 66,448
Financed purchase with Axon Enterprises for body cameras and tasers dated May 15, 2023. The debt was for \$73,666 with no interest charged to be paid in 5 yearly payments beginning May 2023. Payments are to be made from the General Fund.	50,451
Financed purchase with First National Bank of Eastern Arkansas for 2 Caterpillar Road Graders dated August 7, 2023. The debt was for \$408,311 with an interest rate of 5.15% to be paid in five yearly payments of \$92,334 beginning February 1, 2024. Payments are to be made from Road Fund.	408,311
Financed purchase with First National Bank of Eastern Arkansas for 2 Dodge Ram Trucks dated December 4, 2023. The debt was for \$95,437 with an interest rate of 5.75% to be paid in 5 yearly payments beginning February 2024. Payments are to be made from the General Fund.	95,437
Total Direct Borrowings	620,647
Compensated absences consisting of accrued vacation and compensatory time adjusted to current salary cost.	48,654
Total Long-term liabilities	\$ 669,301

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

The County's outstanding financed purchases from direct borrowings of \$620,647 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.

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>					
2/1/21	1/25/26	1.95%	\$ 155,127	\$ 66,448	\$ 88,679
5/15/23	5/15/27	0%	73,666	50,451	23,215
8/7/23	2/1/28	5.15%	408,311	408,311	
12/4/23	2/1/28	5.75%	95,437	95,437	
Total Long-Term Debt			\$ 732,541	\$ 620,647	\$ 111,894

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

3. Commitments (Continued)

Changes in Long-Term Debt

	<u>Balance</u> <u>January 01, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>December 31, 2023</u>
<u>Direct Borrow ings</u>				
Financed purchases	\$ 376,214	\$ 577,414	\$ 332,981	* \$ 620,647

*Includes early retirement of debt totaling \$191,971

Debt Service Requirements to Maturity

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

<u>Years Ending</u> <u>December 31,</u>	<u>Direct Borrow ings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 146,109	\$ 12,159	\$ 158,268
2025	137,189	21,556	158,745
2026	113,144	16,234	129,378
2027	116,082	11,095	127,177
2028	108,123	5,690	113,813
Totals	<u>\$ 620,647</u>	<u>\$ 66,734</u>	<u>\$ 687,381</u>

County-Wide Reappraisal Contract

The County entered into a contract with Delta Mass Appraisal, Inc. on November 13, 2019, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$6,404 for a total of \$384,265 beginning January 1, 2020. Contract expense for 2023, was \$76,853.

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

<u>Year</u>	<u>December 31, 2023</u>
2024	<u>\$ 76,853</u>

4. Joint Venture: Phillips, Lee, and Monroe Regional Library

Phillips, Lee, and Monroe Counties entered into an agreement in May 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Phillips, Lee, and Monroe Regional Library. The agreement states that the library boards of these counties are to continue the same duties and functions that they have in the past until said duties and functions are altered by the Quorum Court as provided by law. The Lee County Library did not pay any regional library expenditures in 2023. Contact the Phillips, Lee, and Monroe Regional Library at 702 Porter Street, Helena, Arkansas 72342, to obtain financial statements.

5. Jointly Governed Organization: First Judicial District Drug Task Force

The First Judicial District Drug Task Force is a jointly governed organization comprised of representatives from Lee, Monroe, Phillips, St. Francis, Cross, and Woodruff Counties and participating cities within the aforementioned counties. The Sheriff from each county acts as a representative. The County did not pay any drug task force expenditures in 2023. Contact the First Judicial District Drug Task Force at 113 S. Main Street, Clarendon, Arkansas 72029, to obtain financial statements.

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023
(UNAUDITED)

6. Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% 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 \$234,553.

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 \$2,013,020.

7. Capital Assets

The County's capital assets records are summarized below:

	December 31, 2023
Land	\$ 22,200
Buildings	859,418
Equipment	3,955,354
Total	\$ 4,836,972

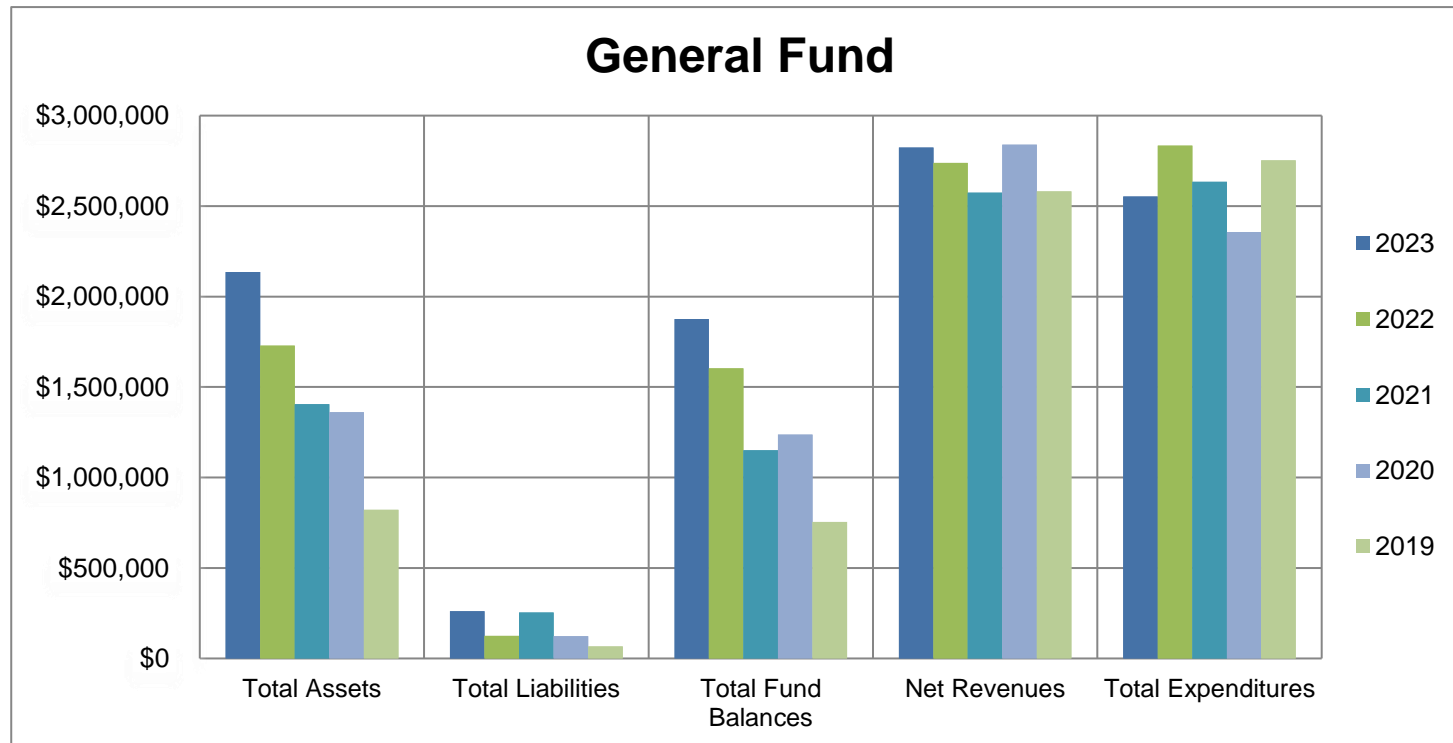
8. Corona Virus (COVID-19)

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.

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

Schedule 3-1

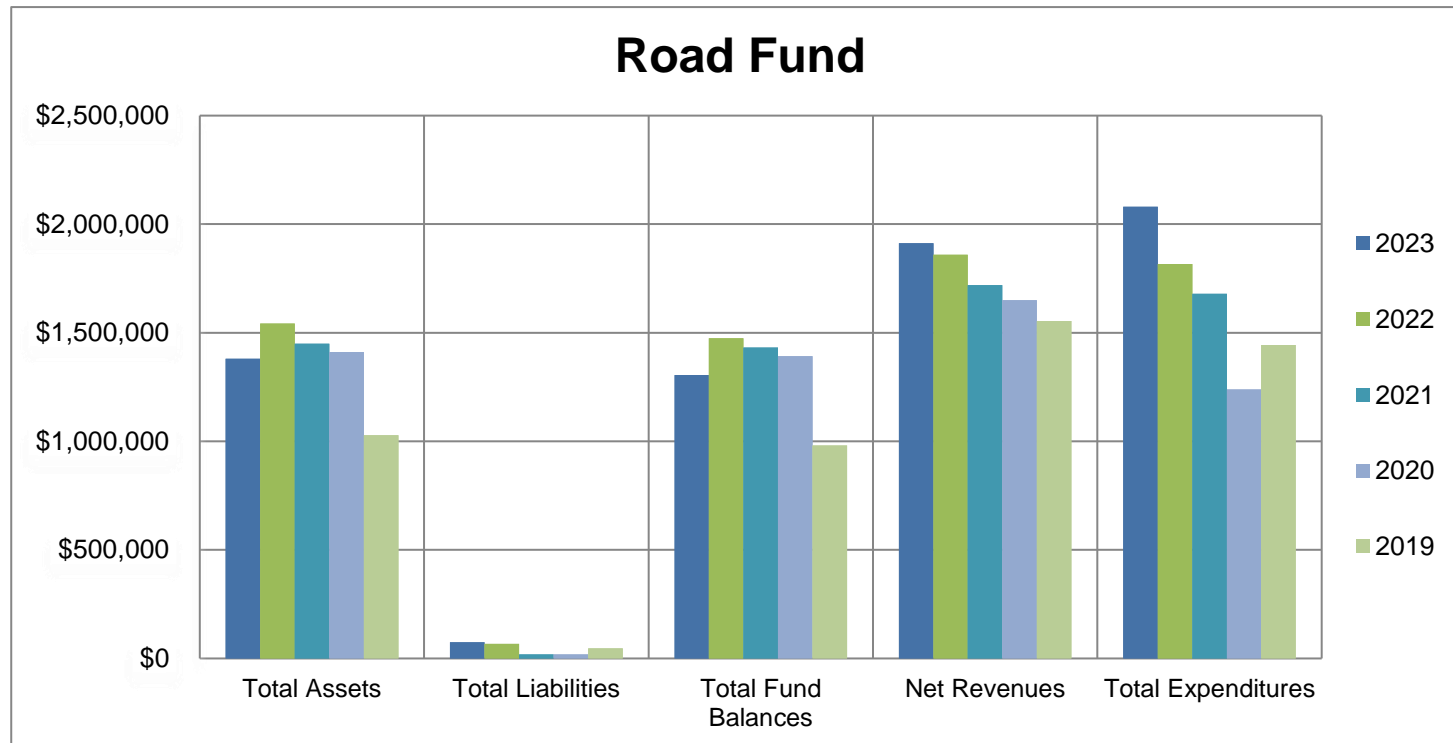
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 2,135,796	\$ 1,728,234	\$ 1,405,839	\$ 1,360,069	\$ 821,066
Total Liabilities	260,958	124,607	254,721	122,633	66,461
Total Fund Balances	1,874,838	1,603,627	1,151,118	1,237,436	754,605
Net Revenues	2,823,243	2,739,033	2,574,164	2,839,887	2,581,845
Total Expenditures	2,552,032	2,834,874	2,634,982	2,357,056	2,752,005
Total Other Financing Sources/Uses		548,350	(25,500)		



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

Schedule 3-2

<u>Road</u>	2023	2022	2021	2020	2019
Total Assets	\$ 1,380,141	\$ 1,541,679	\$ 1,449,686	\$ 1,410,583	\$ 1,027,534
Total Liabilities	74,386	67,493	18,250	17,908	46,549
Total Fund Balances	1,305,755	1,474,186	1,431,436	1,392,675	980,985
Net Revenues	1,911,673	1,859,412	1,718,507	1,650,016	1,554,846
Total Expenditures	2,080,104	1,816,662	1,679,746	1,238,326	1,443,103
Total Other Financing Sources/Uses					



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 2,734,935	\$ 2,932,965	\$ 2,710,752	\$ 1,848,553	\$ 1,687,655
Total Liabilities	895,660	767,604	416,012	402,828	350,913
Total Fund Balances	1,839,275	2,165,361	2,294,740	1,445,725	1,336,742
Net Revenues	359,605	1,215,627	1,247,261	450,072	316,838
Total Expenditures	685,691	796,656	435,120	341,089	244,083
Total Other Financing Sources/Uses		(548,350)	25,500		

