

Montgomery County, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the County would have included another fund under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, this fund is not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
November 7, 2023
LOCO04922



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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

Montgomery 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 Montgomery County, Arkansas (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's regulatory basis financial statements, and have issued our report thereon dated November 7, 2023. We issued an adverse opinion because the financial statements are prepared by the County on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, road fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We also reported to management of the County in a separate letter dated November 7, 2023.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

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

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
November 7, 2023

Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

County Judge: Sammy Jones
Treasurer: Betty Boling
Sheriff and Collector: David White
County and Circuit Clerk: Penny Black
Assessor: Tammy McCarter

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

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

ARKANSAS LEGISLATIVE AUDIT

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

Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

Little Rock, Arkansas
November 7, 2023

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

Exhibit A

| | General | Road | Other Funds in the Aggregate |
|-------------------------------------|---------------------|---------------------|------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,781,152 | \$ 2,747,269 | \$ 7,225,398 |
| Accounts receivable | 160,308 | 10,114 | 39,867 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 3,941,460</u> | <u>\$ 2,757,383</u> | <u>\$ 7,265,265</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 188,773 | \$ 106,631 | \$ 57,395 |
| Settlements pending | | | 415,227 |
| Total Liabilities | <u>188,773</u> | <u>106,631</u> | <u>472,622</u> |
| Fund Balances: | | | |
| Restricted | | 2,650,752 | 6,649,632 |
| Committed | 342,231 | | |
| Assigned | 600 | | 143,011 |
| Unassigned | 3,409,856 | | |
| Total Fund Balances | <u>3,752,687</u> | <u>2,650,752</u> | <u>6,792,643</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,941,460</u> | <u>\$ 2,757,383</u> | <u>\$ 7,265,265</u> |

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

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

Exhibit B

| | General | Road | Other Funds in the Aggregate |
|---|------------|--------------|------------------------------------|
| REVENUES | | | |
| State aid | \$ 637,215 | \$ 1,930,444 | \$ 20,133 |
| Federal aid | 2,267,997 | 678,527 | 886,150 |
| Property taxes | 621,254 | 325,667 | 42,928 |
| Sales taxes | | | 2,970,228 |
| Fines, forfeitures, and costs | 149,003 | | 35,467 |
| Interest | 21,270 | 20,339 | 46,077 |
| Officers' fees | 33,165 | | 79,672 |
| 911 fees | | | 223,624 |
| Insurance premiums | 13,564 | 3,858 | |
| Jail fees | 54,728 | | 2,288 |
| Sanitation fees | | | 166,029 |
| Treasurer's commission | 124,370 | | 16,820 |
| Collector's commission | 133,536 | | 21,758 |
| Taxes apportioned - Assessor's salary and expense | 203,183 | | |
| Other | 242,996 | 91,893 | 96,567 |
| TOTAL REVENUES | 4,502,281 | 3,050,728 | 4,607,741 |
| Less: Treasurer's commission | 41,647 | 44,595 | 41,358 |
| NET REVENUES | 4,460,634 | 3,006,133 | 4,566,383 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,385,563 | | 129,099 |
| Law enforcement | 1,156,737 | | 1,118,052 |
| Highways and streets | | 2,294,442 | |
| Public safety | 296,415 | | 173,314 |
| Sanitation | | | 702,281 |
| Health | 27,948 | | |
| Recreation and culture | | | 84,068 |
| Social services | 86,841 | | |
| Total Current | 2,953,504 | 2,294,442 | 2,206,814 |
| Debt Service: | | | |
| Bond principal | | | 765,000 |
| Bond interest and other charges | | | 269,031 |
| TOTAL EXPENDITURES | 2,953,504 | 2,294,442 | 3,240,845 |

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

Exhibit B

| | General | Road | Other Funds in the Aggregate |
|--|--------------|--------------|------------------------------------|
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ 1,507,130 | \$ 711,691 | \$ 1,325,538 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | | 1,319,113 |
| Transfers out | (260,928) | | (1,058,185) |
| Contributions from Ouachita Mountains Regional Library | | | 35,449 |
| TOTAL OTHER FINANCING SOURCES (USES) | (260,928) | | 296,377 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 1,246,202 | 711,691 | 1,621,915 |
| FUND BALANCES - JANUARY 1 | 2,506,485 | 1,939,061 | 5,170,728 |
| FUND BALANCES - DECEMBER 31 | \$ 3,752,687 | \$ 2,650,752 | \$ 6,792,643 |

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

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

Exhibit C

| | General | | | Road | | |
|---|------------|------------|--|--------------|--------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| State aid | \$ 360,000 | \$ 637,215 | \$ 277,215 | \$ 1,480,000 | \$ 1,930,444 | \$ 450,444 |
| Federal aid | 670,000 | 2,267,997 | 1,597,997 | 350,000 | 678,527 | 328,527 |
| Property taxes | 520,000 | 621,254 | 101,254 | 280,000 | 325,667 | 45,667 |
| Fines, forfeitures, and costs | 150,000 | 149,003 | (997) | | | |
| Interest | 5,000 | 21,270 | 16,270 | 10,000 | 20,339 | 10,339 |
| Officers' fees | 30,000 | 33,165 | 3,165 | | | |
| Insurance premiums | 10,000 | 13,564 | 3,564 | | 3,858 | 3,858 |
| Jail fees | | 54,728 | 54,728 | | | |
| Treasurer's commission | 95,000 | 124,370 | 29,370 | | | |
| Collector's commission | 165,000 | 133,536 | (31,464) | | | |
| Taxes apportioned - Assessor's salary and expense | 175,000 | 203,183 | 28,183 | | | |
| Other | 230,000 | 242,996 | 12,996 | 60,000 | 91,893 | 31,893 |
| TOTAL REVENUES | 2,410,000 | 4,502,281 | 2,092,281 | 2,180,000 | 3,050,728 | 870,728 |
| Less: Treasurer's commission | | 41,647 | (41,647) | | 44,595 | (44,595) |
| NET REVENUES | 2,410,000 | 4,460,634 | 2,050,634 | 2,180,000 | 3,006,133 | 826,133 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,724,527 | 1,385,563 | 338,964 | | | |
| Law enforcement | 1,326,408 | 1,156,737 | 169,671 | | | |
| Highways and streets | | | | 3,393,330 | 2,294,442 | 1,098,888 |
| Public safety | 46,906 | 296,415 | (249,509) | | | |
| Health | 35,258 | 27,948 | 7,310 | | | |
| Social services | 88,032 | 86,841 | 1,191 | | | |
| TOTAL EXPENDITURES | 3,221,131 | 2,953,504 | 267,627 | 3,393,330 | 2,294,442 | 1,098,888 |

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

Exhibit C

| | General | | | Road | | |
|--|-------------------------|----------------------------|--|--------------------------|----------------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (811,131)</u> | <u>\$ 1,507,130</u> | <u>\$ 2,318,261</u> | <u>\$ (1,213,330)</u> | <u>\$ 711,691</u> | <u>\$ 1,925,021</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 10,000 | | (10,000) | | | |
| Transfers out | <u>(150,000)</u> | <u>(260,928)</u> | <u>(110,928)</u> | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(140,000)</u> | <u>(260,928)</u> | <u>(120,928)</u> | | | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (951,131) | 1,246,202 | 2,197,333 | (1,213,330) | 711,691 | 1,925,021 |
| FUND BALANCES - JANUARY 1 | <u>1,000,000</u> | <u>2,506,485</u> | <u>1,506,485</u> | <u>1,480,000</u> | <u>1,939,061</u> | <u>459,061</u> |
| FUND BALANCES - DECEMBER 31 | <u><u>\$ 48,869</u></u> | <u><u>\$ 3,752,687</u></u> | <u><u>\$ 3,703,818</u></u> | <u><u>\$ 266,670</u></u> | <u><u>\$ 2,650,752</u></u> | <u><u>\$ 2,384,082</u></u> |

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The County is a political subdivision of the state governed by an elected quorum court. The reporting entity includes all the funds of the County. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following fund of the County would have been included in the reporting entity: Montgomery County Nursing Home Fund. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

B. Basis of Presentation - Regulatory

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

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

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

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

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

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

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

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

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

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Funds as reported with other funds in the aggregate.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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 the Custodial Funds as reported with other funds in the aggregate.

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, certificates of deposit, treasury bills, and bond trustee accounts guaranteed by the U.S. government.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, excess treasurer's commission 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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Fund Balance Classifications (Continued)

3. Assigned fund balance – amounts that are constrained by the Quorum Court's intent to be used for specific purposes but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

F. Budget Law

1. Legal Requirements

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

2. Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

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

NOTE 2: Cash Deposits with Financial Institutions

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

| | Carrying Amount | Bank Balance |
|--|--------------------------|--------------------------|
| Insured (FDIC) | \$ 405,608 | \$ 404,333 |
| Collateralized: | | |
| Collateral held by the County's agent, pledging bank or pledging bank's trust department or agent in the County's name | 12,548,205 | 12,797,255 |
| Uncollateralized | 799,136 | 799,136 |
| Total Deposits | <u>\$ 13,752,949</u> | <u>\$ 14,000,724</u> |

The above total deposits do not include cash on hand of \$870.

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 credit risk. As of December 31, 2022, \$799,136 of the County's bank balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Accounts Receivable

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

| Description | General Fund | Road Fund | Other Funds in the Aggregate |
|-------------------------------|-----------------------|----------------------|---------------------------------|
| Property taxes | \$ 14,195 | \$ 5,757 | \$ 613 |
| Fines, forfeitures, and costs | 9,495 | | 2,589 |
| Interest | 1,046 | | |
| Officers' fees | 850 | | 4,547 |
| 911 fees | | | 17,931 |
| Sanitation fees | | | 14,008 |
| Treasurer's commission | 124,257 | | |
| Other | 10,465 | 4,357 | 179 |
| Totals | <u>\$ 160,308</u> | <u>\$ 10,114</u> | <u>\$ 39,867</u> |

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

NOTE 5: Accounts Payable

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

| Description | General Fund | Road Fund | Other Funds in the Aggregate |
|-----------------|-------------------|-------------------|------------------------------|
| Vendor payables | \$ 63,773 | \$ 106,631 | \$ 57,395 |
| Other | 125,000 | | |
| Totals | <u>\$ 188,773</u> | <u>\$ 106,631</u> | <u>\$ 57,395</u> |

NOTE 6: Details of Fund Balance Classifications

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

| Description | General Fund | Road Fund | Other Funds in the Aggregate |
|------------------------|---------------------|---------------------|------------------------------|
| Fund Balances: | | | |
| Restricted for: | | | |
| General government | | | \$ 1,647,858 |
| Law enforcement | | | 2,317,236 |
| Highways and streets | | \$ 2,650,752 | |
| Public safety | | | 503,211 |
| Sanitation | | | 1,342,859 |
| Recreation and culture | | | 39,332 |
| Capital outlay | | | 137,761 |
| Debt service | | | 661,375 |
| Total Restricted | | <u>2,650,752</u> | <u>6,649,632</u> |
| Committed for: | | | |
| General government | <u>\$ 342,231</u> | | |
| Assigned to: | | | |
| General government | 600 | | |
| Law enforcement | | | 135,611 |
| Recreation and culture | | | 7,400 |
| Total Assigned | <u>600</u> | | <u>143,011</u> |
| Unassigned | <u>3,409,856</u> | | |
| Totals | <u>\$ 3,752,687</u> | <u>\$ 2,650,752</u> | <u>\$ 6,792,643</u> |

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The County is subject to a constitutional limitation for bonded indebtedness equal to 10% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2022, the legal debt limit for bonded debt was \$13,439,643. There were no property tax secured bond issues.

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

NOTE 7: Legal Debt Limit (Continued)

B. Short-term Financing Obligations

The County is subject to a constitutional limitation for short-term financing obligations equal to 2.5% of the assessed value of taxable property within the County as determined by the last tax assessment. At December 31, 2022, the legal debt limit for short-term financing obligations was \$3,571,009. There were no short-term financing obligations.

NOTE 8: Commitments

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

| | December 31, 2022 |
|-----------------------|----------------------|
| Long-term liabilities | \$ 6,581,627 |
| Reappraisal contract | 77,000 |
| Construction contract | 136,500 |
| | <hr/> |
| Total Commitments | \$ 6,795,127 |
| | <hr/> |

Long-term Liabilities

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

| | December 31, 2022 |
|--|----------------------|
| | <hr/> |
| <u>Bonds</u> | |
| Sales and Use Tax Bonds, Series 2018, dated September 25, 2018, in the amount of \$8,665,000, due in annual installments of \$160,000 to \$595,000 due on October 1 beginning in 2019 through October 2036; interest at 3% to 4.5% due April 1 and October 1 beginning October 2019. Payments are to be made from the Debt Service Fund. | \$ 6,435,000 |
| Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost | 146,627 |
| | <hr/> |
| Total Long-term liabilities | \$ 6,581,627 |
| | <hr/> |

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

The County's outstanding bonds payable of \$6,435,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the County and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

Post Employment Benefits Other Than Pensions

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

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

NOTE 8: Commitments (Continued)

Long-Term Debt Issued and Outstanding

| <u>Date of Issue</u> | <u>Date of Final Maturity</u> | <u>Rate of Interest</u> | <u>Amount Authorized and Issued</u> | <u>Debt Outstanding December 31, 2022</u> | <u>Maturities to December 31, 2022</u> |
|--------------------------|-----------------------------------|-----------------------------|---|---|--|
| <u>Bonds</u> | | | | | |
| 10/1/18 | 10/1/36 | 3-4.5% | <u>\$ 8,665,000</u> | <u>\$ 6,435,000</u> | <u>\$ 2,230,000</u> |

Changes in Long-Term Debt

| | <u>Balance January 01, 2022</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance December 31, 2022</u> |
|---------------|-------------------------------------|---------------|-------------------|--------------------------------------|
| Bonds payable | <u>\$ 7,200,000</u> | <u>\$ 0</u> | <u>\$ 765,000</u> | <u>\$ 6,435,000</u> |

Debt Service Requirements to Maturity

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

| <u>Years Ending December 31,</u> | <u>Principal</u> | <u>Bonds Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|---------------------------|---------------------|
| 2023 | \$ 600,000 | \$ 237,744 | \$ 837,744 |
| 2024 | 370,000 | 222,162 | 592,162 |
| 2025 | 380,000 | 211,063 | 591,063 |
| 2026 | 395,000 | 211,062 | 606,062 |
| 2027 | 405,000 | 187,813 | 592,813 |
| 2028 through 2032 | 1,290,000 | 771,637 | 2,061,637 |
| 2033 through 2036 | <u>2,995,000</u> | <u>539,100</u> | <u>3,534,100</u> |
| Totals | <u>\$ 6,435,000</u> | <u>\$ 2,380,581</u> | <u>\$ 8,815,581</u> |

County-Wide Reappraisal Contract

The County entered into a contract with CAMA Technology, Inc., on December 7, 2018, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$6,416 for a total of \$385,000 beginning January 1, 2019. Contract expense for 2022, was \$77,000.

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

| <u>Year</u> | <u>December 31, 2022</u> |
|-------------|--------------------------|
| 2023 | <u>\$ 77,000</u> |

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

NOTE 8: Commitments (Continued)

Construction Contract

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

| <u>Project Name</u> | <u>Completed Date</u> | <u>Contract Balance December 31, 2022</u> |
|------------------------------|-----------------------|---|
| Hole in the Ground Rd Bridge | June 2023 | <u>\$ 136,500</u> |

NOTE 9: Interfund Transfers

The General Fund transferred \$168,700 to Other Funds in the Aggregate (Library, 18th West Judicial Drug Task Force Grant, and Law Enforcement Sales Tax) to supplement operations and a refund to American Rescue Plan Act for unallowed premium pay of \$92,228. In addition, within Other Funds in the Aggregate, transfers were made of \$1,058,185 to meet required debt reserve amounts.

NOTE 10: Pledged Revenues

The County pledged future 2% sales and use taxes to repay \$8,665,000 in bonds that were issued in 2018 to provide funding for the purpose of financing all or a portion of the costs to acquire, construct, improve, expand, equip, furnish, operate, and maintain new or existing jail and law enforcement facilities, including any utility, road and parking improvements related thereto or in support thereof and for other law enforcement purposes. Total principal and interest remaining on the bonds are \$6,435,000 and \$2,380,581, respectively, payable through October 1, 2036. For 2022, principal and interest paid were \$765,000 and \$264,931, respectively.

The Debt Service Fund received \$1,058,132 in sales taxes in 2022. The County retired \$415,000 in excess of required bond payments due to an extraordinary redemption clause which requires bonds to be redeemed in inverse order from surplus tax receipts not needed for the purposed intended. This has changed the payable through date to October 1, 2036. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any law enforcement purpose.

NOTE 11: Joint Ventures:

Ouachita Mountains Regional Library

Montgomery and Polk Counties entered into an agreement on April 12, 2010 in accordance with Ark. Code Ann. § 13-2-401 to establish the Ouachita Mountains Regional Library (OMRL). The Ouachita Mountains Regional Library board consists of six members; three from the Montgomery County Library Board and three from the Polk County Library Board. The agreement states all per capita revenue received by the OMRL is to be prorated to each member county based on per capita for use by each County Library Board at its discretion; in return, each county is to contribute to the OMRL ten percent of any per capita revenue received from the OMRL for the purpose of establishing and perpetuating reserve funds to be administered by the Regional Board; any non-per capita revenue received by the OMRL is to be used at the discretion of the Regional Board in support of the region and its staff, services, and facilities. The percentage of per capita revenue contributed back to the OMRL by each county is to be re-evaluated by the Regional Board at least every five years. The County Library did not pay any regional library expenditures in 2022. The OMRL contributed \$35,449 to the County Library in 2022. Financial statements for the OMRL are available at 145A Whittington Street, Mount Ida, Arkansas 71957.

Eighteenth-West Judicial Drug Crime Task Force

On July 1, 2022, the Montgomery County Sheriff's Department renewed their agreement with the prosecuting attorney of the Eighteenth-West Judicial District and the Sheriff's Department of Polk County to continue the Eighteenth-West Judicial Drug Crime Task Force (DCTF). The term of the agreement is for the period July 1, 2022 to June 30, 2023. Funding is provided through federal and state grants in addition to contributions from the participating entities. The Montgomery County Sheriff's Department made payments/contract labor of \$36,382 and contributed \$30,000 to the Drug Crime Task Force in 2022.

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

NOTE 12: Jointly Governed Organizations

Southwest Arkansas Regional Intermodal Authority

The Counties of Clark, Montgomery, Nevada, Pike, and Dallas and the cities of Gurdon, Prescott, Glenwood, Caddo Valley, Murfreesboro, Arkadelphia, Amity, and Fordyce entered into an agreement to establish the Southwest Arkansas Regional Intermodal Authority on May 18, 2010, in accordance with Ark. Code Ann. § 14-143-103. The primary purpose of this agreement is for the acquiring, equipping, constructing, maintaining, and operating a regional intermodal facility or facilities. Funding for this agreement is derived primarily from the Authority dues consisting of \$2,000 per county and \$1,000 per city member and any revenues not inconsistent with the Arkansas constitution or Arkansas law. The Board of Directors shall consist of eighteen directors: one from each participating city and two from each participating county. Montgomery County paid \$2,000 to the Southwest Regional Intermodal Authority in 2022. Separate financial statements of the Southwest Arkansas Regional Intermodal Authority are not available.

Upper Southwest Arkansas Regional Solid Waste Management District

The Upper Southwest Arkansas Regional Solid Waste Management District is a jointly governed organization comprised of representatives from Howard, Pike, Sevier, Little River, Hempstead, Lafayette, Montgomery, Nevada, and Polk Counties and the participating cities within the aforementioned counties. The District is governed by a Board of Directors consisting of the respective county judges and mayors of the county seats for the areas served unless some other representatives are appointed by the respective entities. Montgomery County paid \$193,022 to the Upper Southwest Arkansas Regional Solid Waste Management District in 2022. The financial statements of the Upper Southwest Arkansas Regional Solid Waste Management District are available at P.O. Box 909, Nashville, AR 71852.

NOTE 13: Risk Management

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

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

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

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

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.

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

NOTE 13: Risk Management (Continued)

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

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

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended June 30, 2022, were \$453,963.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the County's share of the collective net pension liability. The County's proportionate share of the collective net pension liability at June 30, 2022, was \$3,822,414.

NOTE 15: Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the County was awarded \$1,745,425 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$1,745,425 of this amount has been received. In 2022, the County was awarded \$2,860,510 in federal aid from the Local Assistance and Tribal Consistency Fund, which was a part of the American Rescue Plan Act of 2021. In 2022 and 2023, the County received funds in the amount of \$1,430,255 and \$1,430,255, respectively. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

NOTE 16: Federal Funds Program Compliance

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

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

Schedule 1

| | SPECIAL REVENUE FUNDS | | | | | | | | |
|-------------------------------------|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------------|------------------------------|--------------------------|---------------------|-----------------------|
| | Treasurer's Automation | Collector's Automation | Circuit Court Automation | District Court Automation | Assessor's Amendment no. 79 | County Recorder's Cost | County Public Library | Solid Waste | Child Support Cost |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 47,326 | \$ 33,007 | \$ 26,849 | \$ 46,552 | \$ 18,235 | \$ 120,907 | \$ 46,996 | \$ 1,348,047 | \$ 10,077 |
| Accounts receivable | | | 62 | 542 | | 4,514 | 673 | 14,008 | |
| TOTAL ASSETS | <u>\$ 47,326</u> | <u>\$ 33,007</u> | <u>\$ 26,911</u> | <u>\$ 47,094</u> | <u>\$ 18,235</u> | <u>\$ 125,421</u> | <u>\$ 47,669</u> | <u>\$ 1,362,055</u> | <u>\$ 10,077</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ 2,989 | | | \$ 237 | | | \$ 937 | \$ 19,196 | |
| Settlements pending | | | | | | | | | |
| Total Liabilities | <u>2,989</u> | | | <u>237</u> | | | <u>937</u> | <u>19,196</u> | |
| Fund Balances: | | | | | | | | | |
| Restricted | 44,337 | \$ 33,007 | \$ 26,911 | 46,857 | \$ 18,235 | \$ 125,421 | 39,332 | 1,342,859 | \$ 10,077 |
| Assigned | | | | | | | 7,400 | | |
| Total Fund Balances | <u>44,337</u> | <u>33,007</u> | <u>26,911</u> | <u>46,857</u> | <u>18,235</u> | <u>125,421</u> | <u>46,732</u> | <u>1,342,859</u> | <u>10,077</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 47,326</u> | <u>\$ 33,007</u> | <u>\$ 26,911</u> | <u>\$ 47,094</u> | <u>\$ 18,235</u> | <u>\$ 125,421</u> | <u>\$ 47,669</u> | <u>\$ 1,362,055</u> | <u>\$ 10,077</u> |

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

Schedule 1

| SPECIAL REVENUE FUNDS | | | | | | | | | |
|--|------------------|-----------------|--------------------------------------|---------------------------------|--------------------------------------|-------------------|----------------------|---------------------|-----------------|
| | Drug Control | Breathalyzer | Jail Operation and Maintenance | County Detention Facility | Boating Safety and Enforcement | Emergency 911 | Indigent Attorney | Adult Drug Court | Public Safety |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 24,535 | \$ 7,769 | \$ 117,289 | \$ 150,148 | \$ 22,857 | \$ 487,158 | \$ 27,158 | \$ 7,155 | \$ 1,119 |
| Accounts receivable | 10 | 51 | 1,567 | 137 | | 17,931 | 185 | | |
| TOTAL ASSETS | \$ 24,545 | \$ 7,820 | \$ 118,856 | \$ 150,285 | \$ 22,857 | \$ 505,089 | \$ 27,343 | \$ 7,155 | \$ 1,119 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | | | | | | \$ 2,997 | | \$ 86 | |
| Settlements pending | | | | | | | | | |
| Total Liabilities | | | | | | 2,997 | | 86 | |
| Fund Balances: | | | | | | | | | |
| Restricted | \$ 24,545 | \$ 7,820 | \$ 118,856 | \$ 14,674 | \$ 22,857 | 502,092 | \$ 27,343 | 7,069 | \$ 1,119 |
| Assigned | | | | 135,611 | | | | | |
| Total Fund Balances | 24,545 | 7,820 | 118,856 | 150,285 | 22,857 | 502,092 | 27,343 | 7,069 | 1,119 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 24,545 | \$ 7,820 | \$ 118,856 | \$ 150,285 | \$ 22,857 | \$ 505,089 | \$ 27,343 | \$ 7,155 | \$ 1,119 |

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

Schedule 1

| | SPECIAL REVENUE FUNDS | | | | | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------|--|--|------------------------------------|--|
| | Circuit Court Juvenile Division | County Clerk Commissioner's Fee | Assessor's Late Assessment Fee | American Rescue Plan Act | Jail and Law Enforcement Sales Tax | 18th West Judicial District Drug Task Force | Courthouse Restoration Grant | Victims of Crime Act (VOCA) Program Grant |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 1,474 | \$ 1,003 | \$ 1,643 | \$ 1,364,770 | \$ 2,079,720 | \$ 5,991 | \$ 2,493 | \$ 21 |
| Accounts receivable | | | 15 | | | | | |
| TOTAL ASSETS | <u>\$ 1,474</u> | <u>\$ 1,003</u> | <u>\$ 1,658</u> | <u>\$ 1,364,770</u> | <u>\$ 2,079,720</u> | <u>\$ 5,991</u> | <u>\$ 2,493</u> | <u>\$ 21</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | | | | | \$ 30,738 | \$ 215 | | |
| Settlements pending | | | | | | | | |
| Total Liabilities | | | | | <u>30,738</u> | <u>215</u> | | |
| Fund Balances: | | | | | | | | |
| Restricted | \$ 1,474 | \$ 1,003 | \$ 1,658 | \$ 1,364,770 | 2,048,982 | 5,776 | \$ 2,493 | \$ 21 |
| Assigned | | | | | | | | |
| Total Fund Balances | <u>1,474</u> | <u>1,003</u> | <u>1,658</u> | <u>1,364,770</u> | <u>2,048,982</u> | <u>5,776</u> | <u>2,493</u> | <u>21</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,474</u> | <u>\$ 1,003</u> | <u>\$ 1,658</u> | <u>\$ 1,364,770</u> | <u>\$ 2,079,720</u> | <u>\$ 5,991</u> | <u>\$ 2,493</u> | <u>\$ 21</u> |

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

Schedule 1

| | SPECIAL REVENUE FUNDS | | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | CUSTODIAL FUNDS | | | | |
|-------------------------------------|--|-----------------------|--------------------------|---|-------------------------|-------------------------|-----------------------|------------------------------------|---------------------|
| | Communication Facility and Equipment | County Law Library | Jail Construction | Sales & Use Tax Bond, Series 2018 | Treasurer's Accounts | Collector's Accounts | Sheriff's Accounts | County/Circuit Clerk's Accounts | Totals |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 6,766 | \$ 3,970 | \$ 137,761 | \$ 661,375 | \$ 266,386 | \$ 88,348 | \$ 23,440 | \$ 37,053 | \$ 7,225,398 |
| Accounts receivable | | 172 | | | | | | | 39,867 |
| TOTAL ASSETS | <u>\$ 6,766</u> | <u>\$ 4,142</u> | <u>\$ 137,761</u> | <u>\$ 661,375</u> | <u>\$ 266,386</u> | <u>\$ 88,348</u> | <u>\$ 23,440</u> | <u>\$ 37,053</u> | <u>\$ 7,265,265</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | | | | | | | | | \$ 57,395 |
| Settlements pending | | | | | \$ 266,386 | \$ 88,348 | \$ 23,440 | \$ 37,053 | 415,227 |
| Total Liabilities | | | | | <u>266,386</u> | <u>88,348</u> | <u>23,440</u> | <u>37,053</u> | <u>472,622</u> |
| Fund Balances: | | | | | | | | | |
| Restricted | \$ 6,766 | \$ 4,142 | \$ 137,761 | \$ 661,375 | | | | | 6,649,632 |
| Assigned | | | | | | | | | 143,011 |
| Total Fund Balances | <u>6,766</u> | <u>4,142</u> | <u>137,761</u> | <u>661,375</u> | | | | | <u>6,792,643</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 6,766</u> | <u>\$ 4,142</u> | <u>\$ 137,761</u> | <u>\$ 661,375</u> | <u>\$ 266,386</u> | <u>\$ 88,348</u> | <u>\$ 23,440</u> | <u>\$ 37,053</u> | <u>\$ 7,265,265</u> |

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

Schedule 2

| | SPECIAL REVENUE FUNDS | | | | | | | | |
|--|---------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------------|---------------------------|--------------------------|--------------|-----------------------|
| | Treasurer's Automation | Collector's Automation | Circuit Court Automation | District Court Automation | Assessor's Amendment no. 79 | County Recorder's Cost | County Public Library | Solid Waste | Child Support Cost |
| REVENUES | | | | | | | | | |
| State aid | | | | | \$ 3,613 | | \$ 6,064 | | |
| Federal aid | | | | | | | | | |
| Property taxes | | | | | | | 42,660 | | |
| Sales taxes | | | | | | | | \$ 853,964 | |
| Fines, forfeitures, and costs | | | \$ 4,888 | \$ 5,147 | | | | | |
| Interest | \$ 272 | \$ 139 | 203 | 370 | 146 | \$ 997 | 625 | 9,745 | \$ 82 |
| Officers' fees | | | | | | 70,163 | | | 144 |
| 911 fees | | | | | | | | | |
| Jail fees | | | | | | | | | |
| Sanitation fees | | | | | | | | 166,029 | |
| Treasurer's commission | 16,820 | | | | | | | | |
| Collector's commission | | 21,758 | | | | | | | |
| Other | | | | | | 1,722 | 5,976 | 2,827 | |
| TOTAL REVENUES | 17,092 | 21,897 | 5,091 | 5,517 | 3,759 | 72,882 | 55,325 | 1,032,565 | 226 |
| Less: Treasurer's commission | | | 86 | 80 | 60 | 1,214 | 832 | 17,150 | 2 |
| NET REVENUES | 17,092 | 21,897 | 5,005 | 5,437 | 3,699 | 71,668 | 54,493 | 1,015,415 | 224 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 15,010 | 17,067 | | 3,403 | | 79,326 | | | 856 |
| Law enforcement | | | | | | | | | |
| Public safety | | | | | | | | | |
| Sanitation | | | | | | | | 702,281 | |
| Recreation and culture | | | | | | | 84,068 | | |
| Total Current | 15,010 | 17,067 | | 3,403 | | 79,326 | 84,068 | 702,281 | 856 |
| Debt Service: | | | | | | | | | |
| Bond principal | | | | | | | | | |
| Bond interest and other charges | | | | | | | | | |
| TOTAL EXPENDITURES | 15,010 | 17,067 | | 3,403 | | 79,326 | 84,068 | 702,281 | 856 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 2,082 | 4,830 | 5,005 | 2,034 | 3,699 | (7,658) | (29,575) | 313,134 | (632) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | | | | | | | 3,700 | | |
| Transfers out | | | | | | | | | |
| Contributions from Ouachita Mountains Regional Library | | | | | | | 35,449 | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | | | | 39,149 | | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 2,082 | 4,830 | 5,005 | 2,034 | 3,699 | (7,658) | 9,574 | 313,134 | (632) |
| FUND BALANCES - JANUARY 1 | 42,255 | 28,177 | 21,906 | 44,823 | 14,536 | 133,079 | 37,158 | 1,029,725 | 10,709 |
| FUND BALANCES - DECEMBER 31 | \$ 44,337 | \$ 33,007 | \$ 26,911 | \$ 46,857 | \$ 18,235 | \$ 125,421 | \$ 46,732 | \$ 1,342,859 | \$ 10,077 |

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

Schedule 2

| | SPECIAL REVENUE FUNDS | | | | | | | | |
|---|-----------------------|--------------|--------------------------------|---------------------------|--------------------------------|---------------|-------------------|------------------|---------------|
| | Drug Control | Breathalyzer | Jail Operation and Maintenance | County Detention Facility | Boating Safety and Enforcement | Emergency 911 | Indigent Attorney | Adult Drug Court | Public Safety |
| REVENUES | | | | | | | | | |
| State aid | | | | | \$ 1,842 | | \$ 738 | | |
| Federal aid | | | | | | | | | |
| Property taxes | | | | | | | | | |
| Sales taxes | | | | | | | | | |
| Fines, forfeitures, and costs | \$ 285 | \$ 587 | \$ 17,808 | | | | 3,208 | \$ 1,093 | \$ 174 |
| Interest | 194 | 61 | 902 | \$ 1,198 | 179 | \$ 3,871 | 213 | | 9 |
| Officers' fees | | | | | | | | | |
| 911 fees | | | | | | 223,624 | | | |
| Jail fees | | | | 2,288 | | | | | |
| Sanitation fees | | | | | | | | | |
| Treasurer's commission | | | | | | | | | |
| Collector's commission | | | | | | | | | |
| Other | | | | 13,131 | | 12,672 | | 42 | |
| TOTAL REVENUES | 479 | 648 | 18,710 | 16,617 | 2,021 | 240,167 | 4,159 | 1,135 | 183 |
| Less: Treasurer's commission | 5 | 10 | 293 | 40 | 31 | 3,700 | 47 | 18 | 3 |
| NET REVENUES | 474 | 638 | 18,417 | 16,577 | 1,990 | 236,467 | 4,112 | 1,117 | 180 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | | | | | | | | | |
| Law enforcement | | | | 1,903 | | | 1,715 | 885 | |
| Public safety | | | | | | 173,314 | | | |
| Sanitation | | | | | | | | | |
| Recreation and culture | | | | | | | | | |
| Total Current | | | | 1,903 | | 173,314 | 1,715 | 885 | |
| Debt Service: | | | | | | | | | |
| Bond principal | | | | | | | | | |
| Bond interest and other charges | | | | | | | | | |
| TOTAL EXPENDITURES | | | | 1,903 | | 173,314 | 1,715 | 885 | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 474 | 638 | 18,417 | 14,674 | 1,990 | 63,153 | 2,397 | 232 | 180 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | | | | | | | | | |
| Transfers out | | | | | | | | | |
| Contributions from Ouachita Mountains Regional Library | | | | | | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 474 | 638 | 18,417 | 14,674 | 1,990 | 63,153 | 2,397 | 232 | 180 |
| FUND BALANCES - JANUARY 1 | 24,071 | 7,182 | 100,439 | 135,611 | 20,867 | 438,939 | 24,946 | 6,837 | 939 |
| FUND BALANCES - DECEMBER 31 | \$ 24,545 | \$ 7,820 | \$ 118,856 | \$ 150,285 | \$ 22,857 | \$ 502,092 | \$ 27,343 | \$ 7,069 | \$ 1,119 |

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

Schedule 2

| | SPECIAL REVENUE FUNDS | | | | | | | | |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------|---------------------------|--|--|------------------------------------|--|
| | Circuit Court Juvenile Division | County Clerk Commissioner's Fee | Assessor's Late Assessment Fee | American Rescue Plan Act | United States Treasury | Jail and Law Enforcement Sales Tax | 18th West Judicial District Drug Task Force | Courthouse Restoration Grant | Victims of Crime Act (VOCA) Program Grant |
| REVENUES | | | | | | | | | |
| State aid | | | | | | | \$ 5,383 | \$ 2,493 | |
| Federal aid | | | | \$ 872,713 | \$ 13,437 | | | | |
| Property taxes | | | \$ 268 | | | | | | |
| Sales taxes | | | | | | \$ 1,058,132 | | | |
| Fines, forfeitures, and costs | | \$ 8 | | | | | | | |
| Interest | \$ 12 | | 12 | 2,255 | | 15,677 | | | |
| Officers' fees | | | | | | | | | |
| 911 fees | | | | | | | | | |
| Jail fees | | | | | | | | | |
| Sanitation fees | | | | | | | | | |
| Treasurer's commission | | | | | | | | | |
| Collector's commission | | | | | | | | | |
| Other | | | | 25,448 | | | 34,749 | | |
| TOTAL REVENUES | 12 | 8 | 280 | 900,416 | 13,437 | 1,073,809 | 40,132 | 2,493 | |
| Less: Treasurer's commission | | | 4 | | | 17,750 | | | |
| NET REVENUES | 12 | 8 | 276 | 900,416 | 13,437 | 1,056,059 | 40,132 | 2,493 | |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | | | | | 13,437 | | | | |
| Law enforcement | | | | | | 1,006,433 | 57,158 | | |
| Public safety | | | | | | | | | |
| Sanitation | | | | | | | | | |
| Recreation and culture | | | | | | | | | |
| Total Current | | | | | 13,437 | 1,006,433 | 57,158 | | |
| Debt Service: | | | | | | | | | |
| Bond principal | | | | | | | | | |
| Bond interest and other charges | | | | | | | | | |
| TOTAL EXPENDITURES | | | | | 13,437 | 1,006,433 | 57,158 | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 12 | 8 | 276 | 900,416 | | 49,626 | (17,026) | 2,493 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | | | | 92,228 | | 150,000 | 15,000 | | |
| Transfers out | | | | | | | | | |
| Contributions from Ouachita Mountains Regional Library | | | | | | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | 92,228 | | 150,000 | 15,000 | | |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | 12 | 8 | 276 | 992,644 | | 199,626 | (2,026) | 2,493 | |
| FUND BALANCES - JANUARY 1 | 1,462 | 995 | 1,382 | 372,126 | | 1,849,356 | 7,802 | | \$ 21 |
| FUND BALANCES - DECEMBER 31 | \$ 1,474 | \$ 1,003 | \$ 1,658 | \$ 1,364,770 | \$ 0 | \$ 2,048,982 | \$ 5,776 | \$ 2,493 | \$ 21 |

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

Schedule 2

| | SPECIAL REVENUE FUNDS | | CAPITAL PROJECTS FUND | DEBT SERVICE FUNDS | | |
|--|--|-----------------------|-----------------------------|---|--|------------------|
| | Communication Facility and Equipment | County Law Library | Jail Construction | Sales & Use Tax Bond, Series 2018 | Sales & Use Tax Revenue, Series 2018 | Totals |
| REVENUES | | | | | | |
| State aid | | | | | | \$ 20,133 |
| Federal aid | | | | | | 886,150 |
| Property taxes | | | | | | 42,928 |
| Sales taxes | | | | | \$ 1,058,132 | 2,970,228 |
| Fines, forfeitures, and costs | | \$ 2,269 | | | | 35,467 |
| Interest | \$ 52 | 28 | \$ 1,671 | \$ 7,111 | 53 | 46,077 |
| Officers' fees | 9,365 | | | | | 79,672 |
| 911 fees | | | | | | 223,624 |
| Jail fees | | | | | | 2,288 |
| Sanitation fees | | | | | | 166,029 |
| Treasurer's commission | | | | | | 16,820 |
| Collector's commission | | | | | | 21,758 |
| Other | | | | | | 96,567 |
| TOTAL REVENUES | 9,417 | 2,297 | 1,671 | 7,111 | 1,058,185 | 4,607,741 |
| Less: Treasurer's commission | | 33 | | | | 41,358 |
| NET REVENUES | 9,417 | 2,264 | 1,671 | 7,111 | 1,058,185 | 4,566,383 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | 129,099 |
| Law enforcement | 12,489 | 1,408 | 36,061 | | | 1,118,052 |
| Public safety | | | | | | 173,314 |
| Sanitation | | | | | | 702,281 |
| Recreation and culture | | | | | | 84,068 |
| Total Current | 12,489 | 1,408 | 36,061 | | | 2,206,814 |
| Debt Service: | | | | | | |
| Bond principal | | | | 765,000 | | 765,000 |
| Bond interest and other charges | | | | 269,031 | | 269,031 |
| TOTAL EXPENDITURES | 12,489 | 1,408 | 36,061 | 1,034,031 | | 3,240,845 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (3,072) | 856 | (34,390) | (1,026,920) | 1,058,185 | 1,325,538 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | 1,058,185 | | 1,319,113 |
| Transfers out | | | | | (1,058,185) | (1,058,185) |
| Contributions from Ouachita Mountains Regional Library | | | | | | 35,449 |
| TOTAL OTHER FINANCING SOURCES (USES) | | | | 1,058,185 | (1,058,185) | 296,377 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (3,072) | 856 | (34,390) | 31,265 | | 1,621,915 |
| FUND BALANCES - JANUARY 1 | 9,838 | 3,286 | 172,151 | 630,110 | | 5,170,728 |
| FUND BALANCES - DECEMBER 31 | \$ 6,766 | \$ 4,142 | \$ 137,761 | \$ 661,375 | \$ 0 | \$ 6,792,643 |

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

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|-----------------------------|--|
| Treasurer's Automation | Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of treasurer's gross commissions to operate the treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system. |
| Collector's Automation | Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commission to operate the collector's office and to purchase, maintain, and operate an automated record keeping system. |
| Circuit Court Automation | Ark. Code Ann. § 16-13-704 established fund to receive circuit court installment fees to be used for circuit court-related technology and to defray the cost of fine collection. |
| District 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 Amendment no. 79 | Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 79. |
| County Recorder's Cost | Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose. |
| County Public Library | Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the quorum court for the support, operation, and maintenance of the public library. |
| Solid Waste | Ark. Code Ann. § 8-6-212 authorizes counties to fund a solid waste management system for the county by assessing fees, charges, and licenses. Each fee, charge, and license shall be based on fee schedule contained in an ordinance. Montgomery County Ordinance no. 1989-14 (August 22, 1989) established fund to account for sales tax and fees collected and used for solid waste disposal expenses in the County. |
| Child Support Cost | 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. |
| Breathalyzer | Ark. Code Ann. § 16-10-307 established fund to receive revenues generated from court costs to be used to maintain and purchase breathalyzer. |

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

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|---------------------------------|---|
| Jail Operation and Maintenance | Ark. Code Ann. § 16-17-129 allows a county to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating county prisoners, including construction and maintenance of the county jail. |
| County Detention Facility | Ark. Code Ann. § 12-41-505 established fund to receive 90% of a \$40 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility or for certificate pay for law enforcement and jailer personnel. |
| Boating Safety and Enforcement | Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within the county or for emergency rescue services if the county has not established a patrol. |
| Emergency 911 | Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services. |
| Indigent Attorney | <p>Ark. Code Ann. § 14-20-102 established fund to receive funds distributed in accordance with Ark. Code Ann. § 16-10-307 to be used to pay reasonable and necessary costs incurred in the defense of indigent persons, the representation of persons against whom involuntary admissions procedures have been brought, and for representation of persons deemed incompetent by the court, defraying the costs of the juvenile division of chancery court; and for defraying the medical and dental costs for indigent defendants in the county jail.</p> <p>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.</p> |
| 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. |
| Public Safety | Ark. Code Ann. § 27-34-108 established fund to receive 25% of the district court fines levied for violations of the Child Passenger Protection Code to be used for promotion of public safety. |
| 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. |

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

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|---|--|
| County 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 county clerk. |
| Assessor's Late Assessment Fee | Ark. Code Ann. § 26-26-201 established fund to receive \$.50 fee on delinquent persons which shall be used by the county assessor to help pay for the expense of assessing property. |
| American Rescue Plan Act | Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency. |
| United States Treasury | Established to account for United States Department of Agriculture Forest Service Title III funds to be used for certain types of public projects that involve wild land fire preparedness, emergency services on federal land, and community wildfire protection planning. |
| Jail and Law Enforcement Sales Tax | Montgomery County Ordinance no. 2018-04 (February 22, 2018) provides for levy of a sales and use tax for operating and maintaining jail and law enforcement facilities, securing the repayment of capital improvement bonds, and/or other law enforcement purposes. |
| 18th West Judicial District Drug Task Force | Montgomery County Ordinance no. 2014-08 (April 14, 2014) established and appropriated funds for an investigator for the 18th West Judicial District Drug Task Force. |
| Courthouse Restoration Grant | Established to account for grant received from the Arkansas Historic Preservation Program, an agency of the Department of Arkansas Heritage, for repairs to restore the courthouse. Montgomery County Ordinance no. 2019-8. |
| Victims of Crime Act (VOCA) Program Grant | Montgomery County Ordinance no. O-20-11 (May 11, 2020) established fund to receive a grant from the Department of Finance and Administration for the Garland County Prosecuting Attorney office expenditures. |
| 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. |
| County Law Library | Ark. Code Ann. § 16-23-105 established fund to receive collections from the costs levied and to fund the law library expenditures |

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

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

| <u>Fund Name</u> | <u>Fund Description</u> |
|--------------------------------------|---|
| Jail Construction | Montgomery County Ordinance no. 2018-12 (August 13, 2018) established fund to receive proceeds from the issuance of bonds to be used for the cost of constructing a new jail. |
| Sales & Use Tax Bond, Series 2018 | Montgomery County Ordinance no. 2018-12 (August 13, 2018) established fund to provide for the payment of principal and interest on Sales and Use Tax Bonds, Series 2018. |
| Sales & Use Tax Revenue, Series 2018 | Montgomery County Ordinance no. 2018-12 (August 13, 2018) established fund to receive pledged revenues derived from the debt service tax and jail and law enforcement facilities tax. |

Treasurer's accounts consist primarily of property taxes and 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/Circuit Clerk's accounts consist primarily of trust money awaiting disposition by the applicable court.

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

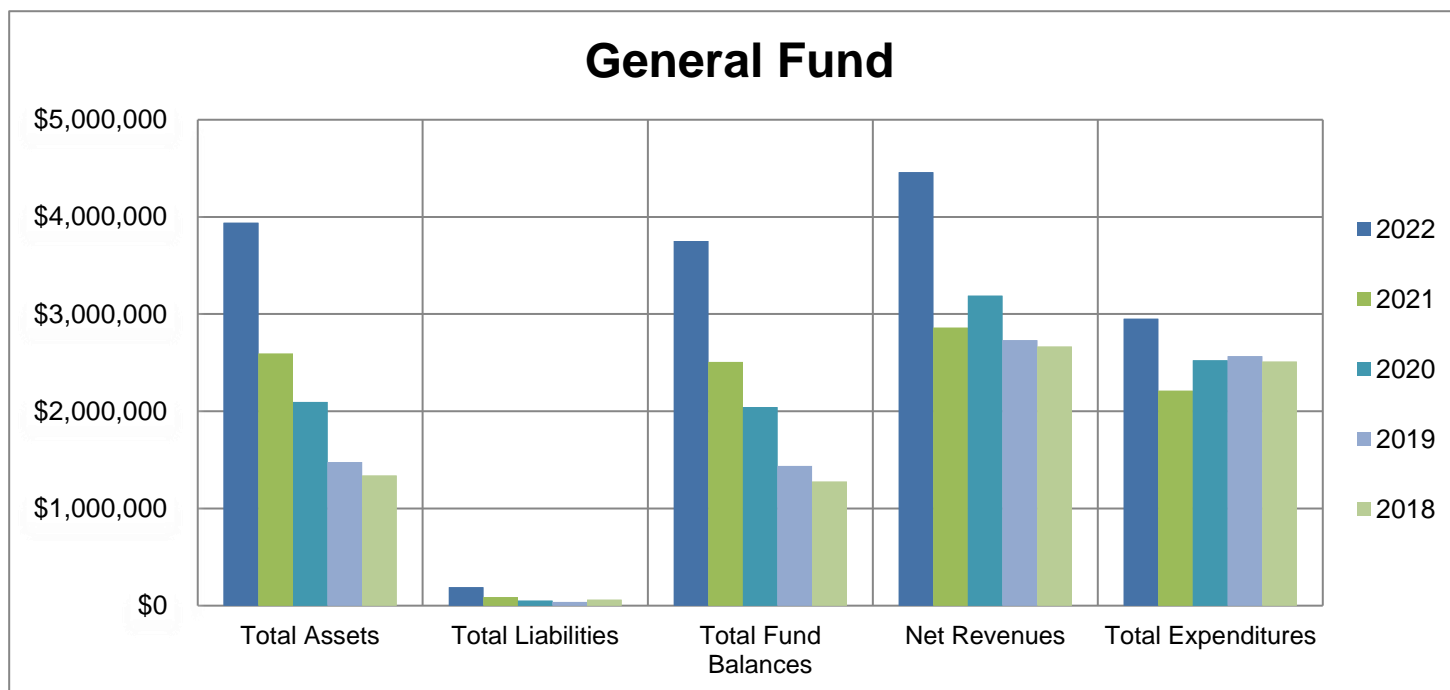
Schedule 3

| | December 31, 2022 |
|-----------|-----------------------------|
| Land | \$ 259,825 |
| Buildings | 14,653,327 |
| Equipment | <u>6,984,792</u> |
| Total | <u><u>\$ 21,897,944</u></u> |

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

Schedule 4-1

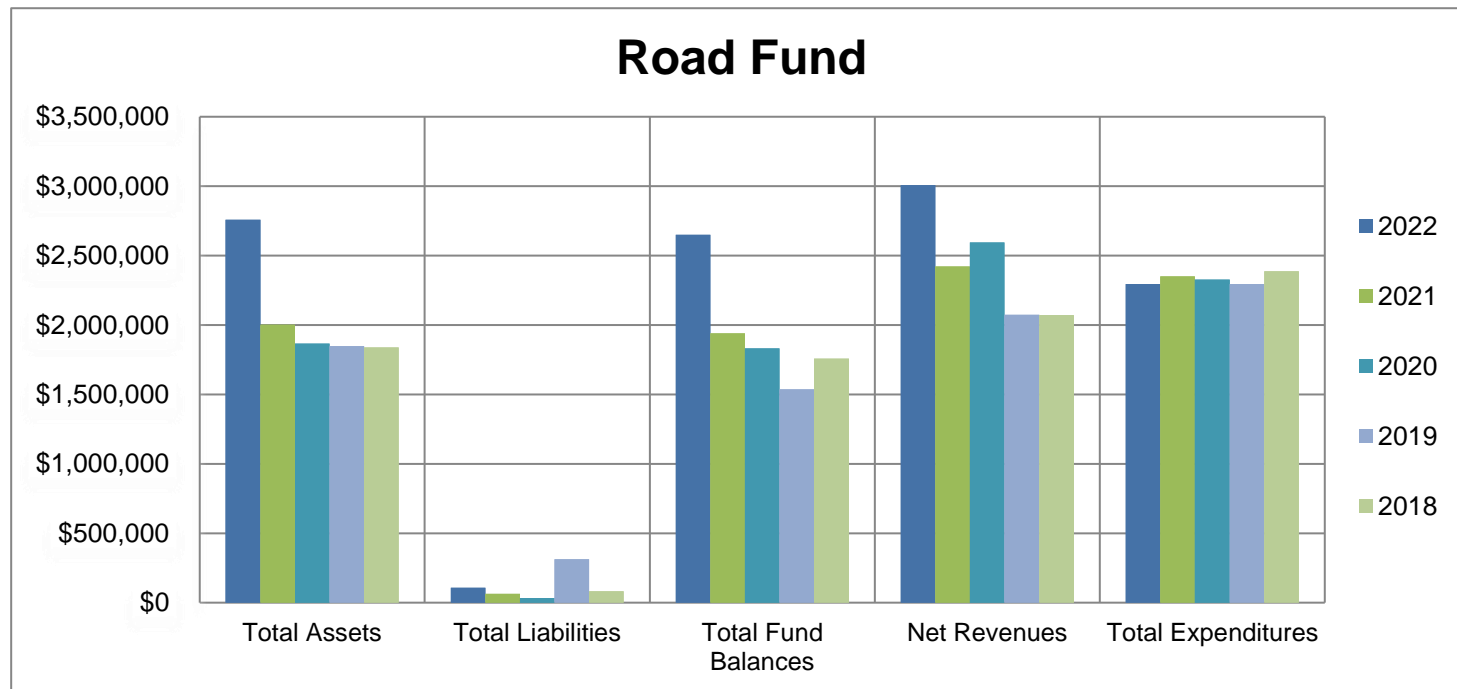
| General | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets | \$ 3,941,460 | \$ 2,593,770 | \$ 2,096,053 | \$ 1,475,555 | \$ 1,337,060 |
| Total Liabilities | 188,773 | 87,285 | 51,196 | 39,223 | 59,972 |
| Total Fund Balances | 3,752,687 | 2,506,485 | 2,044,857 | 1,436,332 | 1,277,088 |
| Net Revenues | 4,460,634 | 2,860,302 | 3,188,889 | 2,732,189 | 2,666,028 |
| Total Expenditures | 2,953,504 | 2,211,187 | 2,523,999 | 2,566,745 | 2,510,078 |
| Total Other Financing Sources/Uses | (260,928) | (287,402) | (56,365) | (6,200) | (3,100) |



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

Schedule 4-2

| Road | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets | \$ 2,757,383 | \$ 2,002,732 | \$ 1,865,284 | \$ 1,848,086 | \$ 1,838,038 |
| Total Liabilities | 106,631 | 63,671 | 34,348 | 312,666 | 81,270 |
| Total Fund Balances | 2,650,752 | 1,939,061 | 1,830,936 | 1,535,420 | 1,756,768 |
| Net Revenues | 3,006,133 | 2,421,041 | 2,594,351 | 2,073,278 | 2,071,080 |
| Total Expenditures | 2,294,442 | 2,349,241 | 2,327,118 | 2,294,626 | 2,386,271 |
| Total Other Financing Sources/Uses | | 36,325 | 28,283 | | |



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

Schedule 4-3

| <u>Other Funds in the Aggregate</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Assets | \$ 7,265,265 | \$ 5,504,098 | \$ 5,025,715 | \$ 8,430,147 | \$ 9,746,998 |
| Total Liabilities | 472,622 | 333,370 | 548,202 | 888,699 | 287,700 |
| Total Fund Balances | 6,792,643 | 5,170,728 | 4,477,513 | 7,541,448 | 9,459,298 |
| Net Revenues | 4,566,383 | 4,408,594 | 3,226,157 | 2,762,095 | 1,415,307 |
| Total Expenditures | 3,240,845 | 4,004,201 | 6,361,485 | 4,727,328 | 1,627,612 |
| Total Other Financing Sources/Uses | 296,377 | 288,822 | 68,425 | 47,383 | 8,706,494 |

