

ARKANSAS TREASURER OF STATE

Annual Financial Report

June 30, 2023



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Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

Arkansas Treasurer of State
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Arkansas Treasurer of State, an office of Arkansas state government, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Arkansas Treasurer of State's departmental financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Arkansas Treasurer of State as of June 30, 2023, the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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 office, 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.

Emphasis of Matter

As indicated above, the financial statements of the Arkansas Treasurer of State are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the major fund and the aggregate remaining fund information of the State that is attributable to the transactions of the Arkansas Treasurer of State. They do not purport to, and do not, present fairly the financial position of the State of Arkansas as of June 30, 2023, the changes in its financial position, and budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America and 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 office'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 office'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 office'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.

Required Supplementary Information

The Governmental Accounting Standards Board requires that a Management's Discussion and Analysis be presented to supplement government-wide financial statements. However, as discussed in the "Emphasis of Matter" paragraph above, the financial statements of the Arkansas Treasurer of State are only for the specific transactions and activity of the Agency and not for the State as a whole. Therefore, the Management's Discussion and Analysis is not required to be presented for the Arkansas Treasurer of State individually. Our opinions on the departmental financial statements are not affected by the omission of this information.

Other Information

Management is responsible for the other information included in the report. The other information comprises the schedules describing the Distribution of General Revenue, Distribution of Interest Receipts from the Securities Reserve Fund (TAS), Distribution to Counties, Distribution to Cities, the Schedule of Selected Information, and Other General Information but does not include the departmental financial statements and our auditor's reports thereon. Our opinions on the 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 departmental 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 June 19, 2024, on our consideration of the office'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 office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the office's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 19, 2024
SA0406923

Arkansas

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



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Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Arkansas Treasurer of State
Legislative Joint Auditing Committee

We have audited, in accordance with 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 financial statements of the major fund and the aggregate remaining fund information of the Arkansas Treasurer of State (the "Agency"), an office of Arkansas state government, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Arkansas Treasurer of State's departmental financial statements, and have issued our report thereon dated June 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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*.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Tom Bullington". The signature is written in a cursive style with a large, sweeping initial "T".

Tom Bullington, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 19, 2024

ARKANSAS TREASURER OF STATE
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2023

Exhibit A

	General Fund
ASSETS	
Cash and cash equivalents	\$ 179,503,881
Receivable, net:	
Tobacco settlement	27,804,938
Motor fuel tax	14,071,241
Federal receivable	4,240,726
Accrued interest	613,920
Due from other state agencies	2,156,961
Due from other governments	244,452
Funds held in trust by Arkansas Development Finance Authority	5,309,266
Prepaid items	237,149
TOTAL ASSETS	\$ 234,182,534
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 93,695
Accrued payroll	48,075
Due to other governments	4,404,882
Due to other state agencies	3,281,430
Total Liabilities	7,828,082
Deferred inflows of resources:	
Related to revenues	27,804,938
Fund balance:	
Nonspendable for:	
Prepaid items	237,149
Restricted for:	
Debt service	34,166,285
Tobacco settlement	45,708,890
County aid	17,239
Committed for program requirements	90,035,215
Committed for securities reserve fund distributions	28,121,921
Unassigned	262,815
Total Fund Balance	198,549,514
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 234,182,534

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

ARKANSAS TREASURER OF STATE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

	General Fund
REVENUES	
Consumer sales and use taxes	\$ 369,838,173
Motor user taxes and fees	342,027,428
Fines and penalties	378,862
Real estate transfer taxes	2,294,634
Severance taxes	5,453,043
Tobacco Master Settlement Agreement receipts	55,609,876
Investment income available for distribution	259,615,478
Federal grants and reimbursements	8,309,620
Casino revenue	27,080,639
Other taxes, fees, and earnings	13,816
TOTAL REVENUES	1,070,621,569
EXPENDITURES	
Salary and benefits	2,977,111
Communication and transportation of commodities	37,557
Printing and advertising	3,788
Repairing and servicing	16,796
Utilities and rent	204,503
Travel and subsistence	36,597
Professional services	857,807
Insurance and bonds	8,810
Other expenses and services	875,304
Commodities for household, office, and institutions	242,361
Assistance, grants, and aids	447,723,597
Refunds, taxes, and claims	252,789,821
Debt service:	
Principal	30,605,000
Interest	9,932,442
Pay agent fees	37,600
Capital outlay	21,315
TOTAL EXPENDITURES	746,370,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	324,251,160

ARKANSAS TREASURER OF STATE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

	General Fund
OTHER FINANCING SOURCES (USES)	
Interagency transfers in:	
Funding from Arkansas Natural Resources Commission - debt service	\$ 11,401,730
Abandoned mineral leases	907,312
Interagency transfers out:	
Tobacco settlement distribution	(54,625,327)
Transfer of property tax relief funds to long term reserve fund	(150,000,000)
General revenue distribution	84,765,336
General/Special revenue allocation	5,400,000
Boating safety	293,665
Excess real estate transfer taxes	15,063,362
Funding from Securities Reserve Fund (TAS)	4,074,368
Securities reserve fund distribution	(235,699,224)
Payments to state agencies from County and Municipal Aid funds	(9,318,386)
Transfer to fiscal agent for debt service - tobacco settlement bonds	(4,961,475)
Other, net	(1,066,142)
TOTAL OTHER FINANCING SOURCES (USES)	(333,764,781)
NET CHANGE IN FUND BALANCE	(9,513,621)
FUND BALANCE - JULY 1	208,063,135
FUND BALANCE - JUNE 30	\$ 198,549,514

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

ARKANSAS TREASURER OF STATE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit C

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
REVENUES				
Consumer sales and use taxes	\$ 304,000,000	\$ 304,000,000	\$ 369,838,173	\$ 65,838,173
Motor user taxes and fees	395,000,000	395,000,000	342,027,428	(52,972,572)
Fines and penalties	600,000	600,000	378,862	(221,138)
Real estate transfer taxes			2,294,634	2,294,634
Severance taxes			5,453,043	5,453,043
Tobacco Master Settlement Agreement receipts			55,609,876	55,609,876
Investment earnings			259,615,478	259,615,478
Federal grants and reimbursements	20,000,000	20,000,000	8,309,620	(11,690,380)
Casino revenue			27,080,639	27,080,639
Other taxes, fees, and earnings			13,816	13,816
TOTAL REVENUES	719,600,000	719,600,000	1,070,621,569	351,021,569
EXPENDITURES				
Regular salaries	2,592,472	2,585,662	2,300,625	285,037
Extra help	35,000	35,000	2,940	32,060
Operating expenses	1,404,455	1,404,455	1,157,541	246,914
Personal services matching	802,091	802,091	673,547	128,544
Conference fees and travel	45,000	45,000	28,055	16,945
Professional fees and services	50,000	50,000	10,029	39,971
Capital outlay	25,000	25,000	21,315	3,685
Data processing	1,096,715	1,096,715	1,054,702	42,013
Financial education program	75,000	75,000	31,445	43,555
City/County tourist facility assistance	887,908	887,908	887,908	
General revenue - counties	21,428,616	21,428,616	14,869,226	6,559,390
Special revenue - counties	205,000,000	205,213,610	204,080,488	1,133,122
Mineral sale or lease - minerals, oil, and gas	20,000,000	14,370,565	7,961,896	6,408,669
General revenue - cities	29,372,099	29,470,723	27,911,046	1,559,677
Special revenue - cities	190,000,000	195,415,825	192,618,460	2,797,365
Emergency medical and local law enforcement	600,000	600,000	378,862	221,138
Refunds and reimbursements	60,000,000	60,000,000		60,000,000
Debt service	60,000,000	60,000,000	40,575,042	19,424,958
Real property tax reduction - counties	300,000,000	300,000,000	247,803,289	52,196,711
Distribution to counties	2,000,000	2,000,000	2,000,000	
Distribution to cities	2,000,000	2,000,000	2,000,000	
Animal shelters	50,000	50,000	3,993	46,007
TOTAL EXPENDITURES	897,464,356	897,556,170	746,370,409	151,185,761
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(177,864,356)	(177,956,170)	324,251,160	502,207,330

ARKANSAS TREASURER OF STATE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit C

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Interagency transfers in:				
Funding from Arkansas Natural				
Resources Commission - debt service	\$ 68,000,000	\$ 68,000,000	\$ 11,401,730	\$ (56,598,270)
Abandoned mineral leases			907,312	907,312
Interagency transfers out:				
Tobacco settlement distribution			(54,625,327)	(54,625,327)
Transfer to long term reserve fund			(150,000,000)	(150,000,000)
General revenue distribution	103,738,623	103,738,623	84,765,336	(18,973,287)
General/Special revenue allocation	6,125,730	6,125,730	5,400,000	(725,730)
Boating safety			293,665	293,665
Excess real estate transfer taxes			15,063,362	15,063,362
Funding from Securities Reserve Fund (TAS)			4,074,368	4,074,368
Securities reserve fund distribution			(235,699,224)	(235,699,224)
Payments to State agencies from County and				
Municipal Aid funds			(9,318,386)	(9,318,386)
Transfer to fiscal agent for debt service -				
tobacco settlement bonds			(4,961,475)	(4,961,475)
Other, net			(1,066,142)	(1,066,142)
TOTAL OTHER FINANCING				
SOURCES (USES)	<u>177,864,353</u>	<u>177,864,353</u>	<u>(333,764,781)</u>	<u>(511,629,134)</u>
NET CHANGE IN FUND BALANCE	(3)	(91,817)	(9,513,621)	(9,421,804)
FUND BALANCE - JULY 1	<u>208,063,135</u>	<u>208,063,135</u>	<u>208,063,135</u>	
FUND BALANCE - JUNE 30	<u>\$ 208,063,132</u>	<u>\$ 207,971,318</u>	<u>\$ 198,549,514</u>	<u>\$ (9,421,804)</u>

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

ARKANSAS TREASURER OF STATE
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2023

Exhibit D

	Investment Trust Fund	State Treasury Money Management Trust Fund	Custodial Funds Appropriated Treasury Funds	Total Fiduciary Funds
ASSETS				
Cash and cash equivalents	\$ 305,856,068		\$ 1,782,377,306	\$ 2,088,233,374
Investments:				
Money market accounts	26,239,629		907,562,222	933,801,851
Certificates of deposit			111,200,000	111,200,000
Commercial paper	17,841,000		107,604,944	125,445,944
Mortgage-backed securities			5,467,328,349	5,467,328,349
Israel bonds			43,794,184	43,794,184
Municipal bonds			73,577,920	73,577,920
U.S. government agency bonds	104,816,479		1,320,595,459	1,425,411,938
SBA loan backed securities			28,137,278	28,137,278
Corporate bonds			150,620,847	150,620,847
U.S. Treasuries	39,835,493		536,929,782	576,765,275
Accrued interest receivable	1,621,597		31,492,014	33,113,611
 TOTAL ASSETS	\$ 496,210,266		\$ 10,561,220,305	\$ 11,057,430,571
 LIABILITIES				
Investment payable	\$ 9,996,000		\$ 24,180,825	\$ 34,176,825
 NET POSITION				
Restricted for pool participants/state entities	\$ 486,214,266		\$ 10,537,039,480	\$ 11,023,253,746

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

ARKANSAS TREASURER OF STATE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS -
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit E

	Investment Trust Funds	Custodial Funds
	State Treasury Money Management Trust Fund	Appropriated Treasury Funds
Additions:		
Deposits:		
Pool participant deposits	\$ 180,998,139	
Revenue receipt deposits		\$ 29,126,610,603
Total deposits	180,998,139	29,126,610,603
Investment income:		
Net increase (decrease) in the fair value of investments	409,770	(253,675,550)
Interest, dividends, and other	15,452,525	273,759,604
Total investment income (loss)	15,862,295	20,084,054
Total additions	196,860,434	29,146,694,657
Deductions:		
Pool participant withdrawals	122,433,683	
Warrants redeemed		27,829,873,220
Total deductions	122,433,683	27,829,873,220
Change in net position restricted for pool participants	74,426,751	
Change in balances of amounts held in appropriated treasury funds		1,316,821,437
Net position - beginning	411,787,515	9,220,218,043
Net position - ending	\$ 486,214,266	\$ 10,537,039,480

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

ARKANSAS TREASURER OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity/History

Ark. Const. art. 6 created the office of the Treasurer of State, who is elected by the qualified electors of the State. Arkansas Code Annotated specifies the duties of the Treasurer of State, including banking and investing functions of the State's appropriated treasury funds and the Treasurer's money management trust fund; distribution of the State's general, special, and certain other revenues; distributions to local government entities; receipt and allocation of the State's Tobacco Settlement proceeds; debt service payments on the State's general obligation bonds and certain revenue bonds; as well as other duties.

B. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. 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 all related liabilities and residual equities or 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, if applicable to this Agency, are recognized in the accompanying financial statements.

Governmental Funds

General Fund – General Fund is the general operating fund and is used to report all financial resources, except those required to be accounted for in another fund.

Fiduciary Funds

Investment Trust and Custodial Funds – Trust and Custodial Funds are used to report resources held by the Agency in a trustee capacity or as an agent for individuals, other governmental units, and other funds. These include Pension Trust Funds, Employee Health Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds. The specific activity accounted for at this Agency includes the following:

The Investment Trust Fund accounts for assets held by the Agency in an investment pool and are further described in Note 2.

The Custodial Fund accounts for assets held by the Agency in a custodial capacity for other state governmental units in accordance with constitutional and other legal requirements.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities (i.e., 45 days). Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred. Revenues from federal grants and federal reimbursements are recognized when all applicable eligibility requirements and the availability criteria of 45 days have been met. The economic resources measurement focus and accrual basis of accounting are used in all Proprietary and Fiduciary Fund financial statements. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

D. Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash on hand, cash in State Treasury, all certificates of deposit with maturities at purchase of 90 days or less, and all short-term instruments with maturities at purchase of 90 days or less.

ARKANSAS TREASURER OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments

State Treasury Management Law

Ark. Code Ann. §§ 19-3-501 – 19-3-523 governs the management of monies held by the Treasurer of State and prescribes the eligible deposits and investments of the office. Ark. Code Ann. §§ 19-3-701 – 19-3-705 created the State Board of Finance and grants the Board the authority to establish, maintain, and enforce all policies and procedures concerning management and investment of State Treasury funds.

The Treasurer of State has adopted an investment policy approved by the State Board of Finance that describes the proportion, duration, and other characteristics of eligible investments. The policy objectives are the preservation of capital, maintaining the necessary levels of liquidity, and optimizing the return on investments.

Deposits

Deposits are carried at cost and consist of cash in bank, cash in State Treasury, and certificates of deposit. State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of State is responsible for ensuring these funds are adequately insured and collateralized.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Treasurer of State's collateralization policy requires the use of depository insurance and collateralization deposits with prescribed securities having a market value equal to or exceeding 105% of the total balance and any accrued interest. Securities pledged as collateral are placed in the custody of the third party safekeeping agents under contract provisions preventing access by the pledging bank unless granted by the Treasurer of State. As of June 30, 2023, none of the Agency's bank balance of \$718,316,848 was exposed to custodial credit risk.

Investments

Except for certain interest-earning investment contracts, commercial paper, and money market investments, investments are reported at fair value. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation assumptions used to measure the fair value of the asset as follows:

- Level 1 – quoted prices in active markets for identical assets
- Level 2 – significant other observable assumptions
- Level 3 – significant unobservable assumptions

The Agency has the following recurring fair value measurements as of June 30, 2023:

<u>Investments measured at fair value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Mortgage-backed securities	\$ 5,467,328,349		\$ 5,467,328,349
Israel bonds	43,794,184		43,794,184
Municipal bonds	73,577,920		73,577,920
U.S. government agency bonds	1,425,411,938		1,425,411,938
SBA loan backed securities	28,137,278		28,137,278
Corporate bonds	150,620,847		150,620,847
U.S. Treasuries	576,765,275	\$ 576,765,275	
Total	<u>\$ 7,765,635,791</u>	<u>\$ 576,765,275</u>	<u>\$ 7,188,870,516</u>

U.S. Treasury holdings are classified as Level 1 in the preceding table and are valued based on published market prices and quotations from active markets for those securities.

ARKANSAS TREASURER OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments (Continued)

Investments (Continued)

The remaining fixed income investments are classified as Level 2 and are valued using observable inputs. Observable inputs are those that reflect the assumptions market participants use in pricing the asset and are obtained from independent sources. Examples of observable inputs are quoted prices for similar assets in active markets and inactive markets and pricing models based on the investment relationship to benchmark securities quoted prices. Prices are obtained from reputable independent pricing sources.

Nonparticipating contracts (certificates of deposit) and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Changes in the fair value of investments are recognized as revenue in the operating statements.

As of June 30, 2023, the Agency has the following investment balances and segmented maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
Money market accounts	\$ 933,801,851	\$ 933,801,851			
Commercial paper	1,425,277,328	1,425,277,328			
Mortgage-backed securities	5,467,328,349		\$ 618,152,125	\$ 1,094,333,377	\$ 3,754,842,847
Israel bonds	43,794,184	4,866,250	29,846,364	9,081,570	
Municipal bonds	73,577,920	750,528	40,191,300	29,556,540	3,079,552
U.S. government agency bonds	1,425,411,938	119,706,778	636,895,911	544,415,248	124,394,001
SBA loan backed securities	28,137,278				28,137,278
Corporate bonds	150,620,847		10,436,429	140,184,418	
U.S. Treasuries	576,765,275	108,877,625	372,103,275	95,784,375	
Total	\$ 10,124,714,970	\$ 2,593,280,360	\$ 1,707,625,404	\$ 1,913,355,528	\$ 3,910,453,678

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency’s interest rate risk policy is that the weighted average maturity of the total portfolio will not exceed 10 years and the expected maturity of any security will not exceed 10 years except for (1) securities used as collateral in repurchase agreements, Arkansas Capital Corporation Bonds, and Certificates of Indebtedness for the State Board of Finance and State Building Services and (2) direct obligations of the U.S. government, and obligations of agencies and instrumentalities created by acts of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the United States Governments. (3) U.S. Agency mortgage-backed securities, collateralized mortgage obligations, and municipal bonds that return principal in scheduled payments prior to final maturity shall not have, at the time of purchase, an average life exceeding 15 years using average life assumptions while employing the Prepayment Speed Assumption (PSA) and/or Conditional Prepayment Rate (CPR) analysis models. The average life at the time of purchase shall be used as opposed to maturity. U.S. Agency mortgage-backed securities and collateralized mortgage obligations which have an average life of greater than 10 years shall not exceed 5% of the total portfolio at the time of purchase.

The investment policy for funds managed by the State Treasurer for the State Treasury Money Management Trust Fund states that the average maturity of the portfolio will not exceed 60 days, and the stated maturity of any security will not exceed 397 days, with the exception of (1) securities used as collateral in repurchase agreements and (2) U.S. Agency mortgage-backed securities, collateralized mortgage obligations, and municipal bonds that return principal in scheduled payments prior to final maturity shall not have, at the time of purchase, an average life exceeding 397 days using average life assumptions while employing PSA and/or CPR analysis models. Securities for which average life at the time of purchase is used shall not have a stated final maturity beyond two years. The summary shown above indicates that 74% of the Agency’s investment maturities are one year or longer.

ARKANSAS TREASURER OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Agency’s credit risk policy references Nationally Recognized Statistical Rating Organizations (NRSOs) that rate the issued investments. Three commonly used NRSOs are S&P, Moody’s, and Fitch Ratings, Inc. The policy is that readily marketable commercial paper and corporate bond issues carry an investment grade rating by at least two NRSOs. Investment grade is defined in the policy as being rated BBB (or the equivalent) or higher for long term debt instruments and A2/P2 (or the equivalent) or higher for short term debt instruments. No investment shall be made in commercial paper or bonds that at the time of purchase hold the minimum rating and are on negative credit watch. The Agency’s exposure to credit risk as of June 30, 2023, is as follows:

Rating	Fair Value
AAA	\$ 1,900,032,913
AA	868,477,861
A	118,357,373
P-1	109,976,865
P-2	36,523,095
A-1	949,551,137
A-2	329,226,230
Unrated	4,529,773,835
Total	\$ 8,841,919,309

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency has adopted the State Board of Finance Policy requiring the use of depository insurance and collateralization procedures to manage the risk that investments may not be returned. As of June 30, 2023, none of the Agency’s investments were exposed to custodial credit risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Agency’s investment in a single issuer. The Agency investment policy places no limit on the amount that can be invested in U.S government agency securities. The Agency policy for corporate debt, including both commercial paper and the bonded debt of an issuer, was that no investment shall be made in any single issuer, which at the time of purchase exceeds 5% or the total portfolio of the Treasury or the Money Management Trust Fund (MMTF), and that total corporate debt will not exceed 30% of the total portfolio of the Treasury of the MMTF, with the exception that second-tier commercial paper may not exceed 5% of the total portfolio of the Treasury or the MMTF. As of June 30, 2023, the Agency has the following investments that represent more than 5% of total fiduciary investments, excluding investments that are explicitly guaranteed by the U.S. Government, investments in mutual funds, and investments that are fully insured or collateralized:

Federal Home Loan Mortgage Corporation	28.42%
Federal National Mortgage Association	24.47%

Mortgage-Backed Securities – As of June 30, 2023, mortgage-backed securities made up 49% of total fiduciary assets held by the Agency with a market value of \$5,467,328,349. The yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Although the full amount of principal will be received if prepaid, the interest income that would have been received during the remaining period to maturity, net of any market adjustment, is lost.

ARKANSAS TREASURER OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Prepaid Expenses

Prepaid expenses generally represent the cost of consumable supplies on hand or unexpired services at year-end. The cost of these items is included with expenditures at the time of purchase. Prepaid expenses, as reported in the general fund financial statements, are also recorded as a nonspendable component of fund balance indicating that they do not constitute "available, spendable financial resources."

G. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (an expense or expenditure) until a future period.

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period.

H. Fund Equity

Fund Balance

In the financial statements, fund balance is reported in one of five classifications, where applicable, based on the constraints imposed on the use of the resources.

The nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid items, inventories, long-term amount of loans and notes receivables, etc.) or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balance, where applicable, comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes according to constraints imposed by legislation of the General Assembly, the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the General Assembly removes or changes the constraint by the same action that imposed the constraint.

Assigned fund balance. This classification reflects amounts constrained by the State's "intent" to be used for specific purposes but are neither restricted nor committed. The General Assembly has the authority to assign amounts to be used for specific purposes by legislation or approved methods of financing.

Unassigned fund balance. This amount is the residual classification for the general fund.

When more than one spendable classification is available for use, it is the State's policy to use the resources in this order: restricted, committed, assigned, and unassigned.

ARKANSAS TREASURER OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Budgetary Data

The State utilizes an annual budgeting process with budget amounts initially derived from the previous fiscal year's funded allocation. In accordance with the appropriations and funding provided by the Legislature, individual state agencies have been charged with the responsibility of administering and managing their programs as authorized by the Legislature. Agencies are also charged with the responsibility of preparing an annual operations plan as a part of the budgetary process for the operation of each of their assigned programs. State law provides for the establishment of a comprehensive financial management system that includes adequate controls over receipts, expenditures, and balances of Agency funds. It is mandated that this system include a modified accrual system, conform with generally accepted governmental accounting principles, and provide a reporting system whereby actual expenditures are compared to expenditures projected in the Agency's annual operation plan.

NOTE 2: State Treasury Money Management Trust Fund

Ark. Code Ann. §§ 19-3-301 – 19-3-606 authorized the Arkansas Treasurer of State to establish the State Treasury Money Management Trust Fund to provide additional investment opportunities for state agencies and political subdivisions. Participation in the fund is voluntary. As of June 30, 2023, there were 11 participants in the fund.

The fund is not registered with the Securities and Exchange Commission (SEC) as an investment company. The portfolio of the Fund's investments is determined by the Chief Investment Officer of the Treasurer of State, in accordance with State Treasury Management Law, with review by Treasury management. The fair values of the Fund's investments are determined for financial statement purposes in accordance with the standards discussed in Note 1. The total value of the participants' shares in the pool is the same as the total value of the pool. No legally binding guarantees were provided or obtained to support the value of shares of the fund.

The holdings of the State Treasury Money Management Trust Fund as of June 30, 2023, consisted of commercial paper, demand and money market accounts, U.S. government agency bonds, and US treasuries. The financial statements of the fund are presented in Exhibits D and E.

ARKANSAS TREASURER OF STATE
DISTRIBUTION OF GENERAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 1

Description	Amount	Percentage
Public education	\$ 3,805,921,209	42.90%
Human services	1,842,331,139	20.77%
General improvement and general revenue allotment reserve	1,111,080,931	12.53%
Public safety	582,637,639	6.57%
Tax refunds	822,677,585	9.27%
General government	272,287,027	3.07%
Economic development, agriculture, and labor	91,316,601	1.03%
Public health and environmental quality	84,957,195	0.96%
Aid to local governments	66,488,623	0.75%
Parks, recreation, and heritage	27,957,949	0.31%
Other	162,952,181	1.84%
 Total general revenue distribution	 \$ 8,870,608,079	 100%

ARKANSAS TREASURER OF STATE
DISTRIBUTION OF INTEREST RECEIPTS FROM THE SECURITIES RESERVE FUND (TAS)
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 2

Payee	Fund	Amount	Authority
County Aid Fund	MLC	\$ 2,037,184	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds.
Municipal Aid Fund	MLM	2,037,184	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds.
Various Funds	N Funds	6,347,592	Ark. Code Ann. § 19-3-518 - Interest earnings on balances previously held as cash funds in financial institutions other than the State Treasury.
Federal Grant Interest	FIG	149,065	Interest earnings on deposits from the Edward Byrne Justice Assistance Grant Program.
Help America Vote Fund	FSS	141,191	Ark. Code Ann. § 7-4-101 - Interest earnings on deposits of the Help America Vote Fund.
Highway Department Fund	RRA	17,205,578	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds.
Game Protection Fund	SDG	2,188,919	Ark. Code Ann. § 15-41-110 - Interest earned on Game and Fish funds. (After 3% Treasurer of State service charge)
Budget Stabilization Trust Fund	TBS	18,386,477	Ark. Code Ann. § 19-5-905(a)(9) - After distribution in subdivision (a)(7) and (8), a transfer of \$5 million each fiscal year to the Budget Stabilization Trust Fund. (a)(11) - For a transfer on the last business day of the fiscal year to the Budget Stabilization Trust Fund to reimburse the Budget Stabilization Trust Fund for any current fiscal year transfers that have been made to the applicable funds.
State Central Services Fund	HSC	524,867	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds. Ark. Code Ann. § 15-41-110 - Interest earned on Game and Fish funds. (2/3 of Treasurer of State service charge)
Catastrophic Reserve Fund	SRD	166,464,097	Ark. Code Ann. § 19-5-905(a)(12) - After all distribution and transfers..., less \$100,000..., for a transfer by the Chief Fiscal Officer of the State on the last business day of the fiscal year of the fund balance to the Long Term Reserve Fund if funds are available.
Arkansas Highway Transfer Fund	SHI	20,000,000	Ark. Code Ann. §19-5-905(a)(10) - After the transfer to the Budget Stabilization Trust Fund enumerated in subdivision (a)(9) of this section, for a transfer by the Chief Fiscal Officer of the State of \$20 million beginning in fiscal year 2018 and each fiscal year thereafter to the Arkansas Highway Transfer Fund as funds are available.
Constitutional Officers Fund	MCF	<u>217,070</u>	Ark. Code Ann. §§ 27-70-204, -206 - Distribution of interest on State Highway Department funds. Ark. Code Ann. § 15-41-110 - Interest earned on Game and Fish funds. (1/3 of Treasurer of State service charge)
TOTAL		<u>\$ 235,699,224</u>	

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO COUNTIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 3

County	County Aid Fund (MLC)	Property Tax Relief Fund (TPR)
Arkansas County	\$ 2,648,892	\$ 1,568,189
Ashley County	2,503,288	1,733,060
Baxter County	3,228,926	4,799,939
Benton County	9,469,688	22,834,807
Boone County	2,887,191	3,506,646
Bradley County	1,864,135	877,304
Calhoun County	1,648,165	517,490
Carroll County	2,573,624	2,626,547
Chicot County	1,854,697	773,143
Clark County	2,355,724	1,635,408
Clay County	1,923,244	1,369,844
Cleburne County	2,735,520	2,195,438
Cleveland County	1,755,468	770,251
Columbia County	3,372,680	1,798,002
Conway County	2,262,169	2,105,123
Craighead County	4,492,938	8,013,332
Crawford County	3,523,602	5,253,024
Crittenden County	6,815,089	3,125,900
Cross County	2,031,570	1,469,641
Dallas County	1,710,234	607,963
Desha County	1,968,210	809,190
Drew County	2,282,790	1,343,434
Faulkner County	5,286,459	10,348,621
Franklin County	2,279,935	1,629,290
Fulton County	1,932,956	1,279,499
Garland County	7,219,562	9,393,817
Grant County	2,144,896	1,730,088
Greene County	2,754,091	3,539,172
Hempstead County	2,260,121	1,597,318
Hot Spring County	2,685,085	2,858,814
Howard County	1,903,702	1,076,594
Independence County	2,993,164	3,270,951
Izard County	1,891,592	1,401,649
Jackson County	1,949,781	1,147,957
Jefferson County	5,326,885	4,685,911
Johnson County	2,822,249	2,255,733
Lafayette County	1,872,190	575,606
Lawrence County	1,968,354	1,381,695
Lee County	1,790,227	543,896
Lincoln County	1,916,010	848,692
Little River County	1,832,158	1,185,163
Logan County	2,598,478	2,128,413
Lonoke County	3,945,111	6,249,246
Madison County	2,486,417	1,606,351
Marion County	2,244,827	1,811,031
Miller County	2,880,753	3,518,398
Mississippi County	2,730,652	2,842,102
Monroe County	1,686,655	511,531

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO COUNTIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 3

County	County Aid Fund (MLC)	Property Tax Relief Fund (TPR)
Montgomery County	\$ 3,271,839	\$ 917,216
Nevada County	1,862,718	668,440
Newton County	2,453,282	915,233
Ouachita County	3,012,319	2,013,231
Perry County	2,008,088	1,011,960
Phillips County	2,055,989	1,125,014
Pike County	2,024,095	956,545
Poinsett County	2,333,013	1,785,092
Polk County	2,940,834	1,895,439
Pope County	4,125,913	5,415,394
Prairie County	1,805,609	772,871
Pulaski County	11,629,196	30,884,560
Randolph County	2,155,423	1,624,389
Saline County	5,628,472	12,241,145
Scott County	3,004,144	897,717
Searcy County	1,915,552	782,936
Sebastian County	4,631,818	10,541,346
Sevier County	1,957,925	1,282,042
Sharp County	2,029,900	1,798,238
St. Francis County	2,124,562	1,331,273
Stone County	2,106,198	1,221,733
Union County	4,607,189	3,535,863
Van Buren County	2,328,939	1,688,281
Washington County	8,291,165	16,694,955
White County	4,532,116	6,442,098
Woodruff County	1,617,031	482,973
Yell County	3,161,632	1,750,377
Totals	<u>\$ 226,925,115</u>	<u>\$ 249,827,574</u>

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Adona	\$ 14,950	\$ 149
Alexander	339,630	3,375
Alicia	14,348	143
Alma	584,445	5,807
Almyra	25,686	255
Alpena	37,525	373
Altheimer	69,832	694
Altus	66,722	663
Amagon	6,923	69
Amity	68,327	679
Anthonyville	13,576	135
Antoine	11,338	113
Arkadelphia	1,041,513	10,349
Arkansas City	37,726	375
Ash Flat	114,080	1,134
Ashdown	427,523	4,248
Atkins	286,855	2,850
Aubrey	10,836	108
Augusta	200,476	1,992
Austin	347,155	3,450
Avoca	48,863	486
Bald Knob	253,042	2,514
Banks	8,729	87
Barling	479,797	4,768
Bassett	12,441	124
Batesville	1,122,837	11,157
Bauxite	63,110	627
Bay	188,226	1,870
Bearden	77,859	774
Beaver	6,722	67
Beebe	846,555	8,412
Beedeville	8,428	84
Bella Vista	3,020,452	30,013
Bellefonte	41,237	410
Belleville	31,304	311
Ben Lomond	14,047	140
Benton	3,513,249	34,909
Bentonville	5,434,486	54,001
Bergman	42,742	425
Berryville	570,097	5,665
Big Flat	8,829	88
Bigelow	35,317	351
Biggers	30,602	304
Birdsong	3,211	32
Biscoe	30,602	304

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Black Oak	\$ 23,378	\$ 232
Black Rock	59,197	588
Black Springs	9,632	96
Blevins	28,896	287
Blue Eye	4,058	46
Blue Mountain	8,829	88
Bluff City	11,839	118
Blytheville	1,345,076	13,366
Bodcaw	12,140	121
Bonanza	58,896	585
Bono	241,704	2,402
Booneville	382,172	3,798
Bradford	68,026	676
Bradley	40,635	404
Branch	29,699	295
Briarcliff	23,679	235
Brinkley	270,902	2,692
Brookland	407,757	4,052
Bryant	2,073,292	20,601
Buckner	16,555	165
Bull Shoals	195,852	1,946
Burdette	14,047	140
Cabot	2,665,891	26,489
Caddo Valley	59,699	593
Caldwell	45,251	450
Cale	7,324	73
Calico Rock	157,348	1,810
Calion	43,043	428
Camden	1,045,712	10,580
Cammack Village	78,060	776
Campbell Station	23,277	231
Caraway	113,678	1,130
Carlisle	203,979	2,027
Carthage	22,274	221
Casa	12,040	120
Cash	28,093	279
Caulksville	15,451	154
Cave City	192,842	1,916
Cave Springs	551,335	5,478
Cedarville	142,876	1,420
Centerton	1,785,141	17,738
Central City	46,254	460
Charleston	259,664	2,580
Cherokee Village	479,596	4,766
Cherry Valley	57,692	573
Chester	14,448	144
Chidester	25,384	252

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Clarendon	\$ 153,110	\$ 1,521
Clarkedale	33,788	335
Clarksville	941,232	9,353
Clinton	251,738	2,501
Coal Hill	82,274	818
Colt	29,398	292
Concord	19,063	189
Conway	6,435,103	63,941
Corning	323,777	3,217
Cotter	88,896	883
Cotton Plant	47,787	527
Cove	32,006	318
Coy	8,729	87
Crawfordsville	46,459	461
Crossett	483,810	4,807
Cushman	43,445	432
Daisy	8,829	88
Damascus	38,328	381
Danville	203,477	2,022
Dardanelle	453,208	4,503
Datto	6,522	65
Decatur	177,892	1,768
Delaplaine	6,421	64
Delight	28,896	287
Dell	19,465	193
Denning	20,067	199
DeQueen	612,566	6,087
Dermott	201,489	2,015
Des Arc	191,136	1,899
DeValls Bluff	52,174	518
DeWitt	306,620	3,047
Diamond City	75,953	755
Diaz	122,809	1,220
Dierks	91,906	913
Donaldson	27,592	274
Dover	134,146	1,333
Dumas	401,436	3,989
Dyer	77,458	770
Dyess	34,013	338
Earle	184,126	1,825
East Camden	80,066	796
Edmondson	24,436	242
Egypt	11,338	113
El Dorado	1,781,505	17,703
Elaine	51,070	507
Elkins	361,403	3,591

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Elm Springs	\$ 236,888	\$ 2,354
Emerson	29,398	292
Emmet	41,639	414
England	248,527	2,470
Enola	31,906	317
Etowah	25,485	253
Eudora	173,377	1,723
Eureka Springs	217,323	2,159
Evening Shade	42,140	419
Everton	10,435	104
Fairfield Bay	211,504	2,102
Fargo	5,719	57
Farmington	760,932	7,561
Fayetteville	9,426,270	93,666
Felsenthal	8,528	85
Fifty Six	15,853	158
Fisher	18,060	179
Flippin	134,949	1,341
Fordyce	340,734	3,386
Foreman	98,026	974
Forrest City	1,305,846	12,976
Fort Smith	8,943,965	88,874
Fouke	81,070	806
Fountain Hill	10,836	108
Fountain Lake	47,659	474
Fourche	5,619	56
Franklin	19,164	190
Friendship	15,853	158
Fulton	11,538	115
Garfield	59,498	591
Garland	19,565	194
Garner	21,170	210
Gassville	217,825	2,164
Gateway	43,746	435
Gentry	380,265	3,779
Georgetown	8,127	81
Gilbert	2,609	26
Gillett	56,588	562
Gillham	15,752	157
Gilmore	17,699	175
Glenwood	207,491	2,062
Goshen	210,902	2,096
Gosnell	291,972	2,901
Gould	66,521	661
Grady	30,602	304
Grannis	49,766	495
Gravette	355,884	3,536

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Green Forest	\$ 298,192	\$ 2,963
Greenbrier	572,606	5,690
Greenland	121,705	1,209
Greenway	17,458	173
Greenwood	954,778	9,487
Greers Ferry	82,374	819
Griffithville	15,552	155
Grubbs	30,201	300
Guion	6,823	68
Gum Springs	9,130	91
Gurdon	184,614	1,834
Guy	75,451	750
Hackett	78,662	782
Hamburg	254,447	2,528
Hampton	118,494	1,177
Hardy	74,548	741
Harrell	21,070	209
Harrisburg	221,939	2,205
Harrison	1,311,241	13,030
Hartford	50,067	498
Hartman	51,772	514
Haskell	396,921	3,944
Hatfield	34,615	344
Havana	23,980	238
Haynes	12,241	122
Hazen	148,595	1,477
Heber Springs	699,227	6,948
Hector	41,237	410
Helena-West Helena	955,078	9,490
Hermitage	52,675	523
Hickory Ridge	22,876	227
Higden	11,438	114
Higginson	70,735	703
Highfill	159,230	1,582
Highland	98,528	979
Hindsville	9,030	90
Holiday Island	240,701	2,392
Holland	58,796	584
Holly Grove	46,154	459
Hope	898,140	8,925
Horatio	92,307	917
Horseshoe Bend	244,826	2,433
Horseshoe Lake	26,548	263
Hot Springs	8,070,745	37,816
Houston	14,348	143
Hoxie	260,667	2,590
Hughes	105,953	1,053
Humnoke	21,973	218

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Humphrey	\$ 40,033	\$ 462
Hunter	10,334	103
Huntington	49,164	489
Huntsville	288,861	2,870
Huttig	44,950	447
Imboden	64,214	638
Jacksonport	15,050	150
Jacksonville	2,957,675	29,388
Jasper	54,883	545
Jennette	11,866	118
Jericho	9,855	98
Johnson	362,105	3,598
Joiner	49,966	497
Jonesboro	7,883,837	78,339
Judsonia	186,019	1,848
Junction City	50,468	501
Keiser	75,351	749
Kensett	140,474	1,396
Keo	20,769	206
Kibler	100,836	1,002
Kingsland	34,816	346
Knobel	14,749	147
Knoxville	66,220	658
Lafe	41,940	417
LaGrange	5,217	52
Lake City	233,377	2,319
Lake View	28,274	326
Lake Village	207,190	2,059
Lakeview	77,759	773
Lamar	172,474	1,714
Lavaca	245,818	2,443
Leachville	204,581	2,033
Lead Hill	27,492	273
Leola	46,154	459
Lepanto	173,778	1,727
Leslie	37,625	374
Letona	24,080	239
Lewisville	91,805	912
Lexa	20,769	206
Lincoln	230,166	2,287
Little Flock	306,520	3,046
Little Rock	20,325,717	201,963
Lockesburg	59,598	592
London	93,912	933
Lonoke	429,038	4,263
Lonsdale	10,334	103

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Louann	\$ 15,351	\$ 153
Lowell	987,185	9,809
Luxora	94,515	939
Lynn	25,886	257
Madison	76,153	757
Magazine	74,247	738
Magness	22,073	219
Magnolia	1,119,927	11,128
Malvern	1,090,329	10,834
Mammoth Spring	93,210	926
Manila	369,429	3,671
Mansfield	105,652	1,050
Marianna	358,694	3,564
Marie	10,836	108
Marion	1,382,970	13,711
Marked Tree	229,363	2,279
Marmaduke	121,605	1,208
Marshall	133,344	1,325
Marvell	85,785	852
Maumelle	1,931,528	19,193
Mayflower	199,071	1,978
Maynard	38,027	378
McCaskill	5,719	57
McCrary	158,829	1,578
McDougal	13,445	134
McGehee	386,185	3,837
McNab	3,010	30
McNeil	38,227	380
McRae	61,806	614
Melbourne	183,611	1,824
Mena	560,766	5,572
Menifee	27,492	273
Midland	22,776	226
Midway	37,826	376
Mineral Springs	108,862	1,082
Minturn	8,729	87
Mitchellville	29,398	292
Monette	151,103	1,501
Monticello	847,019	8,417
Montrose	24,381	242
Moorefield	12,642	126
Moro	17,759	176
Morrilton	701,535	6,971
Morrison Bluff	7,826	78
Mount Ida	99,933	993
Mount Pleasant	35,418	352
Mount Vernon	14,448	144

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Mountain Home	\$ 1,286,782	\$ 12,786
Mountain Pine	58,695	583
Mountain View	288,661	2,868
Mountainburg	52,976	526
Mulberry	154,815	1,538
Murfreesboro	149,999	1,491
Nashville	416,687	4,141
Newark	118,394	1,176
Newport	803,173	7,981
Nimmons	6,923	69
Norfolk	46,655	464
Norman	26,198	302
Norphlet	76,856	764
North Little Rock	6,480,667	64,397
Oak Grove	38,729	385
Oak Grove Heights	110,769	1,101
Oakhaven	5,734	65
Oden	18,060	179
Ogden	13,144	131
Oil Trough	22,675	225
O'Kean	19,264	191
Okolona	9,732	97
Ola	93,712	931
Omaha	12,843	128
Oppelo	73,946	735
Osceola	699,961	6,955
Oxford	57,491	571
Ozan	5,017	50
Ozark	355,383	3,531
Palestine	50,769	504
Pangburn	50,167	498
Paragould	2,963,563	29,448
Paris	318,660	3,166
Parkdale	17,257	171
Parkin	79,665	792
Patmos	5,719	57
Patterson	31,104	309
Pea Ridge	658,090	6,539
Peach Orchard	10,535	105
Perla	25,786	256
Perry	26,287	261
Perrytown	23,277	231
Perryville	137,759	1,369
Piggott	363,409	3,611
Pindall	9,532	95
Pine Bluff	8,730,451	41,129
Pineville	15,451	154

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Plainview	\$ 46,856	\$ 466
Pleasant Plains	35,317	351
Plumerville	73,645	732
Pocahontas	739,594	7,349
Pollard	19,364	192
Portia	42,542	423
Portland	32,609	324
Pottsville	315,049	3,131
Powhatan	10,435	104
Poyen	26,388	262
Prairie Grove	706,852	7,024
Prattsville	28,997	288
Prescott	311,135	3,092
Pyatt	18,160	180
Quitman	69,632	692
Ratcliff	16,756	167
Ravenden	42,742	425
Ravenden Springs	11,940	119
Rector	186,822	1,856
Redfield	151,003	1,500
Reed	13,043	130
Reyno	39,231	390
Rison	97,023	964
Rockport	67,826	674
Roe	6,823	68
Rogers	7,014,143	69,698
Rondo	16,354	163
Rose Bud	49,565	493
Rosston	27,291	271
Rudy	13,043	130
Russell	18,461	183
Russellville	2,903,663	28,853
Salem	157,123	1,561
Salesville	47,458	472
Scranton	24,582	244
Searcy	2,301,359	22,868
Sedgwick	16,354	163
Shannon Hills	450,499	4,476
Sheridan	493,643	4,905
Sherrill	5,318	53
Sherwood	3,284,176	32,632
Shirley	24,883	247
Sidney	19,264	191
Siloam Springs	1,734,472	17,235
Smackover	163,544	1,625
Smithville	8,729	87
South Lead Hill	8,629	86

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Southside	\$ 429,329	\$ 4,266
Sparkman	35,619	354
Springdale	8,747,101	86,914
Springtown	8,328	83
St. Charles	20,769	206
St. Francis	21,873	217
St. Joe	11,380	129
St. Paul	11,137	111
Stamps	126,220	1,254
Star City	218,026	2,166
Stephens	77,257	768
Strawberry	26,889	267
Strong	41,137	409
Stuttgart	829,197	8,239
Subiaco	40,234	400
Success	9,833	98
Sulphur Rock	61,103	607
Sulphur Springs	48,261	480
Summit	54,582	542
Sunset	18,503	183
Swifton	73,545	731
Taylor	58,093	577
Texarkana	2,948,645	29,299
Thornton	34,013	338
Tillar	17,257	171
Tinsman	5,017	50
Tollette	18,562	184
Tontitown	431,536	4,288
Traskwood	49,665	494
Trumann	742,371	7,377
Tuckerman	171,270	1,702
Tull	48,562	483
Tupelo	7,023	70
Turrell	51,990	515
Twin Groves	31,806	316
Tyronza	71,839	714
Ulm	17,558	174
Valley Springs	18,361	182
Van Buren	2,329,553	23,148
Vandervoort	11,538	115
Victoria	2,007	20
Vilonia	430,232	4,275
Viola	35,920	357
Wabaseka	18,060	179
Waldenburg	5,318	53
Waldo	115,484	1,148
Waldron	339,731	3,376

ARKANSAS TREASURER OF STATE
DISTRIBUTION TO CITIES
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 4

City Name	Municipal Aid Fund (MLM)	Property Tax Relief Fund (TPR)
Walnut Ridge	\$ 540,198	\$ 5,368
Ward	607,248	6,034
Warren	547,121	5,437
Washington	9,431	94
Watson	18,562	184
Weiner	64,916	645
Weldon	5,719	57
West Fork	233,878	2,324
West Memphis	12,806,552	24,446
West Point	17,057	169
Western Grove	35,518	353
Wheatley	27,993	278
Whelen Springs	4,716	47
White Hall	559,964	5,564
Wickes	63,913	635
Widener	21,271	211
Wiederkehr Village	5,017	50
Williford	7,926	79
Willisville	14,849	148
Wilmar	39,632	394
Wilmot	41,739	415
Wilson	76,856	764
Wilton	28,796	286
Winchester	13,746	137
Winslow	36,622	364
Winthrop	11,639	116
Wooster	104,548	1,039
Wrightsville	154,715	1,537
Wynne	834,176	8,289
Yellville	118,193	1,174
Zinc	9,231	92
Totals	<u>\$ 220,413,011</u>	<u>\$ 2,000,000</u>

ARKANSAS TREASURER OF STATE
SCHEDULE OF SELECTED INFORMATION
FOR THE FIVE-YEAR PERIOD ENDED JUNE 30, 2023
(UNAUDITED)

Schedule 5

	For the Year Ended June 30,				
	2023	2022	2021	2020	2019
General Fund					
Total Assets	\$ 234,182,534	\$ 245,025,780	\$ 188,582,077	\$ 140,657,690	\$ 138,226,974
Total Liabilities	7,828,082	6,473,116	5,410,376	5,146,146	4,902,899
Total Deferred Inflows of Resources	27,804,938	30,489,529	29,752,601	26,485,319	27,687,530
Total Fund Equity	198,549,514	208,063,135	153,419,100	109,026,225	105,636,545
Net Revenues	1,070,621,569	843,368,632	741,951,878	711,291,722	718,019,292
Total Expenditures	746,370,409	734,376,317	696,023,669	660,945,468	641,335,974
Total Other Financing Sources (Uses)	(333,764,781)	(54,348,280)	(1,535,334)	(46,956,574)	(58,771,245)
 Aggregate Remaining Fund Information					
Total Assets	\$ 11,057,430,571	\$ 9,632,005,558	\$ 8,159,155,417	\$ 6,555,530,476	\$ 5,981,325,860
Total Liabilities	34,176,825				
Total Net Position Restricted for Pool Participants and State Entities	11,023,253,746	9,632,005,558	8,159,155,417	6,555,530,476	5,981,325,860
Total Additions	29,343,555,091	28,417,720,946	25,959,203,349	24,690,837,049	32,892,316,580
Total Deductions	27,952,306,903	26,944,870,805	24,355,578,408	24,116,632,432	31,809,885,233

ARKANSAS TREASURER OF STATE
OTHER GENERAL INFORMATION
JUNE 30, 2023
(UNAUDITED)

A. Capital Assets

Capital assets purchased (or leased) and in the custody of this Agency were recorded as expenditures at the time of purchase (lease inception). Assets with costs exceeding \$5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs, and installation costs). Infrastructure or public domain fixed assets (such as roads, bridges, tunnels, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are also capitalized. Only leases in excess of \$25,000 with non-State entities were recorded in the statewide accounting system. Gifts or contributions are generally recorded in the accounts at acquisition value at the time received. Acquisition value is the market value if the Agency would have purchased the item. In accordance with current accounting principles generally accepted in the United States of America, general capital assets and depreciation are reported in the State's "Government-Wide" financial statements but are not reported in the governmental fund financial statements. Depreciation is reported for proprietary fund capital assets based on a straight-line method, with no salvage value. Estimated useful lives generally assigned are as follows:

Assets:	Years
Equipment	5-20
Buildings and building improvements	20-50
Infrastructure	10-40
Land improvements	10-100
Intangibles	4-95
Other capital assets	10-15

Capital assets activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Equipment	\$ 838,025	\$ 7,315	\$ 309,566	\$ 535,774
Intangibles	1,852,276			1,852,276
Total governmental activities	\$ 2,690,301	\$ 7,315	\$ 309,566	\$ 2,388,050

B. Pension Plan

Arkansas Public Employees Retirement System (APERS)

Plan Description – The Agency contributes to APERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the APERS Board of Trustees. APERS provides retirement and disability benefits, annual redetermination of benefit adjustments, and survivor benefits to plan members and beneficiaries. The Constitution of Arkansas, Article 5, vests with the General Assembly the legislative power to enact and amend benefit provisions of APERS as published in Chapters 2, 3, and 4 of Title 24 of the Arkansas Code Annotated. APERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol, Little Rock, Arkansas, 72201 or by calling 1-501-682-7855.

Funding Policy – Contributory plan members are required to contribute 5.25% of their annual covered salary. The Agency is required to contribute for all covered state employees at the rate of 15.32% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the Arkansas General Assembly. The contribution requirements of the Agency are established and may be amended by the APERS Board of Trustees. The Agency's contributions to APERS for the years ended June 30, 2023, 2022, and 2021, were \$355,104, \$376,405, and \$352,994, respectively, equal to the required contributions for each year.

ARKANSAS TREASURER OF STATE
OTHER GENERAL INFORMATION
JUNE 30, 2023
(UNAUDITED)

C. Postemployment Benefits Other Than Pensions (OPEB)

Arkansas State Employee Health Insurance Plan (Plan)

Plan Description – The Department of Transformation and Shared Services – Employee Benefits Division (DTSS-EBD) provides medical and prescription drug benefits for eligible state employees and retirees. Policies for DTSS-EBD related to medical and prescription drug plans are established by the State Board of Finance (Board) and may include ad hoc benefit changes or annual cost redeterminations. For the current year, no ad hoc or cost redetermination changes occurred. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power to enact and amend duties of and benefit provisions of the Board and DTSS-EBD, respectively, as published in Subchapter 4, Chapter 5 of Title 21 of the Arkansas Code Annotated. DTSS-EBD is included in the State of Arkansas’s Annual Comprehensive Financial Report (ACFR), which includes all applicable financial information, notes, and required supplementary information. That report may be obtained by writing to Department of Transformation and Shared Services, 501 Woodlane, Suite 201, Little Rock, Arkansas 72201 or by calling 501-319-6565.

The Agency contributes to the Plan, a single employer defined benefit OPEB plan administered by DTSS-EBD, on a monthly basis. The Board establishes medical and prescription drug benefits for three classes of covered individuals: active employees, terminated employees with accumulated benefits, and retirees and beneficiaries. The Plan is established on the basis of a pay-as-you-go financing requirement, and no assets are accumulated in a trust, as defined by Governmental Accounting Standards Board (GASB) Statement No. 75. The State’s annual OPEB cost for the Plan is based on an actuarially-determined calculated amount made in accordance with GASB Statement No. 75.

Funding Policy – Employer contributions to the Plan are established by Ark. Code Ann. § 21-5-414 and may not exceed \$550 per budgeted position. Employees, retirees, and beneficiaries contribute varying amounts based on the type of coverage and inclusion of family members. Benefits for Medicare-eligible retirees are coordinated with Medicare Parts A and B, and the Plan is the secondary payer.

D. Compensated Absences – Employee Leave

Annual leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for their unused accrued annual leave up to 30 days. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

Sick leave is earned by all full-time employees and may be accrued up to 120 days. Compensation up to a maximum of \$7,500 for unused sick leave is payable to employees upon retirement.

Compensated absences are reported in the State’s “Government-Wide” financial statements but are not reported as liabilities or expenditures in the governmental funds. However, the compensated absences payable attributable to this Agency’s employee annual and sick leave as of June 30, 2023 and 2022, amounted to \$222,391 and \$248,526, respectively. The net changes to compensated absences payable during the year ended June 30, 2023, amounted to \$(26,135).