

Lee County, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



LEE COUNTY, ARKANSAS
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Financial and Compliance Report

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Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

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

We have performed certain limited procedures with respect to regulatory basis financial information and compliance with certain state laws and accepted accounting practices for Lee County, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated January 25, 2024. Management of the County is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

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

County Judge: Terry Sandefer
Treasurer: Mark Smith
Sheriff and Tax Collector: Ocie Banks
County Clerk: Pam Webb
Circuit Clerk: Diane Bowman
Assessor: Becky Hogan
County Librarian: Betsy Bowman
District Court Clerk: Donna Wilson (resigned May 13, 2022)
Sonia Thorne (appointed July 18, 2022)

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

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
January 25, 2024
LOCO03922

LEE COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022
(UNAUDITED)

Exhibit A

	General	Road	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,214,348	\$ 1,537,860	\$ 2,930,829
Accounts receivable	167,407	3,819	2,136
Interfund receivables	346,479		
	<u>1,728,234</u>	<u>1,541,679</u>	<u>2,932,965</u>
TOTAL ASSETS	<u>\$ 1,728,234</u>	<u>\$ 1,541,679</u>	<u>\$ 2,932,965</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 106,406	\$ 27,451	\$ 4,584
Interfund payables		31,391	315,088
Settlements pending	18,201	8,651	447,932
Total Liabilities	<u>124,607</u>	<u>67,493</u>	<u>767,604</u>
Fund Balances:			
Restricted		1,474,186	2,059,652
Committed			105,709
Assigned	4,905		
Unassigned	1,598,722		
Total Fund Balances	<u>1,603,627</u>	<u>1,474,186</u>	<u>2,165,361</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,728,234</u>	<u>\$ 1,541,679</u>	<u>\$ 2,932,965</u>

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

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

Exhibit B

	General	Road	Other Funds in the Aggregate
REVENUES			
State aid	\$ 621,046	\$ 1,423,137	\$ 32,634
Federal aid	55,268	31,506	864,269
Property taxes	655,333	349,148	52,215
Sales taxes	503,118		
Fines, forfeitures, and costs	82,995		17,662
Interest	11,179	3,186	6,808
Officers' fees	11,816		29,918
Jail fees	41,818		
Sanitation fees	195,594		
Emergency 911 fees			178,045
Treasurer's commission	85,682		10,718
Collector's commission	178,145		22,164
Taxes apportioned - Assessor's salary and expense	217,359		
Other	120,233	86,586	7,090
TOTAL REVENUES	2,779,586	1,893,563	1,221,523
Less: Treasurer's commission	40,553	34,151	5,896
NET REVENUES	2,739,033	1,859,412	1,215,627
EXPENDITURES			
Current:			
General government	1,252,168		500,026
Law enforcement	1,179,015		1,886
Highways and streets		1,717,583	
Public safety	85,573		101,205
Sanitation	64,432		112,175
Health	184,262		
Recreation and culture			81,364
Social services	43,281		
Total Current	2,808,731	1,717,583	796,656
Debt Service:			
Financed purchase principal	24,452	93,995	
Financed purchase interest	1,691	5,084	
TOTAL EXPENDITURES	2,834,874	1,816,662	796,656

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

Exhibit B

	General	Road	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (95,841)</u>	<u>\$ 42,750</u>	<u>\$ 418,971</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	548,350		
Transfers out			<u>(548,350)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>548,350</u>		<u>(548,350)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	452,509	42,750	(129,379)
FUND BALANCES - JANUARY 1	<u>1,151,118</u>	<u>1,431,436</u>	<u>2,294,740</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 1,603,627</u></u>	<u><u>\$ 1,474,186</u></u>	<u><u>\$ 2,165,361</u></u>

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

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

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 323,564	\$ 621,046	\$ 297,482	\$ 938,839	\$ 1,423,137	\$ 484,298
Federal aid		55,268	55,268		31,506	31,506
Property taxes	995,145	655,333	(339,812)	347,500	349,148	1,648
Sales taxes	425,000	503,118	78,118	409,498		(409,498)
Fines, forfeitures, and costs	329,133	82,995	(246,138)			
Interest	2,000	11,179	9,179	3,600	3,186	(414)
Officers' fees	15,500	11,816	(3,684)			
Jail fees	7,500	41,818	34,318			
Sanitation fees	170,500	195,594	25,094			
Treasurer's commission	121,200	85,682	(35,518)			
Collector's commission	144,600	178,145	33,545			
Taxes apportioned - Assessor's salary and expense		217,359	217,359			
Other	110,775	120,233	9,458	66,000	86,586	20,586
TOTAL REVENUES	2,644,917	2,779,586	134,669	1,765,437	1,893,563	128,126
Less: Treasurer's commission		40,553	(40,553)		34,151	(34,151)
NET REVENUES	2,644,917	2,739,033	94,116	1,765,437	1,859,412	93,975
EXPENDITURES						
Current:						
General government	2,082,404	1,252,168	830,236			
Law enforcement	1,384,119	1,179,015	205,104			
Highways and streets				1,926,342	1,717,583	208,759
Public safety	93,678	85,573	8,105			
Sanitation		64,432	(64,432)			
Health	188,711	184,262	4,449			
Social services	44,440	43,281	1,159			
Total Current	3,793,352	2,808,731	984,621	1,926,342	1,717,583	208,759
Debt Service:						
Financed purchase principal		24,452	(24,452)		93,995	(93,995)
Financed purchase interest		1,691	(1,691)		5,084	(5,084)
TOTAL EXPENDITURES	3,793,352	2,834,874	958,478	1,926,342	1,816,662	109,680

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

Exhibit C

	General			Road		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,148,435)	\$ (95,841)	\$ 1,052,594	\$ (160,905)	\$ 42,750	\$ 203,655
OTHER FINANCING SOURCES (USES)						
Transfers in	25,292	548,350	523,058			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,123,143)	452,509	1,575,652	(160,905)	42,750	203,655
FUND BALANCES - JANUARY 1	645,000	1,151,118	506,118	1,400,000	1,431,436	31,436
FUND BALANCES - DECEMBER 31	\$ (478,143)	\$ 1,603,627	\$ 2,081,770	\$ 1,239,095	\$ 1,474,186	\$ 235,091

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

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022
 (UNAUDITED)

Schedule 1

SPECIAL REVENUE FUNDS								
	County Library	Treasurer's Automation	Collector's Automation	Administration of Courts	Act 1809 - Court Automation	Assessor's Automation	County Clerk's Cost	County Recorder's Cost
ASSETS								
Cash and cash equivalents	\$ 355,733	\$ 54,775	\$ 224,866	\$ 105,565	\$ 1,639	\$ 4,087	\$ 3,912	\$ 39,721
Accounts receivable				144			8	
TOTAL ASSETS	<u>\$ 355,733</u>	<u>\$ 54,775</u>	<u>\$ 224,866</u>	<u>\$ 105,709</u>	<u>\$ 1,639</u>	<u>\$ 4,087</u>	<u>\$ 3,920</u>	<u>\$ 39,721</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 565							
Interfund payables	2,568							
Settlements pending	1,275							
Total Liabilities	<u>4,408</u>							
Fund Balances:								
Restricted	351,325	\$ 54,775	\$ 224,866		\$ 1,639	\$ 4,087	\$ 3,920	\$ 39,721
Committed				\$ 105,709				
Total Fund Balances	<u>351,325</u>	<u>54,775</u>	<u>224,866</u>	<u>105,709</u>	<u>1,639</u>	<u>4,087</u>	<u>3,920</u>	<u>39,721</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 355,733</u>	<u>\$ 54,775</u>	<u>\$ 224,866</u>	<u>\$ 105,709</u>	<u>\$ 1,639</u>	<u>\$ 4,087</u>	<u>\$ 3,920</u>	<u>\$ 39,721</u>

LEE COUNTY, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	Sheriff's Automation	Support Collections Costs	Communication Facility and Equipment	Sheriff's Donations	Act 117 Booking Fee	County Emergency Rescue (Boating Safety and Enforcement)	Emergency 911	Arkansas Public Defender
ASSETS								
Cash and cash equivalents	\$ 8,061	\$ 1,501	\$ 1,012	\$ 3,574	\$ 25,373	\$ 189	\$ 720,799	\$ 23,220
Accounts receivable					405		1,579	
TOTAL ASSETS	<u>\$ 8,061</u>	<u>\$ 1,501</u>	<u>\$ 1,012</u>	<u>\$ 3,574</u>	<u>\$ 25,778</u>	<u>\$ 189</u>	<u>\$ 722,378</u>	<u>\$ 23,220</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable							\$ 4,019	
Interfund payables								
Settlements pending								
Total Liabilities							<u>4,019</u>	
Fund Balances:								
Restricted	\$ 8,061	\$ 1,501	\$ 1,012	\$ 3,574	\$ 25,778	\$ 189	718,359	\$ 23,220
Committed								
Total Fund Balances	<u>8,061</u>	<u>1,501</u>	<u>1,012</u>	<u>3,574</u>	<u>25,778</u>	<u>189</u>	<u>718,359</u>	<u>23,220</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,061</u>	<u>\$ 1,501</u>	<u>\$ 1,012</u>	<u>\$ 3,574</u>	<u>\$ 25,778</u>	<u>\$ 189</u>	<u>\$ 722,378</u>	<u>\$ 23,220</u>

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS							
	Juvenile Probation Fees (Circuit Court Juvenile Division)	Circuit Clerk Commissioner's Fee	American Rescue Plan Act	Deputy Prosecuting Attorney	Public Defender	Sheriff's Equipment	Automated Records System Grant	Law Library
ASSETS								
Cash and cash equivalents	\$ 3,547	\$ 3,555	\$ 760,382	\$ 1,359	\$ 128,753	\$ 1,886	\$ 6	\$ 10,657
Accounts receivable								
TOTAL ASSETS	\$ 3,547	\$ 3,555	\$ 760,382	\$ 1,359	\$ 128,753	\$ 1,886	\$ 6	\$ 10,657
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable								
Interfund payables			\$ 312,520					
Settlements pending								
Total Liabilities			312,520					
Fund Balances:								
Restricted	\$ 3,547	\$ 3,555	447,862	\$ 1,359	\$ 128,753	\$ 1,886	\$ 6	\$ 10,657
Committed								
Total Fund Balances	3,547	3,555	447,862	1,359	128,753	1,886	6	10,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,547	\$ 3,555	\$ 760,382	\$ 1,359	\$ 128,753	\$ 1,886	\$ 6	\$ 10,657

LEE COUNTY, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022
 (UNAUDITED)

Schedule 1

CUSTODIAL FUNDS

	Treasurer's Accounts	Collector's Accounts	Sheriff's Accounts	County Clerk's Accounts	Circuit Clerk's Accounts	District Court Accounts	Totals
ASSETS							
Cash and cash equivalents	\$ 201,216	\$ 76,054	\$ 27,823	\$ 462	\$ 25,076	\$ 116,026	\$ 2,930,829
Accounts receivable							2,136
TOTAL ASSETS	\$ 201,216	\$ 76,054	\$ 27,823	\$ 462	\$ 25,076	\$ 116,026	\$ 2,932,965
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable							\$ 4,584
Interfund payables							315,088
Settlements pending	\$ 201,216	\$ 76,054	\$ 27,823	\$ 462	\$ 25,076	\$ 116,026	447,932
Total Liabilities	201,216	76,054	27,823	462	25,076	116,026	767,604
Fund Balances:							
Restricted							2,059,652
Committed							105,709
Total Fund Balances							2,165,361
TOTAL LIABILITIES AND FUND BALANCES	\$ 201,216	\$ 76,054	\$ 27,823	\$ 462	\$ 25,076	\$ 116,026	\$ 2,932,965

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	County Library	Treasurer's Automation	Collector's Automation	Administration of Courts	Act 1809 - Court Automation	Assessor's Automation	County Clerk's Cost	County Recorder's Cost	Sheriff's Automation
REVENUES									
State aid	\$ 30,062					\$ 2,076			
Federal aid	4,085								
Property taxes	52,215								
Fines, forfeitures, and costs				\$ 4,171					\$ 495
Interest	2,882	\$ 101	\$ 426	228		9	\$ 3	\$ 68	17
Officers' fees							3,867	25,739	
Emergency 911 fees									
Treasurer's commission		10,718							
Collector's commission			22,164						
Other	7,090								
TOTAL REVENUES	96,334	10,819	22,590	4,399		2,085	3,870	25,807	512
Less: Treasurer's commission	1,261			87		42	77	588	10
NET REVENUES	95,073	10,819	22,590	4,312		2,043	3,793	25,219	502
EXPENDITURES									
Current:									
General government		25							
Law enforcement									
Public safety									
Sanitation									
Recreation and culture	81,364								
TOTAL EXPENDITURES	81,364	25							
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,709	10,794	22,590	4,312		2,043	3,793	25,219	502
OTHER FINANCING SOURCES (USES)									
Transfers out									
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	13,709	10,794	22,590	4,312		2,043	3,793	25,219	502
FUND BALANCES - JANUARY 1	337,616	43,981	202,276	101,397	\$ 1,639	2,044	127	14,502	7,559
FUND BALANCES - DECEMBER 31	\$ 351,325	\$ 54,775	\$ 224,866	\$ 105,709	\$ 1,639	\$ 4,087	\$ 3,920	\$ 39,721	\$ 8,061

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

Schedule 2

	SPECIAL REVENUE FUNDS						
	Support Collections Costs	Communication Facility and Equipment	Sheriff's Donations	Act 117 Booking Fee	County Emergency Rescue (Boating Safety and Enforcement)	Emergency 911	Juvenile Probation Fees (Circuit Court Juvenile Division)
REVENUES							
State aid					\$ 496		
Federal aid							
Property taxes							
Fines, forfeitures, and costs		\$ 2,129		\$ 9,473		\$ 1,394	
Interest		1		13	9	\$ 2,686	50
Officers' fees	\$ 212						\$ 100
Emergency 911 fees						178,045	
Treasurer's commission							
Collector's commission							
Other							
TOTAL REVENUES	212	2,130		9,486	505	180,731	100
Less: Treasurer's commission	4	47		204	8	3,565	3
NET REVENUES	208	2,083		9,282	497	177,166	97
EXPENDITURES							
Current:							
General government							
Law enforcement		1,886					
Public safety					6,371	94,834	
Sanitation							
Recreation and culture							
TOTAL EXPENDITURES		1,886			6,371	94,834	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	208	197		9,282	(5,874)	82,332	97
OTHER FINANCING SOURCES (USES)							
Transfers out							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	208	197		9,282	(5,874)	82,332	97
FUND BALANCES - JANUARY 1	1,293	815	\$ 3,574	16,496	6,063	636,027	3,450
FUND BALANCES - DECEMBER 31	<u>\$ 1,501</u>	<u>\$ 1,012</u>	<u>\$ 3,574</u>	<u>\$ 25,778</u>	<u>\$ 189</u>	<u>\$ 718,359</u>	<u>\$ 3,547</u>

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

Schedule 2

	SPECIAL REVENUE FUNDS								
	Circuit Clerk Commissioner's Fee	American Rescue Plan Act	Hazard Mitigation Grant	Deputy Prosecuting Attorney	Public Defender	Sheriff's Equipment	Automated Records System Grant	Law Library	Totals
REVENUES									
State aid									\$ 32,634
Federal aid		\$ 860,184							864,269
Property taxes									52,215
Fines, forfeitures, and costs									17,662
Interest	\$ 2			\$ 3	\$ 283	\$ 4		\$ 23	6,808
Officers' fees									29,918
Emergency 911 fees									178,045
Treasurer's commission									10,718
Collector's commission									22,164
Other									7,090
TOTAL REVENUES	2	860,184		3	283	4		23	1,221,523
Less: Treasurer's commission									5,896
NET REVENUES	2	860,184		3	283	4		23	1,215,627
EXPENDITURES									
Current:									
General government		500,000	\$ 1						500,026
Law enforcement									1,886
Public safety									101,205
Sanitation		112,175							112,175
Recreation and culture									81,364
TOTAL EXPENDITURES		612,175	1						796,656
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2	248,009	(1)	3	283	4		23	418,971
OTHER FINANCING SOURCES (USES)									
Transfers out		(548,350)							(548,350)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2	(300,341)	(1)	3	283	4		23	(129,379)
FUND BALANCES - JANUARY 1	3,553	748,203	1	1,356	128,470	1,882	\$ 6	10,634	2,294,740
FUND BALANCES - DECEMBER 31	\$ 3,555	\$ 447,862	\$ 0	\$ 1,359	\$ 128,753	\$ 1,886	\$ 6	\$ 10,657	\$ 2,165,361

LEE 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 Library	Ark. Code Ann. § 13-2-404 established fund to account for library property tax millage levied by the quorum court for the support, operation, and maintenance of the public library.
Treasurer's Automation	Ark. Code Ann. § 21-6-302 established fund to receive up to 10% of Treasurer's gross commissions to operate the Treasurer's office and to purchase, maintain, and operate an automated accounting and record keeping system.
Collector's Automation	Ark. Code Ann. § 21-6-305 established fund to receive up to 10% of collector's gross commission to operate the collector's office and to purchase, maintain, and operate an automated record keeping system.
Administration of Courts	Lee County Ordinance no. 12 (August 23, 1994) established an \$8 fee levied on each case for any permissible use in the administration of justice.
Act 1809 - Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees to be used solely for district court-related technology.
Assessor's Automation	Ark. Code Ann. § 26-26-310 provides that 1% of the county's share of surplus funds from the Property Tax Relief Trust Fund be allocated to county assessors for the purpose of administering Ark. Const. amend. 79.
County Clerk's Cost	Ark. Code Ann. § 21-6-413 established fund to receive fees collected by county clerks to be used for automated record systems and any legitimate county purpose.
County Recorder's Cost	Ark. Code Ann. § 21-6-306 established fund to receive fees collected by circuit clerks to be used for automated record systems and any legitimate county purpose.
Sheriff's Automation	Ark. Code Ann. § 27-53-210 established fund to partially reimburse county law enforcement agency for cost of making copies of accident reports and traffic violations. Funds collected shall be retained for support of the law enforcement agency.
Support Collections Costs	Ark. Code Ann. § 9-10-109 established fund to receive fees to offset administrative costs in the clerk's office.
Communication Facility and Equipment	Ark. Code Ann. §§ 21-6-307, 12-41-105 established fund to receive 25% of Sheriff's fees collected, phone commission funds, and profits earned from prisoner commissary services to be used to train operations staff; operate, equip, repair, or replace existing communication equipment; purchase additional communications equipment; otherwise improve a communications facility or system for the sheriff's department; or purchase vehicles, weapons, or other equipment for the sheriff's department.
Sheriff's Donations	Established to account for donations restricted by outside donors to be used for law enforcement.

LEE 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>
Act 117 Booking Fee	Ark. Code Ann. § 12-41-505 established fund to receive 90% of a \$40 booking and administration fee assessed on persons convicted of a felony or Class A misdemeanor to be used exclusively for the maintenance, operation, and capital expenditures of a county jail or regional detention facility or for certificate pay for law enforcement and jailer personnel.
County Emergency Rescue (Boating Safety and Enforcement)	Ark. Code Ann. § 27-101-111 established fund to receive fees to be used for operating a patrol on the waterways within the county or for emergency rescue services if the county has not established a patrol.
Emergency 911	Ark. Code Ann. § 12-10-318 established fund to receive fees collected by telephone providers for 911 emergency services.
Arkansas Public Defender	Ark. Code Ann. § 17-19-301 authorized a bail bond fee of \$20 to be collected, which shall be remitted to the Arkansas Public Defender Commission. Three dollars of each fee is remitted back to the county quarterly to be used to defray the operating expenses of the public defender office.
Juvenile Probation Fees (Circuit Court Juvenile Division)	Ark. Code Ann. §§ 16-13-326, 9-27-367 established fund to receive juvenile fees, court costs, and fines to provide services and supplies to juveniles at the discretion of the juvenile division of circuit court.
Circuit Clerk Commissioner's Fee	Ark. Code Ann. § 21-6-412 established fund to receive fee awarded, when appointed as commissioner, for a sale of real or personal property under judicial decree. The funds are to be used to offset administrative costs associated with the performance of the Commissioner's duties and for general operations expense of the office of circuit clerk.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Hazard Mitigation Grant	Established to account for grant awarded to the county to implement long-term hazard mitigation measures after a major disaster declaration. The grant is administered through the East Arkansas Planning and Development District on a reimbursable basis.
Deputy Prosecuting Attorney	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund for expenses of the prosecutor.
Public Defender	Ark. Code Ann. § 16-10-307 established the County Administration of Justice Fund which continued to finance this fund to be used for defense of indigents.
Sheriff's Equipment	Established to account for circuit court ordered fines to be used for sheriff's equipment expenses.

LEE 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>
Automated Records System Grant	Established to account for the Automated Records System grant revenue received from the Association of Arkansas Counties solely for purposes directly related to office automation.
Law Library	Ark. Code Ann. § 16-10-307 established fund to receive costs to be used for any purpose related to establishment, maintenance, and operations of a county law library.

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

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

Sheriff's accounts consist primarily of settlements due to the treasurer.

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

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

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

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

1. A. Basis of Presentation - Regulatory

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

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

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

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

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

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

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

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

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

B. Basis of Accounting – Regulatory

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

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

1. (Continued)

B. Basis of Accounting – Regulatory (Continued)

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

In 2022, the County implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

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

Fund Balance Classifications

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

D. Property Taxes

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

E. Budget Law

1. Legal Requirements

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

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

1. (Continued)

E. Budget Law

2. Accounting

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

F. Fund Balance Classification Policies and Procedures

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

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

2. 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			\$ 780,293
Law enforcement			198,829
Highways and streets		\$ 1,474,186	
Public safety			718,548
Recreation and culture			361,982
Total Restricted		<u>1,474,186</u>	<u>2,059,652</u>
Committed for:			
Law enforcement			<u>105,709</u>
Assigned to:			
Law enforcement	<u>\$ 4,905</u>		
Unassigned	<u>1,598,722</u>		
Totals	<u>\$ 1,603,627</u>	<u>\$ 1,474,186</u>	<u>\$ 2,165,361</u>

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

3. Commitments

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

	December 31, 2022
Long-term liabilities	\$ 418,995
Reappraisal contract	153,706
Total Commitments	<u>\$ 572,701</u>

Long-term Liabilities

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

	December 31, 2022
<u>Direct Borrowings</u>	
Financed purchase with First National Bank of Eastern Arkansas for two Dodge Ram trucks dated April 16, 2020. The debt was for \$73,390 with an interest rate of 3.40% to be paid in three yearly payments of \$26,143 beginning April 15, 2021. Payments are to be made from General Fund.	\$ 25,283
Financed purchase with Armor Bank for a 2021 Western Star 4700 truck dated February 1, 2021. The debt was for \$155,127 with an interest rate of 1.95% to be paid in sixty monthly payments of \$2,715 beginning February 25, 2021. Payments are to be made from Road Fund.	97,400
Financed purchase with Armor Bank issued on July 30, 2021 for two Caterpillar 140M Motor Graders. The debt was for \$317,172 with an interest rate of 1.95% to be paid in five yearly payments of \$66,504 beginning January 15, 2022. Payments are to be made from Road Fund.	253,531
Total Direct Borrowings	<u>376,214</u>
Compensated absences consisting of accrued vacation and compensatory time adjusted to current salary cost.	42,781
Total Long-term liabilities	<u>\$ 418,995</u>

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

The County's outstanding financed purchases from direct borrowings of \$376,214 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

3. Commitments (Continued)

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Direct Borrowings</u>					
4/16/20	4/15/23	3.40%	\$ 73,390	\$ 25,283	\$ 48,107
2/1/21	1/25/26	1.95%	155,127	97,400	57,727
7/30/21	1/15/26	1.95%	317,172	253,531	63,641
Total Long-Term Debt			<u>\$ 545,689</u>	<u>\$ 376,214</u>	<u>\$ 169,475</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
<u>Direct Borrowings</u>				
Financed purchases	\$ 494,661	\$ 0	\$ 118,447	<u>\$ 376,214</u>

Debt Service Requirements to Maturity

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

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2023	\$ 117,795	\$ 7,427	\$ 125,222
2024	94,318	4,761	99,079
2025	96,159	2,920	99,079
2026	67,942	1,276	69,218
Totals	<u>\$ 376,214</u>	<u>\$ 16,384</u>	<u>\$ 392,598</u>

County-Wide Reappraisal Contract

The County entered into a contract with Delta Mass Appraisal Services, Inc. on November 13, 2019, for a county-wide reappraisal. The County is obligated for 60 monthly payments of \$6,404 for a total of \$384,265 beginning January 1, 2020. Contract expense for 2022, was \$76,853.

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

Year	December 31, 2022
2023	\$ 76,853
2024	76,853
Total	<u>\$ 153,706</u>

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

4. Interfund Transfers

The Other Funds in the Aggregate (American Rescue Plan Act) transferred \$548,350 to General Fund for reimbursement of prior year expenses.

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

Phillips, Lee, and Monroe Counties entered into an agreement in May 1978 in accordance with Ark. Code Ann. § 13-2-401 to establish the Phillips, Lee, and Monroe Regional Library. The agreement states that the library boards of these counties are to continue the same duties and functions that they have in the past until said duties and functions are altered by the Quorum Court as provided by law. The Lee County Library did not pay any regional library expenditures in 2022. Contact the Phillips, Lee, and Monroe Regional Library at 702 Porter Street, Helena, Arkansas 72342 to obtain financial statements.

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

The First Judicial Drug Task Force is a jointly governed organization comprised of representatives from Lee, Monroe, Phillips, St. Francis, Cross, and Woodruff Counties and participating cities within the aforementioned counties. The Sheriff from each county acts as a representative. The County did not pay any drug task force expenditures in 2022. Contact the First Judicial District Drug Task Force at 113 S. Main Street, Clarendon, Arkansas 72029 to inquire on the availability of financial statements.

7. Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The County's contributions to the plan for the year ended June 30, 2022, (date of APERS Employer Allocation Report) were \$229,823.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the County's share of the collective net pension liability. The County's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$1,935,131.

LEE COUNTY, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022
(UNAUDITED)

8. Capital Assets

The County's capital assets records are summarized below :

	December 31, 2022
Land	\$ 22,200
Buildings	859,418
Equipment	<u>3,625,433</u>
Total	<u>\$ 4,507,051</u>

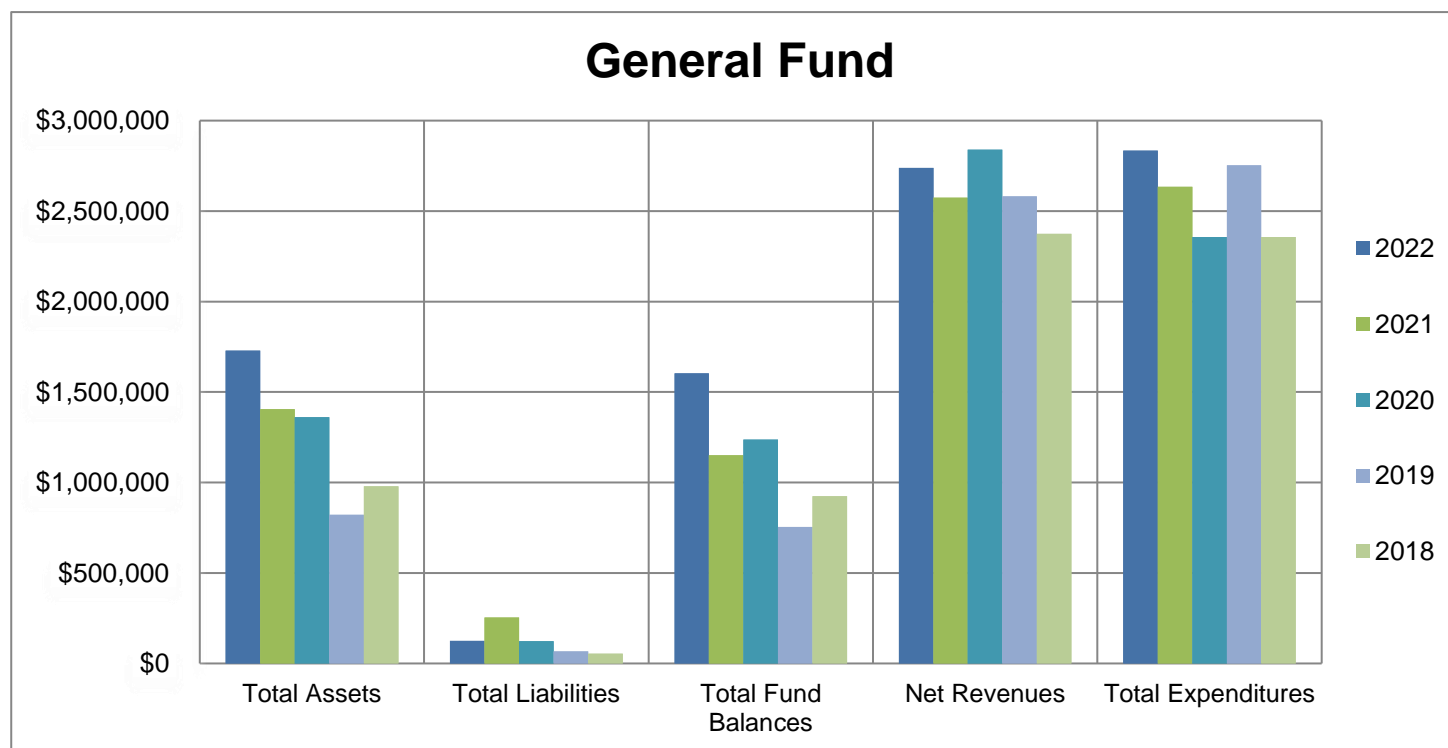
9. Corona Virus (COVID-19)

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 \$1,720,368 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$1,720,368 of this amount has been received. In 2022, the County was awarded \$100,000 in federal aid from the Local Assistance and Tribal Consistency Fund, which was a part of the American Rescue Plan Act of 2021. In 2022 and 2023, the County received funds in the amount of \$50,000 and \$50,000, respectively. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

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

Schedule 3-1

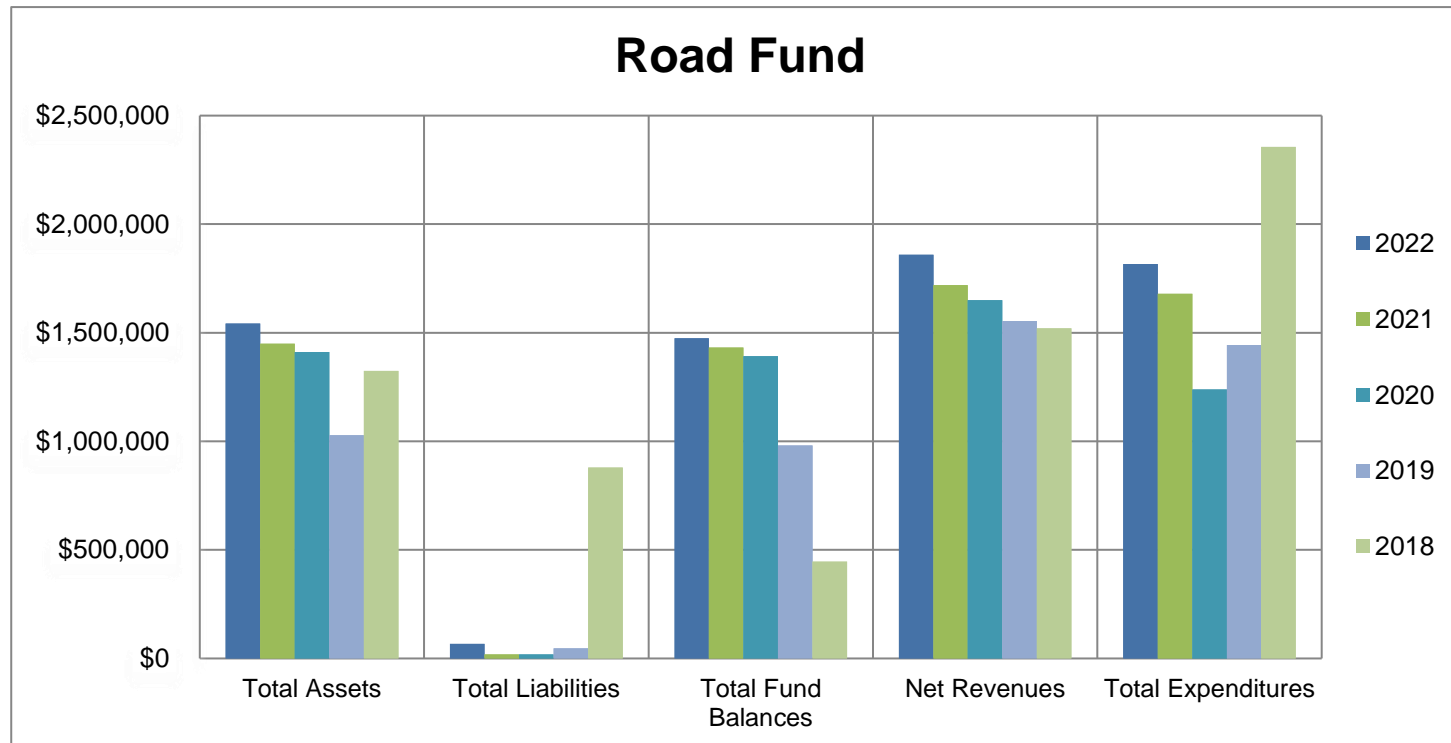
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 1,728,234	\$ 1,405,839	\$ 1,360,069	\$ 821,066	\$ 978,925
Total Liabilities	124,607	254,721	122,633	66,461	54,160
Total Fund Balances	1,603,627	1,151,118	1,237,436	754,605	924,765
Net Revenues	2,739,033	2,574,164	2,839,887	2,581,845	2,373,821
Total Expenditures	2,834,874	2,634,982	2,357,056	2,752,005	2,355,731
Total Other Financing Sources/Uses	548,350	(25,500)			



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

Schedule 3-2

<u>Road</u>	2022	2021	2020	2019	2018
Total Assets	\$ 1,541,679	\$ 1,449,686	\$ 1,410,583	\$ 1,027,534	\$ 1,324,274
Total Liabilities	67,493	18,250	17,908	46,549	878,780
Total Fund Balances	1,474,186	1,431,436	1,392,675	980,985	445,494
Net Revenues	1,859,412	1,718,507	1,650,016	1,554,846	1,520,334
Total Expenditures	1,816,662	1,679,746	1,238,326	1,443,103	2,356,109
Total Other Financing Sources/Uses					



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

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 2,932,965	\$ 2,710,752	\$ 1,848,553	\$ 1,687,655	\$ 1,629,842
Total Liabilities	767,604	416,012	402,828	350,913	365,855
Total Fund Balances	2,165,361	2,294,740	1,445,725	1,336,742	1,263,987
Net Revenues	1,215,627	1,247,261	450,072	316,838	382,091
Total Expenditures	796,656	435,120	341,089	244,083	201,690
Total Other Financing Sources/Uses	(548,350)	25,500			

