

MOUNTAIN HOME CITY COUNCIL PUBLIC HEARING

THURSDAY, JULY 20th, 2023 @ 5:55 P.M.
COUNCIL CHAMBERS OF THE MUNICIPAL BUILDING
720 HICKORY STREET, MOUNTAIN HOME, ARKANSAS

SPECIAL BUSINESS

VACATING A UTILITY EASEMENT LOCATED ON PART OF LOTS 55 AND 56 OF BIG CREEK ESTATES, PHASE 1B, WITHIN THE CITY OF MOUNTAIN HOME, ARKANSAS, presented by Ted Sanders

MOUNTAIN HOME CITY COUNCIL REGULAR MEETING AGENDA

THURSDAY, JULY 20th, 2023 @ 6 P.M.
(OR AT THE CONCLUSION OF THE PUBLIC HEARING)
COUNCIL CHAMBERS OF THE MUNICIPAL BUILDING
720 HICKORY STREET, MOUNTAIN HOME, ARKANSAS

Pledge of Allegiance
Prayer
Roll call
Minutes from the July 6th Council meeting
Committee reports
Bank reconciliations
Announcements



NEW BUSINESS

SUSPEND THE RULES AND PLACE AN ORDINANCE AMENDING THE CITY'S CONTRACTED WHOLESALE WATER RATES ON THE AGENDA, presented by Scott Liles

AN ORDINANCE VACATING A UTILITY EASEMENT LOCATED ON PART OF LOTS 55 AND 56 OF BIG CREEK ESTATES, PHASE 1B, WITHIN THE CITY OF MOUNTAIN HOME, ARKANSAS, presented by Ted Sanders

AN ORDINANCE ANNEXING PROPERTY CONTIGUOUS THEREWITH TO WATER & SEWER IMPROVEMENT DISTRICT NO. 3 OF THE CITY OF MOUNTAIN HOME, ARKANSAS; ACCEPTING THE ANNEXATION OF CERTAIN TERRITORY TO THE CITY OF MOUNTAIN HOME, ARKANSAS; AND TO ANNEX PROPERTY TO THE CITY OF MOUNTAIN HOME, ARKANSAS, AS COMMERCIAL C-2, presented by Ted Sanders

THE AUDIT OF THE GENERAL FUND, presented by Alma Clark

AN ORDINANCE AMENDING THE CONTRACTED WATER RATES BETWEEN THE CITY OF MOUNTAIN HOME WATER DEPARTMENT AND WHOLESALE PURCHASERS, AS OUTLINED IN ORDINANCE NO. 599 SECTION 8 AS AMENDED BY ORDINANCE NO. 01-21, 03-12, 2005-42, 2006-28, 2007-24, 2008-21, 2009-13, 2010-22, 2011-10, 2012-6, 2013-7, 2014-11, 2016-13 & 2019-28, 2020-32, 2021-21, and 2022-25, presented by Alma Clark

COMMENTS

ADJOURN

Respectfully submitted,
Scott Liles, City Clerk

MINUTES
REGULAR CITY COUNCIL MEETING – Thursday, July 6th, 2023

1. The Mountain Home City Council met in regular session on July 6th, 2023, in the Council Chambers of the Municipal Building. Mayor Hillrey Adams called the meeting to order at 6 p.m.
2. **ROLL CALL** Following the Pledge of Allegiance and an invocation, the following Council members were present for the roll call: Bob Van Haaren, Susan Stockton, Jennifer Baker, Wayne Almond, Paige Evans, Carry Manuel, Jim Bodenhamer and Nick Reed.
3. **IN ATTENDANCE** City officials present: Mayor Hillrey Adams, City Clerk Scott Liles, City Attorney Roger Morgan, Finance Director Alma Clark, Police Chief Eddie Griffin, Fire Chief Kris Quick, Parks Director Daniel Baxley and Code Enforcement Officer Mike Anderson.
4. **MEDIA** Heather Link with KTLO News and Chris Fulton with Mountain Home Observer.
5. **MINUTES** Council member Jennifer Baker made a motion to approve the minutes from June 22nd, 2023, meeting. The motion was seconded by council member Susan Stockton. *The vote was recorded as follows: Yes – Bob Van Haaren, Susan Stockton, Jennifer Baker, Paige Evans, Carry Manuel, Jim Bodenhamer and Nick Reed; Abstain – Wayne Almond.*
6. **NEW BUSINESS**

AN ORDINANCE AMENDING ORDINANCE NO. 296, AS AMENDED, WITH REFERENCE TO ZONING WITHIN THE CITY LIMITS OF THE CITY OF MOUNTAIN HOME, ARKANSAS, RELATIVE TO CHANGING AREA ZONED AS RESIDENTIAL R-2 AND COMMERCIAL C-3 TO RESIDENTIAL R-4 If approved, this ordinance would rezone property located at the end of Parkway Drive to R-4. City attorney Roger Morgan read aloud the proposed ordinance in its entirety.

SECOND READING After the item’s first reading, council member Jennifer Baker made a motion to suspend the rules and place the item on its second reading by title only. Her motion was seconded by council member Carry Manuel. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a second time.*

THIRD READING Following the proposed ordinance’s second reading, council member Jennifer Baker made a motion to suspend the rules and place the item on a third reading by title only. Council member Carry Manuel seconded this motion. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a third time.*

ADOPTION After the item's third reading, council member Jennifer Baker made a motion to adopt the proposed ordinance and was seconded by council member Carry Manuel. *The vote was recorded as follows: All present – yes; and the ordinance declared adopted and numbered Ordinance No. 2023-24.*

AN ORDINANCE AMENDING ORDINANCE NO. 296, AS AMENDED, WITH REFERENCE TO ZONING WITHIN THE CITY LIMITS OF THE CITY OF MOUNTAIN HOME, ARKANSAS, RELATIVE TO CHANGING AREA ZONED AS RESIDENTIAL R-1 TO COMMERCIAL C-4 If approved, this ordinance would rezone property located at 1314 Rossi Road to C-4. City attorney Roger Morgan read aloud the proposed ordinance in its entirety.

SECOND READING After the item's first reading, council member Jennifer Baker made a motion to suspend the rules and place the ordinance on its second reading by title only. This motion was seconded by council member Paige Evans. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a second time.*

THIRD READING Following the second reading, council member Jennifer Baker made a motion to suspend the rules and place the item on its third reading by title only. Council member Carry Manuel seconded the motion. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a third time.*

ADOPTION After the item's third reading, council member Jennifer Baker made a motion to adopt the proposed ordinance and was seconded by council member Nick Reed. *The vote was recorded as follows: All present – yes; and the ordinance declared adopted and numbered Ordinance No. 2023-25.*

EMERGENCY CLAUSE Following the ordinance's adoption, council member Jennifer Baker made a motion to attach the emergency clause to the ordinance. Her motion was seconded by council member Jim Bodenhamer. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the emergency clause was adopted for Ordinance No. 2023-23.*

AN ORDINANCE WAIVING COMPETITIVE BIDDING AND AUTHORIZING THE PURCHASE OF SIX (6) FORD POLICE VEHICLES PINE BELT AUTO GROUP/COURTESY MOTORS FOR A SUM TOTAL OF \$294,000 If approved, this ordinance would permit the Police Department to purchase six Ford police vehicles from Pine Belt Auto Group/Courtesy Motors in Hattiesburg, Miss. City attorney Roger Morgan read aloud the proposed ordinance in its entirety.

SECOND READING After the item's first reading, council member Carry Manuel made a motion to suspend the rules and place the item on its second reading by title only. His motion was seconded by council member Nick Reed. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a second time.*

THIRD READING Following the second reading, council member Bob Van Haaren made a motion to suspend the rules and place the item on its third reading by title only. Council member Paige Evans seconded the motion. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a third time.*

ADOPTION After the third reading, council member Jennifer Baker made a motion to adopt the ordinance and was seconded by council member Jim Bodenhamer. *The vote was recorded as follows: All present – yes; and the ordinance declared adopted and numbered Ordinance No. 2023-26.*

EMERGENCY CLAUSE Following the ordinance’s adoption, council member Jennifer Baker made a motion to attach the emergency clause to the ordinance. Council member Susan Stockton seconded the motion. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the emergency clause was adopted for Ordinance No. 2023-26.*

AN ORDINANCE WAIVING COMPETITIVE BIDDING AND AUTHORIZING THE PURCHASE AND INSTALLATION OF EQUIPMENT ON SIX (6) FORD POLICE VEHICLES FROM DANA SAFETY SUPPLY FOR A TOTAL SUM OF \$98,000 If approved, this ordinance would allow the Police Department to have Dana Safety Supply equip the six Ford police vehicles to be purchased under Ordinance No. 2023-26. City attorney Roger Morgan read aloud the proposed ordinance in its entirety.

SECOND READING After the first reading, council member Bob Van Haaren made a motion to suspend the rules and place the item on its second reading by title only. Council member Jennifer Baker seconded that motion. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a second time.*

THIRD READING Following the second reading, council member Carry Manuel made a motion to suspend the rules and place the item on its third reading by title only. His motion was seconded by Bob Van Haaren. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a third time.*

ADOPTION After the third reading, council member Bob Van Haaren made a motion to adopt the proposed ordinance and drew a second from council member Susan Stockton. *The vote was recorded as follows: All present – yes; and the ordinance declared adopted and numbered Ordinance No. 2023-27.*

EMERGENCY CLAUSE Following the ordinance’s adoption, council member Jennifer Baker made a motion to attach the emergency clause to Ordinance No. 2023-27. This motion was seconded by council member Wayne Almond. *The vote was recorded as follows: All*

present – yes; and the motion was declared passed and the emergency clause was adopted for Ordinance No. 2023-27.

REQUEST TO MOVE \$100,000 FROM LINE ITEM 101-5101-79000 PROJECTED CARRYOVER INTO LINE ITEM 101-5101-73601 RECYCLING TO HELP SUPPORT THE BAXTER DAY SERVICE CENTER Treasury director Alma Clark asked that the Council approve a request to transfer \$100,000 from line item 101-5101-79000 Projected Carryover into line item 101-5101-73601 Recycling. Those funds would then be used to help support the Baxter Day Service Center and its ongoing recycling program, a proposal that the Council approved at its June 22, 2023, meeting. Council member Jennifer Baker made a motion to approve the request of funds and drew a second from council member Nick Reed. *The vote was recorded as follows: All present – yes; and the request to transfer the funds was approved.*

AN ORDINANCE AMENDING ORDINANCE NO. 2019-34 TO ALLOW THE DISPLAY OF A-FRAME SIGNS BY MERCHANTS IN THE CITY OF MOUNTAIN HOME'S HISTORIC DOWNTOWN ENTERTAINMENT DISTRICT; TO ALLOW THE DISPLAY OF INFORMATIONAL OR DIRECTIONAL SIGNS RELATED TO THE MOUNTAIN HOME FARMERS MARKET; REPEALING ORDINANCE NO. 2023-23; AND FOR OTHER PURPOSES If approved, this ordinance would repeal Ordinance No. 2023-23, which addressed the year-round use of A-frame signs by merchants in the Mountain Home Historic Entertainment District and the Mountain Home Farmers Market. An error by city clerk Scott Liles had Ordinance No. 2023-23 amending the incorrect ordinance (Ordinance No. 2021-21 instead of Ordinance No. 2019-21). If approved, this new ordinance would roll back the changes instituted by Ordinance No. 2023-23 and replace it with identical language amending the correct ordinance.

READ BY TITLE ONLY Before the item's first reading, council member Bob Van Haaren made a motion to suspend the rules and place the ordinance on its first reading by title only. His motion was seconded by council member Susan Stockton. *The vote was recorded as follows: All present – yes; and the motion was declared passed and city attorney Roger Morgan placed the item on its first reading by title only.*

SECOND READING After the first reading, council member Bob Van Haaren made a motion to suspend the rules and place the item on its second reading by title only. Council member Susan Stockton seconded the motion. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the ordinance read a second time.*

THIRD READING Following the second reading, council member Jennifer Baker made a motion to suspend the rules and place the item on its third reading by title only. Her motion was seconded by council member Nick Reed. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the item read a third time.*

ADOPTION After the third reading, council member Carry Manuel made a motion to adopt the proposed ordinance and drew a second from council member Jennifer Baker. *The vote was recorded as follows: All present – yes; and the ordinance declared adopted and numbered Ordinance No. 2023-28.*

EMERGENCY CLAUSE Following the ordinance’s adoption, city clerk Scott Liles asked the Council to enact the emergency clause for Ordinance No. 2023-28. Council member Jennifer Baker made a motion to do so and drew a second from council member Bob Van Haaren. *The vote was recorded as follows: All present – yes; and the motion was declared passed and the emergency clause was adopted for Ordinance No. 2023-28.*

DISCUSSION ABOUT SENDING A LETTER TO THE ARKANSAS DIVISION OF ENVIRONMENTAL QUALITY REQUESTING A CERTIFICATE OF CLOSURE FOR THE NABORS LANDFILL

Mayor Hillrey Adams presented a letter that he requested the City mail to the Arkansas Division of Environmental Quality asking the state to officially issue a closure certificate for the former NABORS landfill in Three Brothers. While a request for the Ozark Mountain Solid Waste board of directors to send a similar letter to the state requesting the landfill’s permanent closure was voted down earlier in the week, Mayor Adams noted that nothing prohibited the City itself from requesting the state issue a final closing certification for the landfill. At its July 11th meeting, the Baxter County Quorum Court will likely approve sending their own version of the letter to the state, Mayor Adams noted. Council member Bob Van Haaren made a motion to send the letter to ADEQ and was seconded by council member Susan Stockton. *The vote was recorded as follows: All present – yes; the motion declared passed and the request to mail the letter to ADEQ was granted.*

CLERK’S NOTE A copy of the letter will remain on file with the Mayor’s Office once it has been prepared and mailed to ADEQ.

DISCUSSION ABOUT AN ECONOMIC DEVELOPMENT PARTNERSHIP WITH THE MOUNTAIN HOME AREA CHAMBER OF COMMERCE FOR A TOTAL SUM OF \$40,000

Dani Pugsley, the president/CEO of the Mountain Home Area Chamber of Commerce, spoke with the Council about a possible economic development program between the Chamber and both the City of Mountain Home and Baxter County.

Under the proposed contract, the City and the county would each pay the Chamber \$40,000 (a total sum of \$80,000), which would use the funds to hire a fourth Chamber employee. That hire would then free up Pugsley’s time to focus on economic development and grant writing opportunities.

Both the City’s and county’s contracts would be for a one-year period beginning in 2024 and would be with the North Central Arkansas Chamber Foundation, the Chamber’s 501(c)3 nonprofit entity. As that year’s contract ended, the Chamber would then ask the City Council/Quorum Court to renew their respective contracts for another year.

If approved by the City and county, the economic development project would be separate from the Chamber itself and have its own bylaws and board of directors. The mayor and at least one council member would likely have a seat on that board, and other area businesses wishing to participate could also pay to join the project and serve on the board.

During public discussion, the question was raised whether the contract maxed out at \$40,000 or would allow the Chamber to collect additional funds as the project warranted. City attorney Roger Morgan made it clear that if approved, the contract would be for a sum not to exceed \$40,000.

Council member Jennifer Baker made a motion to authorize the mayor to enter a contract for economic development services with the North Central Arkansas Chamber Foundation for a sum of \$40,000. Council member Carry Manuel seconded the motion. *The vote was recorded as follows: Bob Van Haaren, Jennifer Baker, Wayne Almond, Carry Manuel, Jim Bodenhamer, and Nick Reed – yes; Susan Stockton and Paige Evans – no; the motion was declared approved, and permission granted for the city to sign the economic development contract.*

7. ADJOURN

With no further business to come before the council, Mayor Hillrey Adams declared the meeting adjourned at 7:18 p.m.

HILLREY ADAMS, MAYOR

ATTEST:

SCOTT LILES, CITY CLERK

JULY 2023 07/18/2023 - W/S Committee Meeting

@ 4:30pm. Attending: Alma Clark, Steve Hill, Scott Liles, Jennifer Baker, Nick Reed, Bob Van Haaren, Paige Evans & Kirby Rowland & Mary Ellen Anderson. We met in Council Chambers. The meeting adjourned at 5:32 pm.

- **Cash analysis / Revenue / Expense Report ending JUNE 2023 were presented.**
- **Project reports for month ending JUNE 2023 presented.**
- **Our water loss was 24.4% Ending JUNE 2023. The previous month was at 24.7%. We continue to fix and find leaks daily as these leaks present themselves.**
- **Passed out copies of Wholesale water rate study, Copy of Wholesale ordinance for passage at next meeting, Copy of History of Wholesale increases for review. Wholesale Rate Ordinance will be on council agenda for passage on 07/20/2023.**
- **Passed out copies of w/s revenue – expenses comparisons for review. (Done annually after audit is completed).**
- **Kirby passed out copies of Garver project updates to the W/S Committee that are in progress: WWTP upgrades & additional upgrades at WWTP, New Lake intake project, Master Plan Updates.**
- **Steve informed the committee that there is upcoming work that will need to be done quickly on the force main from CR 390 Lift station coming into town. Sealed bids were taken on getting the 7000' of 12' DI line replaced by a contractor. There was one bid that was submitted, and Steve is working with the bidder to negotiate a better price for the work. Steve will then come back to committee to request funding for this project as it is necessary to get this job started and completed in a timely manner. Steve mentioned possibility of re- appropriating some of the ARPA funds that might be an option & possibly using depreciation funds. Steve will come back with options on August 1, 2023 when the committee meets again @ 4:30pm**

PROJECT UPDATES:

- **Dyer St. phase II Sewer Line Upgrade: Started on 12/19/2022. Total footage to be upgraded is 2900' of pipe and 21 manholes to be replaced. To date we have laid 1078' of SDR 26 pipe and have set 6 manholes and 1 bore has been completed. Remaining to be laid is 1822' and 15 manholes. ON HOLD working on Conway Right now.**
- **Hickory St Phase 2: Started 06/08/23 again on W. 8th Street - we Laid 42' of 6" pipe and set 1 manhole and temporarily stubbed pipe for continuation and finished this section on 06/13/23. On E. 8th Street – we started this part on 05/26/2023 there will be an approximately 300' of line and 4 manholes to be set. To date we have laid & completed on 06/30/23 we shortened the amount of line due to services tying into line under buildings poured new manhole and moved manhole about 40' from original plan.**
- **Morris St / N Church Water Line Upgrade: Started 03/23/23. On Morris St total footage was 705' of 6" water line. To date we have laid all of the pipe & completed two bores on Morris St along with Clean-up & 4 service ties ins and placement of 1 fire hydrant and was completed on 05/25/23. Total footage that will be redone on church St is 740' (CHANGED) of 8". We started N. Church St. WL upgrade on 05/26/23. To date we have laid all 740' of 8" C-900 PVC have installed 1 FH on N Church St. Remaining to complete on N. Church is installed services tie ins will be completed when line has passed testing & then cleanup.**

Morris St / N Church Sewer Line Upgrade: Started 06/15/23 on Morris St there will be a total of 904' & 3 manholes. To date we have laid 714' and 2 manholes and all tied into existing manhole at N street & Morris. Remaining to do on Morris is 176' and set 1 manhole. This footage that will be redone on Church St is 697' of 8" and 2 manholes this will start when finished on Morris.

Hargrave Water Line Upgrade: Started _____ . We will be laying 20' of 6" line and placing a fire hydrant then reduce to 4" in which we will lay 330' of line & reset 7 services on new line.

*******OUR NEXT MEETING IS (CHANGE DAYS & DATE) *****
NEXT MEETING WILL BE HELD ON *****AUGUST 1, 2023 @ 4:30PM *****
Meeting will be held in council chambers.**

PETITION

City of Mountain Home
File Marked this 14 day
of June 2023
City Clerk: [Signature]

TO: MAYOR AND CITY COUNCIL
CITY OF MOUNTAIN HOME
MOUNTAIN HOME, ARKANSAS

The petitioners, Clay Maxey and Heather Maxey, Trustees of the Maxey Family Living Trust dated October 11, 2021, hereby petition you to vacate the following easement described as follows:

Easement to vacate:

Part of Lots 55 and 56 of Big Creek Estates Phase 1B, Baxter County, Arkansas, described as follows: From the SE corner of Lot 55, thence North 63° 20' 19" W. 8.20 feet; thence North 29° 40' 38" E. 12.02 feet; thence South 63° 20' 19" E. 48.76 feet; thence South 18° 53' 36" W. 12.11 feet; thence North 63° 20' 19" W. 42.83 feet to the point of beginning, containing 0.01 acre.

That the above described easement has never been used as a utility easement in the past. That the public interest and welfare will not be adversely affected by abandonment of said utility easement. A copy of the plat is attached hereto as Exhibit "A".

WHEREFORE, petitioners pray that the City Council of Mountain Home, Arkansas, vacate the utility easement described above.

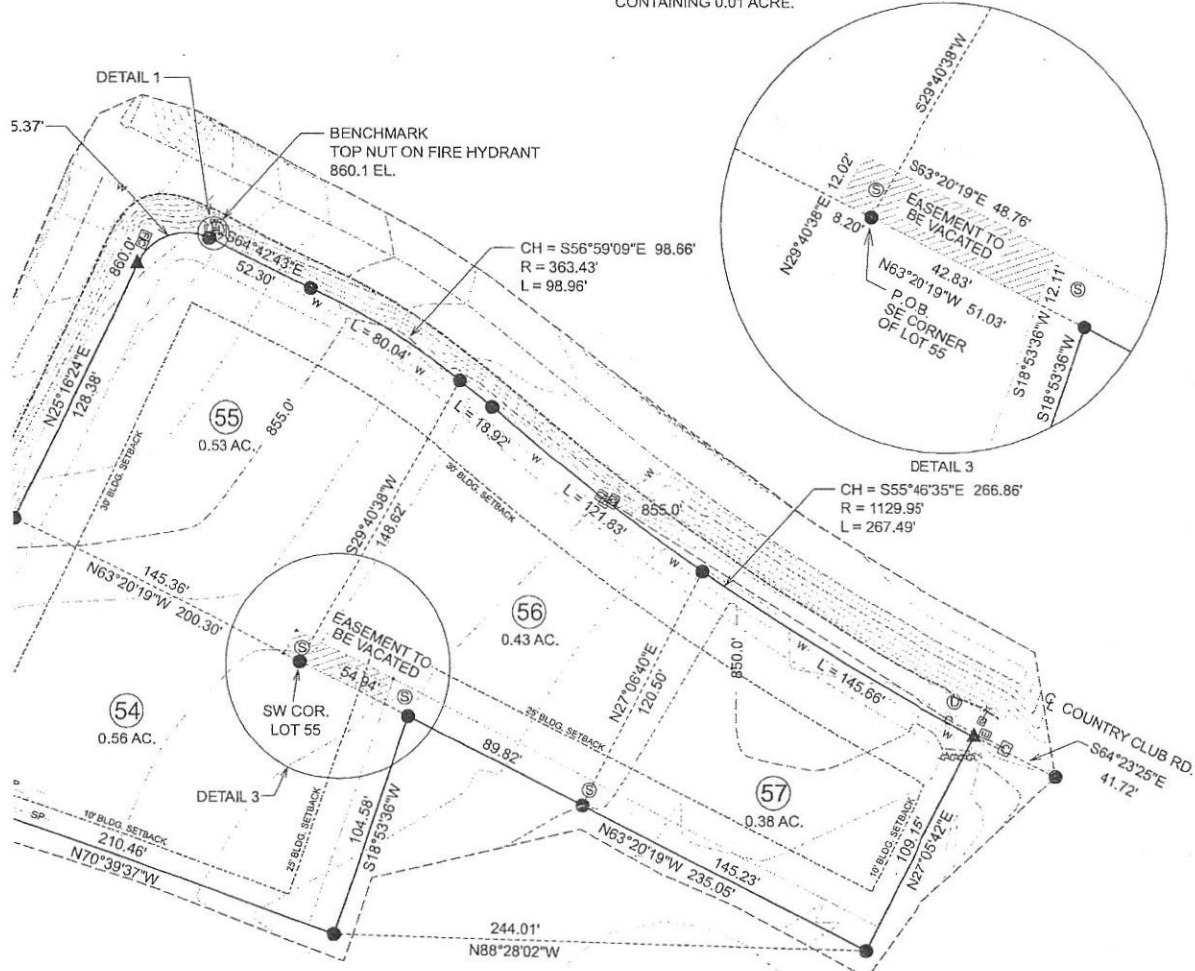
CLAY MAXEY AND HEATHER MAXEY,
TRUSTEES, PETITIONERS

BY: [Signature]

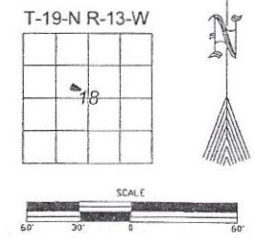
TED H. SANDERS
P. O. BOX 2308
MOUNTAIN HOME, AR 72654
THEIR ATTORNEY

EXHIBIT "A"

EASEMENT TO VACATE:
 PART OF LOTS 55 & 56 OF BIG CREEK ESTATES PHASE 1B, BAXTER COUNTY, ARKANSAS
 DESCRIBED AS FOLLOWS: FROM THE SE CORNER OF LOT 55, THENCE N63°20'19"W 8.20
 FEET, THENCE N29°40'38"E 12.02 FEET, THENCE S63°20'19"E 48.76 FEET, THENCE
 S18°53'36"W 12.11 FEET, THENCE N63°20'19"W 42.83 FEET TO THE POINT OF BEGINNING.
 CONTAINING 0.01 ACRE.



- LEGEND:
- ▲ = SET #4 RB. / 1" PLASTIC YELLOW CAP
 - = FD. #3 RB.
 - = COMPUTED POINT
 - ⋈ = CULVERT
 - ⊞ = ELECTRICAL BOX
 - ⊞ = FIRE HYDRANT
 - SP— = SPRINKLER PIPE
 - ⊞ = STORMWTR. MANHOLE
 - ⊞ = SANITATION SEWER MANHOLE
 - ⊞ = STREET LIGHT
 - = UNDERGROUND CABLE
 - ⊞ = UNDERGROUND CABLE PEDESTAL
 - W— = UNDERGROUND WATERLINE
 - ⊞ = WATER MAIN
 - ⊞ = WATER MANHOLE
 - V— = WATER VALVE



SYMBOLS SHOWN ARE INDICATIVE ONLY. THE SYMBOL SIZE AND ORIENTATION DOES NOT NECESSARILY REPRESENT THE REAL SIZE OR ORIENTATION OF THE FEATURE.

DRAWN BY: KAH
 SCALE: 1" = 30'
 JOB #: 21-0636
 DATE: 05/07/2023
 REVISION: A
 SHEET: C1.1

TOPOGRAPH FOR
 CLAY MAXEY
 LOTS 54, 55, 56, 57
 BIG CREEK ESTATES PHASE 1B
 BAXTER COUNTY, ARKANSAS



STRIDER CONSULTING
 1029 Hwy 201 N
 Mountain Home, AR 72653
 870-424-4330 phone/fax
 http://www.strider.consulting

NOTICE

City of Mountain Home
File Marked this 11 day
of June 2023
City Clerk, Scott Liles

NOTICE is hereby given that Clay Maxey and Heather Maxey, Trustees of the Maxey Family Living Trust dated October 11, 2021, have filed a petition with the City Council of Mountain Home, Arkansas, requesting the vacating of the following described utility easement, to-wit:

Part of Lots 55 and 56 of Big Creek Estates Phase 1B, Baxter County, Arkansas, described as follows: From the SE corner of Lot 55, thence North 63° 20' 19" W. 8.20 feet; thence North 29° 40' 38" E. 12.02 feet; thence South 63° 20' 19" E. 48.76 feet; thence South 18° 53' 36" W. 12.11 feet; thence North 63° 20' 19" W. 42.83 feet to the point of beginning, containing 0.01 acre.

The City Council will hold a hearing on the petition to vacate the utility easement on Thursday, July 20, 2023, at 5:55 o'clock p.m. in the Council Chambers at 720 South Hickory Street, Mountain Home, Arkansas for the purpose of abandoning the utility easement described above.

SCOTT LILES, CITY CLERK

TWO PUBLICATIONS:

RESOLUTION NO. 2023-8

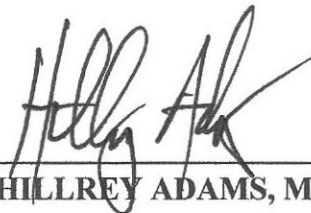
**AUTHORIZING A PUBLIC HEARING WITH REGARD TO ABANDONMENT
OF A UTILITY EASEMENT IN THE CITY OF MOUNTAIN HOME, ARKANSAS**

WHEREAS, it is necessary for the City of Mountain Home, Arkansas, to hold a public hearing to consider the abandonment of a utility easement;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN
HOME, ARKANSAS, THAT**

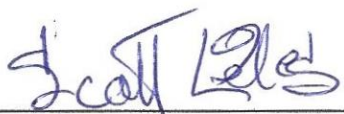
1. The City Council of the City of Mountain Home, Arkansas, shall hold a public hearing on Thursday, July 20, 2023, at 5:55 p.m., in the Council Chambers at 720 South Hickory Street, Mountain Home, Arkansas, for the purpose of abandoning a certain utility easement described as follows:
Part of Lots 55 and 56 of Big Creek Estates Phase 1B, Baxter County, Arkansas, described as follows: From the SE corner of Lot 55, thence North 63° 20' 19" W. 8.20 feet; thence North 29° 40' 38" E. 12.02 feet; thence South 63° 20' 19" E. 48.76 feet; thence South 18° 53' 36" W. 12.11 feet; thence North 63° 20' 19" W. 42.83 feet to the point of beginning, containing 0.01 acre.
2. The Petitioners are Clay Maxey and Heather Maxey, Trustees of the Maxey Family Living Trust dated October 11, 2021.
3. All interested persons should attend.
4. The City Clerk is directed to publish this notice once a week for two consecutive weeks in a newspaper having a general circulation in the City of Mountain Home, Arkansas, prior to the public hearing.

PASSED AND APPROVED THIS 22nd DAY OF JUNE, 2023



HILLREY ADAMS, MAYOR

ATTEST:



SCOTT LILES, CITY CLERK

TWO PUBLICATIONS:

ORDINANCE NO. 2023-xx

**AN ORDINANCE VACATING A UTILITY EASEMENT LOCATED
ON PART OF LOTS 55 AND 56 OF BIG CREEK ESTATES, PHASE 1B
WITHIN THE CITY LIMITS OF MOUNTAIN HOME, ARKANSAS**

WHEREAS, the Petitioners, being the owners of the lots over which said utility easement is located, hereby consent to the abandonment.

**NOW, THEREFORE, BE IT ORDAINED
BY THE CITY COUNCIL OF MOUNTAIN HOME, ARKANSAS:**

That the City of Mountain Home, Arkansas, hereby vacates the utility easement described as follows:

Part of Lots 55 and 56 of Big Creek Estates Phase 1B, Baxter County, Arkansas, described as follows: From the SE corner of Lot 55, thence North 63° 20' 19" W. 8.20 feet; thence North 29° 40' 38" E. 12.02 feet; thence South 63° 20' 19" E. 48.76 feet; thence South 18° 53' 36" W. 12.11 feet; thence North 63° 20' 19" W. 42.83 feet to the point of beginning, containing 0.01 acre.

WHEREAS, this Ordinance is necessary to benefit the property owners and to permit the immediate commencement of construction on the property, an emergency is hereby declared to exist pertaining to the vacating of said utility easement, and this Ordinance shall be in full force and effect from and after its passage and publication.

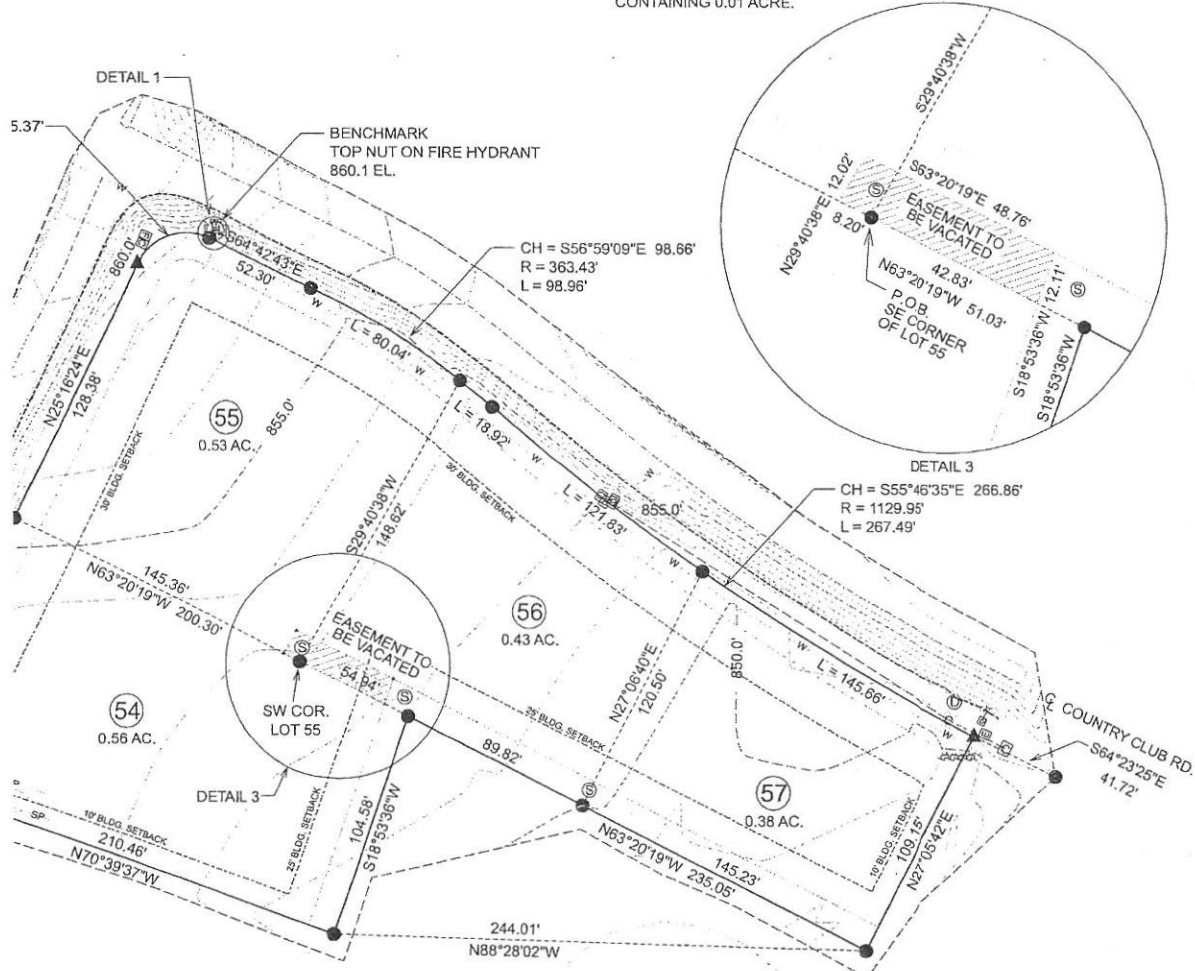
PASSED AND APPROVED THIS 20TH DAY OF JULY, 2023.

HILLREY ADAMS, MAYOR

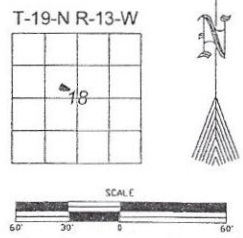
ATTEST:

SCOTT LILES, CITY CLERK

EASEMENT TO VACATE:
 PART OF LOTS 55 & 56 OF BIG CREEK ESTATES PHASE 1B, BAXTER COUNTY, ARKANSAS
 DESCRIBED AS FOLLOWS: FROM THE SE CORNER OF LOT 55, THENCE N63°20'19"W 8.20
 FEET, THENCE N29°40'38"E 12.02 FEET, THENCE S63°20'19"E 48.76 FEET, THENCE
 S18°53'36"W 12.11 FEET, THENCE N63°20'19"W 42.83 FEET TO THE POINT OF BEGINNING.
 CONTAINING 0.01 ACRE.



- LEGEND:
- ▲ = SET #4 RB. / 1" PLASTIC YELLOW CAP
 - = FD. #3 RB.
 - = COMPUTED POINT
 - ⋈ = CULVERT
 - ⊠ = ELECTRICAL BOX
 - ⊙ = FIRE HYDRANT
 - SP— = SPRINKLER PIPE
 - ⊕ = STORMWTR. MANHOLE
 - ⊙ = SANITATION SEWER MANHOLE
 - ⊠ = STREET LIGHT
 - = UNDERGROUND CABLE
 - ⊠ = UNDERGROUND CABLE PEDESTAL
 - W— = UNDERGROUND WATERLINE
 - ⊠ = WATER MAIN
 - ⊕ = WATER MANHOLE
 - V— = WATER VALVE



SYMBOLS SHOWN ARE INDICATIVE ONLY. THE SYMBOL SIZE AND ORIENTATION DOES NOT NECESSARILY REPRESENT THE REAL SIZE OR ORIENTATION OF THE FEATURE.

DRAWN BY: KAH SCALE: 1" = 30' JOB #: 21-0636 DATE: 05/01/2023 REVISION: A SHEET: C1.1	TOPOGRAPH FOR CLAY MAXEY LOTS 54, 55, 56, 57 BIG CREEK ESTATES PHASE 1B BAXTER COUNTY, ARKANSAS			STRIDER CONSULTING 1029 Hwy 201 N Mountain Home, AR 72653 870-424-4330 phone/fax http://www.strider.consulting
--	---	--	--	--

FILED
2:50 P M
BAXTER COUNTY, ARKANSAS

JUL 10 2023

Candace R. Clerk
by D.C. [Signature]
NO. CO-2023-3

IN THE MATTER OF ANNEXING TO THE CITY
OF MOUNTAIN HOME, ARKANSAS, CERTAIN
TERRITORY CONTIGUOUS TO SAID CITY

PETITION TO ANNEXATION – 100% OF OWNERS PETITIONING

DATE: June 30, 2023

Come now the undersigned petitioner and states as follows:

1. That we, owning 100% of the property in the following described area, do hereby petition, pursuant to A.C.A. §14-40-609, the City Council of Mountain Home, Arkansas, to annex the following lands to the City of Mountain Home Arkansas.

SEE ATTACHED EXHIBIT "A"

2. I further state that this petition is signed by one hundred per cent (100%) of the real estate owners owning one hundred per cent (100%) of the acreage in said area and that the area to be annexed does not contain property whose owners do not wish to have their property annexed.

3. That said property description herein is contiguous to and adjoining the present City of Mountain Home city limits as shown on the map attached hereto as Exhibit "B".

4. That no enclaves will be created if this petition is accepted and the territory annexed into the City of Mountain Home.

5. That the following schedule of services shall be extended to the area by the City of Mountain Home within three (3) years after the date the annexation becomes final:

All properties annexed into the City of Mountain Home are provided with police, fire and sewer services.

Such services are provided in accordance with existing ordinances and terms of service including, but not limited to, the payment of required fees, the necessary permits, inspections and approvals.

6. That a letter or title opinion from a certified abstractor or title company verifying that the petitioners are all owners of record of the relevant property or properties is attached hereto as Exhibit "C" and made a part of this petition as if set out word for word herein.

7. That a letter or verification from a certified surveyor or engineer verifying that the relevant property or properties are contiguous with the City of Mountain Home and that no enclaves will be created if the property or properties are accepted by the City of Mountain Home is attached hereto as Exhibit "D" and made a part of this petition as if set out word for word herein.

8. That each of the undersigned persons executing this petition has confirmed by their signature a desire that their property, which is included in the property described above, be annexed into the City of Mountain Home.

EXHIBIT "A"

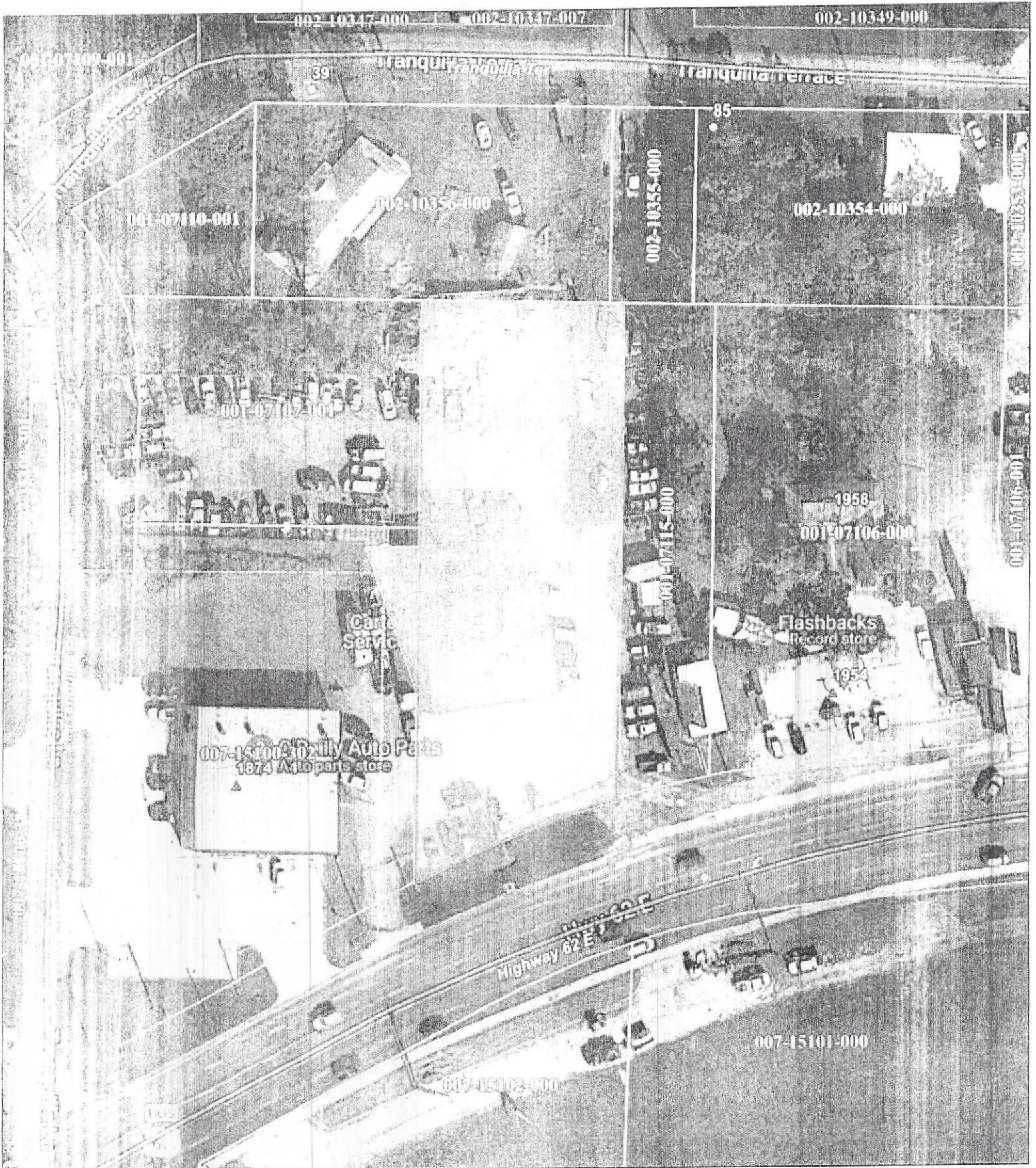
Part of the SE ¼ SE ¼ of Section 34, Township 20 North, Range 13 West Baxter County, Arkansas, described as follows: From the NE corner of the SE ¼ SE ¼, thence South 00 degrees 00 minutes 00 seconds East 820.49 feet to the North R/W line of U.S. Highway 62/412, thence along said R/W the following courses: South 84 degrees 26 minutes 27 seconds West 146.65 feet; South 79 degrees 46 minutes 20 seconds West 103.46 feet; South 77 degrees 31 minutes 50 seconds West 103.80 feet; South 72 degrees 31 minutes 09 seconds West 51.70 feet to the point of beginning. Thence leaving said R/W, North 01 degrees 13 minutes 46 seconds East 299.63 feet; thence North 89 degrees 40 minutes 25 seconds West 103.00 feet, thence South 01 degrees 11 minutes 18 seconds West 346.88 feet to the North R/W line of Hwy. 62/412, thence along R/W the following: North 60 degrees 05 minutes 00 seconds East 61.89 feet, North 72 degrees 31 minutes 09 seconds East 52.53 feet to the point of beginning.

AND,

A part of the Southeast Quarter (SE 1/4) of the Southeast Quarter (SE 1/4) of Section 34, Township 20 North, Range 13 West of the Fifth Principal Meridian, Baxter County, Arkansas, being a portion of a tract of land described in Warranty Deed, recorded as Instrument No. 2008-12622, Official Records, Baxter County, and more particularly described as follows: Commencing at a found 1/2" rebar at the Northeast corner of said Southeast Quarter of the Southeast Quarter; thence run S00°37'48"W along the East line thereof a distance of 593.67 feet; thence, departing said East line, run N89°02'37"W a distance of 495.00 feet; thence run S01°49'06"W a distance of 129.25 feet to a set 1/2" rebar marking the Northeast corner and Point of Beginning of the herein described tract; thence continuing S01°49'06"W along the East line thereof a distance of 80.00 feet; thence, departing said East line, run N18°50'32"W a distance of 85.02 feet to the Northwest corner of the herein described tract; thence run S89°02'37"E along the North line thereof a distance of 30.00 feet back to the Point of Beginning, and containing 1,200 square feet or 0.028 acres, more or less.

Subject to recorded instruments, covenants, rights of way, and easements, if any.
Subject to all prior mineral reservations and oil and gas leases, if any.


EXHIBIT "B"



Date Created: 6/21/2023

Created By: Vonda Blanchard

1 inch = 72 feet

 via DataScout OneMap

This map should be used for reference purposes only and should not be considered a legal document. While every effort has been made to ensure the accuracy of this product, the publisher accepts no responsibility for any errors or omissions nor for any loss or damage alleged to be suffered by anyone as a result of the publication of this map and the notations on it, or as a result of the use or misuse of the information provided herein.

Tranquilla Ln

Tranquilla Ln

Tranquilla Ln

Tranquilla Ln

Tranquilla Ln



1932

1914

301

Carter & Sons
Service Center

O'Reilly Auto Parts
Auto parts store

Flashbacks
Record store

1953

Hwy 62 E

BUS

EXHIBIT "C"

LEGACY TITLE COMPANY, LLC

701 South Street · Mountain Home, Arkansas 72653
Phone: 870.232.0444 · Fax: 870.424.3447

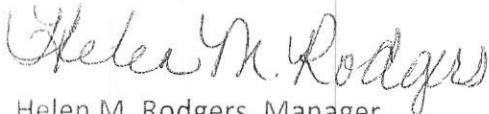
February 15, 2023

Greeting:

This letter is given in connection with what is understood to be an effort to voluntarily annex certain real property into the City of Mountain Home. Based upon our review, we verify that the persons listed in Exhibits C-1 to this letter are all of the owners of record of the real property described in Exhibit A-1.

Sincerely,

LEGACY TITLE COMPANY, LLC



Helen M. Rodgers, Manager
Title Insurance Department

IN THE MATTER OF ANNEXING TO THE
CITY OF MOUNTAIN HOME, ARKANSAS
CERTAIN TERRITORY CONTIGUOUS TO
SAID CITY OF MOUNTAIN HOME, ARKANSAS

NO. CO-2023-³

COUNTY COURT ORDER NO. _____

ORDER AUTHORIZING ANNEXATION PURSUANT TO ACA § 14-40-609


I, Kevin Litty, County Judge of Baxter County, having reviewed the attached Petition for Annexation and Verification of Petition, hereby find that the petition:

- 1) Is in writing;
- 2) contains an attestation signed before notaries by the property owners of the relevant properties confirming the desire to be annexed;
- 3) contains an accurate description of the relevant properties;
- 4) contains a letter or title opinion from a certified abstractor or title company verifying that the petitioners are all owners of record of the relevant properties;
- 5) contains a letter or verification from a certified surveyor or engineer verifying that the relevant properties are contiguous with the annexing city or town and that no enclaves will be created if the properties are accepted by the city or town – additionally a copy of the letter from the State of Arkansas GIS Office approving the legal descriptions for the annexation was provided; and
- 6) includes a schedule of services of the annexing city or town that will be extended to the area within three (3) years after the date the annexation becomes final.

The County Clerk is directed to forward a copy of this order and the related petition to the Mayor the City of Mountain Home, Arkansas.



KEVIN LITTY, COUNTY JUDGE



Date



File Type
C202300065
FILED FOR RECORD ORDER COUNTY
BY: KAYLA SMITH
07-12-2023 11:37:11 AM
CANDA REESE
BAXTER CO, AR CIRCUIT CLERK

ORDINANCE NO. 2023-xx

AN ORDINANCE ANNEXING PROPERTY CONTIGUOUS THEREWITH TO WATER & SEWER IMPROVEMENT DISTRICT NO. 3 OF THE CITY OF MOUNTAIN HOME, ARKANSAS; ACCEPTING THE ANNEXATION OF CERTAIN TERRITORY TO THE CITY OF MOUNTAIN HOME, ARKANSAS; AND TO ANNEX PROPERTY TO THE CITY OF MOUNTAIN HOME, ARKANSAS, AS COMMERCIAL C-2.

WHEREAS, a petition was filed with the County Clerk of Baxter County, Arkansas, by Carter and Sons Service Center, LLC, praying that certain territory be annexed to and made a part of the City of Mountain Home, Arkansas; and

WHEREAS, on the 11th day of July, 2023, the County Court of Baxter County, Arkansas, entered an order authorizing annexation pursuant to § 14-40-609 of the Arkansas Code, finding that the petition met the requirements for annexation under that provision and directed the Clerk to forward the order to the Mayor of the City of Mountain Home.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF MOUNTAIN HOME, ARKANSAS:**

Section 1. That the land described on the attached Exhibit “A” is territory contiguous to and adjoining the City of Mountain Home, Arkansas, and the petition to annex that property is hereby granted and the property described in Exhibit “A” is hereby accepted as part of and annexed to and made a part of the City of Mountain Home, Arkansas.

Section 2. That the above described territory shall be annexed to and made a part of Ward 2 of the City of Mountain Home, and the same shall henceforth be a part of said ward as fully as existing parts of said ward.

Section 3. That the above described territory shall be zoned Commercial C-2, to be used in accordance with city zoning laws and the laws of the State of Arkansas.

Section 4. That this ordinance shall become effective thirty (30) days from its passage.

PASSED AND APPROVED THIS 20TH DAY OF JULY, 2023.

HILLREY ADAMS, MAYOR

ATTEST:

SCOTT LILES, CITY CLERK

EXHIBIT "A"

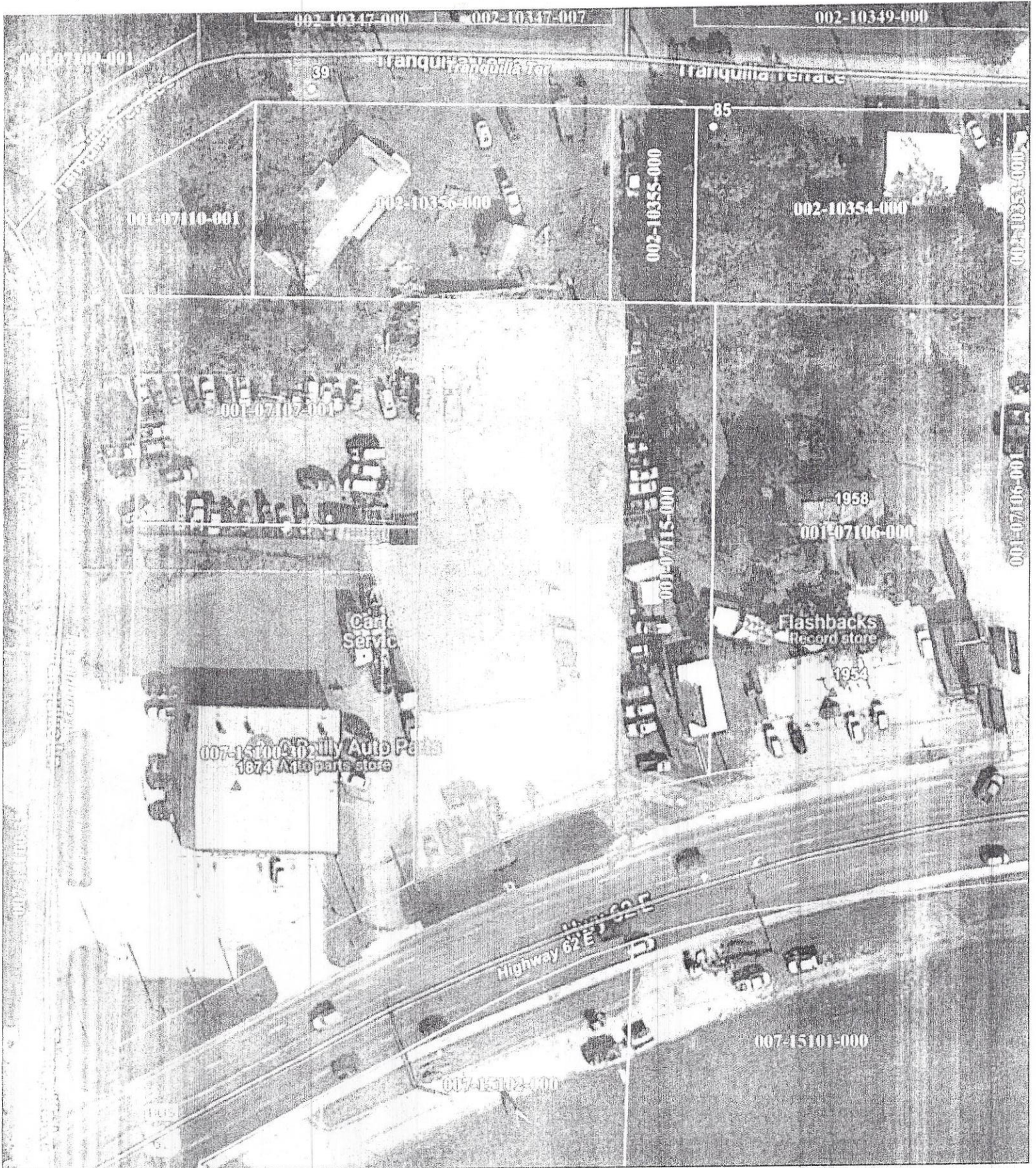
Part of the SE ¼ SE ¼ of Section 34, Township 20 North, Range 13 West Baxter County, Arkansas, described as follows: From the NE corner of the SE ¼ SE ¼, thence South 00 degrees 00 minutes 00 seconds East 820.49 feet to the North R/W line of U.S. Highway 62/412, thence along said R/W the following courses: South 84 degrees 26 minutes 27 seconds West 146.65 feet; South 79 degrees 46 minutes 20 seconds West 103.46 feet; South 77 degrees 31 minutes 50 seconds West 103.80 feet; South 72 degrees 31 minutes 09 seconds West 51.70 feet to the point of beginning. Thence leaving said R/W, North 01 degrees 13 minutes 46 seconds East 299.63 feet; thence North 89 degrees 40 minutes 25 seconds West 103.00 feet, thence South 01 degrees 11 minutes 18 seconds West 346.88 feet to the North R/W line of Hwy. 62/412, thence along R/W the following: North 60 degrees 05 minutes 00 seconds East 61.89 feet, North 72 degrees 31 minutes 09 seconds East 52.53 feet to the point of beginning.

AND,

A part of the Southeast Quarter (SE 1/4) of the Southeast Quarter (SE 1/4) of Section 34, Township 20 North, Range 13 West of the Fifth Principal Meridian, Baxter County, Arkansas, being a portion of a tract of land described in Warranty Deed, recorded as Instrument No. 2008-12622, Official Records, Baxter County, and more particularly described as follows: Commencing at a found 1/2" rebar at the Northeast corner of said Southeast Quarter of the Southeast Quarter; thence run S00°37'48"W along the East line thereof a distance of 593.67 feet; thence, departing said East line, run N89°02'37"W a distance of 495.00 feet; thence run S01°49'06"W a distance of 129.25 feet to a set 1/2" rebar marking the Northeast corner and Point of Beginning of the herein described tract; thence continuing S01°49'06"W along the East line thereof a distance of 80.00 feet; thence, departing said East line, run N18°50'32"W a distance of 85.02 feet to the Northwest corner of the herein described tract; thence run S89°02'37"E along the North line thereof a distance of 30.00 feet back to the Point of Beginning, and containing 1,200 square feet or 0.028 acres, more or less.

Subject to recorded instruments, covenants, rights of way, and easements, if any.
Subject to all prior mineral reservations and oil and gas leases, if any.

EXHIBIT "B"



Date Created: 6/21/2023

Created By: Vonda Blanchard

1 inch = 72 feet

via DataScout OneMap

This map should be used for reference purposes only and should not be considered a legal document. While every effort has been made to ensure the accuracy of this product, the publisher accepts no responsibility for any errors or omissions nor for any loss or damage alleged to be suffered by anyone as a result of the publication of this map and the notations on it, or as a result of the use or misuse of the information provided herein.

Tranquilla Ln

Tranquilla Ln

Tranquilla Ln

Tranquilla Ln

Tranquilla Ln



1932

1914

301

Carter & Sons
Service Center

O'Reilly Auto Parts
Auto parts store

Flashbacks
Record store

1953

Hwy 62 E

BUS

CITY OF MOUNTAIN HOME, ARKANSAS

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

BALLARD & COMPANY, LTD.

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT

Report on Financial Statements 1

FINANCIAL STATEMENTS

Balance Sheet – Regulatory Basis 4

Statement of Receipts, Disbursements and Changes in
Fund Balances – Regulatory Basis 5

Statement of Receipts, Disbursements and Changes in Fund Balances
Budget and Actual – General and Street Funds – Regulatory Basis 6

Notes to Financial Statements 8

SUPPLEMENTARY INFORMATION

Schedule 1 - Combining Balance Sheet – Other Funds in the Aggregate - Regulatory Basis 17

Schedule 2 - Combining Statement of Receipts, Disbursements and Changes in
Fund Balances – Other Funds in the Aggregate - Regulatory Basis 19

Notes to Schedules 1 and 2 21

OTHER INFORMATION

Schedule 3 – Schedule of Capital Assets (Unaudited) 23

OTHER REPORTS

Independent Auditor’s 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* 24



BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS CONSULTANTS

Members of the American Institute of Certified Public Accountants
Member of the Arkansas Society of Certified Public Accountants

668 HIGHWAY 62 EAST
MOUNTAIN HOME, AR 72653
870-425-6256

416 N. E. MAIN STREET
MOUNTAIN VIEW, AR 72560
870-269-2390

980 ASH FLAT DRIVE
ASH FLAT, AR 72513
870-994-2812

352 HIGHWAY 62 EAST
SALEM, AR 72576
870-895-2661

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Mountain Home, Arkansas

Report on the Audit of the Financial Statements

Unmodified Opinions on Regulatory Basis of Accounting

We have audited the accompanying regulatory basis financial statements of the general fund, street fund and other funds in the aggregate of the City of Mountain Home, Arkansas, as of and for the year ended December 31, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Mountain Home, Arkansas, as of December 31, 2022, and regulatory basis receipts, disbursements, and changes in fund balance, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. 10-4-412 described in Note 1.

Basis for Unmodified Opinions on Regulatory Basis of Accounting

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 City of Mountain Home, Arkansas 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.

Adverse Opinions on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph below, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Mountain Home, Arkansas, as of December 31, 2022, or the changes in financial position and, where applicable, cash flows thereof for the year then ended.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 City of Mountain Home, Arkansas' 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 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 judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement 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 of the effectiveness of the City of Mountain Home, Arkansas' 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 no conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mountain Home, Arkansas' 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.

Emphasis of Matter

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 28, 2023, on our consideration of the City of Mountain Home, Arkansas' 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 that testing, and not to provide an opinion on the effectiveness of the City of Mountain Home, Arkansas' 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 City of Mountain Home, Arkansas' internal control over financial reporting and compliance.

Ballard & Company, Ltd.

Certified Public Accountants
Mountain Home, Arkansas
June 28, 2023

**CITY OF MOUNTAIN HOME, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022**

	General	Street	Other Funds In The Aggregate
ASSETS			
Cash and cash equivalents	\$ 3,579,079	\$ 3,644,475	\$ 42,174,811
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll related	\$ 21,936	\$ 7,331	\$ 479
Settlements pending	-	-	190,392
Total Liabilities	21,936	7,331	190,871
 Fund balances:			
Restricted	149,090	3,637,144	41,706,954
Assigned	156,481	-	276,986
Unassigned	3,251,572	-	-
Total Fund Balances	3,557,143	3,637,144	41,983,940
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 3,579,079	 \$ 3,644,475	 \$ 42,174,811

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

CITY OF MOUNTAIN HOME, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Street	Other Funds In The Aggregate
RECEIPTS			
State and federal aid	\$ 567,272	\$ 1,429,239	\$ 1,335,436
Property taxes	555,256	374,735	-
Sales taxes	6,045,740	3,298,135	7,419,909
Franchise fees	1,416,977	-	-
Fines, forfeitures and costs	212,449	-	40,084
Local permits and fees	317,165	-	-
Advertising and promotion fees	-	-	152,736
Public safety services - fire district millage	160,971	-	-
Park and recreation fees	124,243	-	-
Administrative fees	481,595	-	-
Court costs and supplies reimbursements	351,779	-	-
Interest	18,328	20,305	413,738
Donations and other receipts	390,267	42,479	181,441
TOTAL RECEIPTS	10,642,042	5,164,893	9,543,344
DISBURSEMENTS			
Current:			
General government	1,426,591	-	-
Law enforcement - police and courts	3,506,466	-	1,009,775
Highways and streets	-	4,202,809	-
Public safety - fire protection	2,432,934	-	444,942
Recreation and culture	2,354,088	-	4,035,224
Cemetery maintenance	-	-	14,284
Advertising and promotion	-	-	124,419
Debt Service:			
Principal	-	-	2,320,000
Interest and fiscal fees	-	-	802,537
Bond issuance costs	-	-	85,000
TOTAL DISBURSEMENTS	9,720,079	4,202,809	8,836,181
EXCESS OF RECEIPTS OVER DISBURSEMENTS	921,963	962,084	707,163
OTHER FINANCING SOURCES AND USES			
Transfers out	-	-	(2,604,056)
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES AND USES OVER DISBURSEMENTS	921,963	962,084	(1,896,893)
FUND BALANCES - JANUARY 1	2,635,180	2,675,060	43,880,833
FUND BALANCES - DECEMBER 31	\$ 3,557,143	\$ 3,637,144	\$ 41,983,940

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

CITY OF MOUNTAIN HOME, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
State and federal aid	\$ 191,327	\$ 567,272	\$ 375,945
Property taxes	555,256	555,256	-
Sales taxes	6,045,740	6,045,740	-
Franchise fees	1,416,977	1,416,977	-
Fines, forfeitures and costs	212,449	212,449	-
Local permits and fees	317,165	317,165	-
Public safety services - fire district millage	160,971	160,971	-
Park and recreation fees	124,243	124,243	-
Administrative fees	481,595	481,595	-
Court costs and supplies reimbursements	351,779	351,779	-
Interest	18,328	18,328	-
Other	20,697	390,267	369,570
TOTAL RECEIPTS	9,896,527	10,642,042	745,515
DISBURSEMENTS			
Current:			
General government	1,409,459	1,426,591	(17,132)
Law enforcement	3,229,638	3,506,466	(276,828)
Public safety - fire protection	2,422,959	2,432,934	(9,975)
Recreation and culture	1,912,508	2,354,088	(441,580)
TOTAL DISBURSEMENTS	8,974,564	9,720,079	(745,515)
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	921,963	921,963	-
FUND BALANCES - JANUARY 1	2,635,180	2,635,180	-
FUND BALANCES - DECEMBER 31	\$ 3,557,143	\$ 3,557,143	\$ -

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

CITY OF MOUNTAIN HOME, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - STREET FUND - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Street		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
State and federal aid	\$ 1,107,267	\$ 1,429,239	\$ 321,972
Property taxes	374,735	374,735	-
Sales taxes	3,298,135	3,298,135	-
Interest	20,305	20,305	-
Other	40,761	42,479	1,718
TOTAL RECEIPTS	4,841,203	5,164,893	323,690
DISBURSEMENTS			
Current:			
Highways and streets	3,879,119	4,202,809	(323,690)
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	962,084	962,084	-
FUND BALANCES - JANUARY 1	2,675,060	2,675,060	-
FUND BALANCES - DECEMBER 31	\$ 3,637,144	\$ 3,637,144	\$ -

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

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Mountain Home, Arkansas, was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Water and Wastewater. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Arkansas 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 street 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 (receipts), expenditures (disbursements), and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and street fund; notes to the 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 basis 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.

The accounting system of the City 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 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 all financial resources not accounted for and reported in another fund. The following funds are reported with the general fund: General, Payroll Fund.

Street Fund – The Street Fund (a Special Revenue Fund) is used to account for the proceeds of specific revenue sources that are restricted or committed to disbursements for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, property taxes, and sales taxes that are restricted or committed for maintaining and constructing highways and streets.

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific receipt sources that are restricted or committed to disbursements for specified purposes other than debt service or capital projects. The following Special Revenue Funds are reported with other funds in the aggregate: Breathalyzer, Criminal Justice, DWI/Drug Control, Public Safety Sales Tax, Court Automation, Court Administration (Amendment 80), Advertising and Promotion, Cemetery, 2021 Bonds Recreation Operations & Maintenance, Fire Department Act 833/Donation Fund and the American Rescue Plan Funds.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Projects Funds – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursements for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The following Capital Projects Fund are reported with other funds in the aggregate: Fire Department Apparatus Repair and Replacement Fund and the 2021 Bonds Recreation Improvements (including the 2021A and 2021B Construction accounts).

Debt Service Funds – Debt Service Funds are used to account for and report financial resources that are restricted, committed and assigned to disbursements for principal, interest and related costs. The following Debt Service Fund is reported with other funds in the aggregate: 2021 Bonds Debt Service (including the 2021 Debt Service account, the 2021 Redemption account, and 2021A and 2021B Cost of Issuance accounts, and the 2021 Expense account).

Custodial Funds - Custodial Funds are used to reports resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The following Custodial Funds are reported with the other funds in the aggregate: District Court (including City Docket, Probation, Small Claims, and Appeals accounts), Police Fees, and Police Seizure.

Basis of Accounting - Regulatory

The financial statements are prepared on a regulatory basis of accounting as prescribed or permitted by Arkansas Code Ann. 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for payroll liabilities withheld and settlements pending. As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable, interfund receivables, and capital assets) and certain liabilities (such as accounts payable, interfund payables, and long-term debt) are not recorded in these financial statements.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis 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.

Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand accounts. Cash equivalents consist of money market funds investing in U.S. Treasury Securities and are stated at cost.

Liabilities

For purposes of financial reporting, liabilities include payroll-related liabilities withheld but not yet paid and settlements pending. Settlements pending are considered fines, forfeitures, court fees and seized funds that have not been transferred to the appropriate entities.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Fund Balances - Continued

Fund Balance Classifications

1. Restricted fund balance - amounts 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 City Council (passage of an ordinance)
3. Assigned fund balance - amounts that are constrained by the City Council'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 disbursements incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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. Property taxes reflected as receipts on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

Budget Law

State law requires that the following procedures be followed in establishing the budgetary data:

- a. Prior to December 1 of each year, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed disbursements and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by action of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted receipts and disbursements represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis of accounting for the General Fund, Street Fund and the other operating funds.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance Classification Policies and Procedures

The City's highest level of decision-making authority is its City Council. 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 City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established. There were no committed fund balances at year-end.

The City does not have a formal policy addressing whether it considers restricted or unrestricted amounts to have been spent when a disbursement is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The City has a policy addressing which resources to use within the unrestricted fund balance when restricted, assigned or unassigned fund balances are available. The City's policy is that all restricted and assigned accounts are earmarked and will have its own revenue line item within the appropriate department's budget as well as its own purchases line item. The balance in each restricted or assigned account is always readily identified. When funds are no longer available, no further expenditures are made in that account. If there is a balance at year-end, it is identified and carried forward.

NOTE 2: CASH AND INVESTMENTS

Legal Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. These deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may be invested in eligible investment securities having a maturity of no longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

Cash Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City of Mountain Home, Arkansas will not be able to recover deposits or will not be able to recover collateral securities. The City's policy is to place deposits only in collateralized or insured accounts. As of December 31, 2022, all bank balances of the City were fully insured or collateralized.

NOTE 3: LEGAL DEBT LIMIT

Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value of real and personal property as determined by the last tax assessment. As of December 31, 2022, the legal debt limit for the City was \$64,204,140. There were no property tax secured bond issues.

Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligation equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. As of December 31, 2022, the legal debt limit for short-term financing obligations was \$16,051,035. There were no short-term financing agreements during the year ended December 31, 2022.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 4: DETAILS OF FUND BALANCE CLASSIFICATIONS

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balance:			
Restricted for:			
General government	\$ 37,814	\$ -	\$ -
Law enforcement	3,684	-	115,096
Highways and streets	-	3,637,144	-
Public safety – fire protection	40,401	-	165,717
Public safety – police and fire	-	-	4,304,155
Recreation and culture	67,191	-	2,171,229
Advertising and promotion	-	-	139,585
Cemetery maintenance	-	-	77,685
Debt service			1,219,149
Capital outlay			33,514,338
Total Restricted	<u>149,090</u>	<u>3,637,144</u>	<u>41,706,954</u>
Assigned to:			
General government	11,876	-	-
Law enforcement	2,396	-	-
Public safety – fire protection	128,208	-	276,986
Recreation and culture	14,001	-	-
Total Assigned	<u>156,481</u>	<u>-</u>	<u>276,986</u>
Unassigned	<u>3,251,572</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,557,143</u>	<u>\$ 3,637,144</u>	<u>\$ 41,983,940</u>

NOTE 5: COMMITMENTS

Long-Term Liabilities

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

	December 31, 2022
2021 Sales and Use Tax Bonds, Series 2021A and Series 2021B, dated August 31, 2021	\$ 34,680,000
Unfunded liability balance due to Arkansas Public Employees Retirement System (APERS) for District Court Judge's and Clerk's retirement determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payment amounts adjusted annually by APERS. Payments are made from the General Fund.	<u>233,338</u>
Total Long-Term Liabilities	<u>\$ 34,913,338</u>

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

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 5: COMMITMENTS - Continued

2021 Sales and Use Tax Bonds

On August 31, 2021, the City issued sales and use tax bonds in the amount of \$37,000,000. The Series 2021A bonds, aggregating \$6,000,000, and the Series 2021B bonds, aggregating \$31,000,000 (collectively, "the bonds"), were issued for the purpose of financing the costs of acquiring, constructing, furnishing, and equipping park and recreational facilities and improvements and paying expenses of authorizing and issuing the bonds. The Series 2021A bonds mature through 9/01/2025 with varying rates of interest from .460% - 1.020%. The Series 2021B bonds mature from 9/01/2025 through 9/01/2038 with varying rates of interest from 3.00% - 2.00%.

The bonds are special obligations of the City, payable from (a) 0.5% sales and use tax levied by the City under the authority of authorizing legislation and Ordinance 2021-3 adopted on January 7, 2021 (the "bond tax") and (b) 0.25% sales and use tax levied by the City under Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated and Ordinance 2021-1 adopted on January 7, 2021 (the "permanent tax"). The voters approved the taxes at a special election held on March 9, 2021. Collections of the bond tax may only be used to pay obligations with respect to the bonds. Collections of the permanent tax may only be used to pay obligations with respect to the bonds and to acquire, construct, improve, expand, equip, furnish, operate, and maintain new or existing park and recreational facilities.

Combined maturities of the Series A and Series B bonds payable subsequent to December 31, 2022 are as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2023	\$ 1,855,000	\$ 788,980
2024	1,865,000	778,407
2025	1,880,000	763,487
2026	1,925,000	715,700
2027	1,985,000	657,950
2028-2032	10,850,000	2,360,200
2033-2037	12,205,000	1,001,100
2038	<u>2,115,000</u>	<u>42,300</u>
	<u>\$ 34,680,000</u>	<u>\$ 7,108,124</u>

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

NOTE 6: JOINTLY GOVERNED ORGANIZATIONS

Ozark Mountain Solid Waste District

The City is a member of the Ozark Mountain Solid Waste District (District), formerly the Northwest Arkansas Regional Solid Waste District. The District is a jointly governed organization comprised of representatives from Baxter, Boone, Marion, Newton, and Searcy counties and participating cities within the aforementioned counties. Representatives are the participating county judges and mayors unless some other representative is appointed by the participating entity. The City made no payments to the District during the year.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6: JOINTLY GOVERNED ORGANIZATIONS - Continued

Fourteenth Judicial Drug Task Force

The Prosecuting Attorney of the Fourteenth Judicial District, the Sheriff's Departments of Baxter, Boone, Marion, and Newton Counties, and the Police Departments of Harrison and Mountain Home entered into an agreement to establish the Fourteenth Judicial Drug Task Force. Funding was provided through the Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fourteenth Judicial District. Financial statements of the Fourteenth Judicial Drug Task Force are not available.

NOTE 7: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased through the Arkansas Municipal League Program, a public entity risk pool. The Arkansas Municipal League provides the City with workers' compensation, municipal property and vehicle, general liability, and legal defense coverage. The City also participates in the Self-Insured Fidelity Bond Program administered by the Government Bonding Board. The amount of settlements, if any, has not exceeded the insurance coverage in the past three years and there were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

**NOTE 8: LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan 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 Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to the Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling (866) 859-1745, or on their website www.lopfi-prb.com.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates, as required by state law, are as follows:

1. Paid service not covered by Social Security – 8.5% of gross pay
2. Paid service also covered by Social Security – 2.5% of gross pay
3. Volunteer service - no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$706,665 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$207,162 for the year ended December 31, 2022.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 8: LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI) - Continued
(A Defined Benefit Pension Plan)**

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability as of December 31, 2022 (actuarial valuation date and measurement date) was \$8,549,926.

NOTE 9: ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (APERS)

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS 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 (800) 682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. 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. For the first six months of the year, contributory members were required by State law to contribute 5% of their salary. Effective July 01, 2022, contributory members are required to contribute 5.25% of their salary. The City's contribution to the plan was \$518,475 for the year ended December 31, 2022.

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 City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability as of June 30, 2022 (actuarial valuation date and measurement date) was \$3,834,130.

NOTE 10: MAYOR'S RETIREMENT BENEFITS

Plan Description

Ark. Code Ann. 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1) upon reaching the age of 60 with a minimum of 10 years of service or 2) upon serving 20 years regardless of age. The City paid former Mayor Joe Dillard \$35,843 for the year ended December 31, 2022.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 11: CITY CLERK RETIREMENT BENEFITS

Plan Description

Ark. Code Ann 24-12-121 establishes retirement benefits for city clerks in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid monthly from the City's General Fund. A clerk may retire: 1. upon reaching the age of 60 with a minimum of ten years of service or 2) upon serving 20 years regardless of age. The City paid former clerks Deborah Pyle and Cindy Wynn \$14,577 and \$19,122, respectively, for the year ended December 31, 2022.

NOTE 12: CORONAVIRUS (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 2020, the City received \$493,162 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. In 2021 and 2022, the City received \$1,302,036 and \$1,302,020, respectively, in federal aid from the American Rescue Plan Act of 2021. The extent of the impact of COVID-19 on the financial statements for future reporting periods remains uncertain.

SUPPLEMENTARY AND OTHER INFORMATION

**CITY OF MOUNTAIN HOME, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2022**

Schedule 1

SPECIAL REVENUE FUNDS

	Breathalyzer	Criminal Justice	DWI/Drug Control	Public Safety Sales Tax	Court Automation	Amendment 80	Advertising and Promotion	Cemetery	2021 Bonds Recreation Operations & Maintenance	Fire Department Act 833/Donation Fund	American Rescue Plan Funds
ASSETS											
Cash and cash equivalents	\$ 9,099	\$ 23,313	\$ 7,813	\$ 4,304,634	\$ 20,511	\$ 36,873	\$ 139,585	\$ 77,685	\$ 2,171,229	\$ 165,717	\$ 17,487
LIABILITIES AND FUND BALANCES											
Liabilities:											
Payroll related	\$ -	\$ -	\$ -	\$ 479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlements pending	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	479	-	-	-	-	-	-	-
Fund balances:											
Restricted	9,099	23,313	7,813	4,304,155	20,511	36,873	139,585	77,685	2,171,229	165,717	17,487
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	9,099	23,313	7,813	4,304,155	20,511	36,873	139,585	77,685	2,171,229	165,717	17,487
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,099	\$ 23,313	\$ 7,813	\$ 4,304,634	\$ 20,511	\$ 36,873	\$ 139,585	\$ 77,685	\$ 2,171,229	\$ 165,717	\$ 17,487

See auditor's report on supplementary information.

CITY OF MOUNTAIN HOME, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022

Schedule 1

	<u>CAPITAL PROJECT FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	<u>CUSTODIAL FUNDS</u>		
	Fire Department Apparatus	2021 Bonds Recreation Improvements	2021 Bonds Debt Service	District Court	Police Seizure/Fees	Totals
ASSETS						
Cash and cash equivalents	\$ 276,986	\$ 33,514,338	\$ 1,219,149	\$ 105,720	\$ 84,672	\$ 42,174,811
LIABILITIES AND FUND BALANCES						
Liabilities:						
Payroll related	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 479
Settlements pending	-	-	-	105,720	84,672	190,392
Total Liabilities	-	-	-	105,720	84,672	190,871
Fund balances:						
Restricted	-	33,514,338	1,219,149	-	-	41,706,954
Assigned	276,986	-	-	-	-	276,986
Unassigned	-	-	-	-	-	-
Total Fund Balances	276,986	33,514,338	1,219,149	-	-	41,983,940
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 276,986</u>	<u>\$ 33,514,338</u>	<u>\$ 1,219,149</u>	<u>\$ 105,720</u>	<u>\$ 84,672</u>	<u>\$ 42,174,811</u>

See auditor's report on supplementary information.

CITY OF MOUNTAIN HOME, ARKANSAS
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

SPECIAL REVENUE FUNDS

	Breathalyzer	Criminal Justice	DWI/Drug Control	Public Safety Sales Tax	Court Automation	Amendment 80	Advertising and Promotion	Cemetery	2021 Bonds Recreation Operations & Maintenance	Fire Department Act 833/Donation Fund	American Rescue Plan Funds
RECEIPTS											
State and federal aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,268	\$ 1,318,168
Sales taxes	-	-	-	2,473,602	-	-	-	-	1,649,068	-	-
Fines, forfeitures and costs	1,755	6,194	3,729	-	25,173	3,233	-	-	-	-	-
Advertising and promotion taxes	-	-	-	-	-	-	152,736	-	-	-	-
Interest	59	144	59	23,924	123	231	179	509	4,829	83	988
Other	44	-	-	50,227	-	-	-	12,933	-	18,237	-
TOTAL RECEIPTS	1,858	6,338	3,788	2,547,753	25,296	3,464	152,915	13,442	1,653,897	35,588	1,319,156
DISBURSEMENTS											
Current:											
Law enforcement - police and courts	1,455	4,374	3,970	978,357	21,619	-	-	-	-	-	-
Public safety - fire protection	-	-	-	424,977	-	-	-	-	-	19,965	-
Cemetery maintenance	-	-	-	-	-	-	-	14,284	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-	-
Advertising and promotion	-	-	-	-	-	-	124,419	-	-	-	-
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	1,455	4,374	3,970	1,403,334	21,619	-	124,419	14,284	-	19,965	-
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	403	1,964	(182)	1,144,419	3,677	3,464	28,496	(842)	1,653,897	15,623	1,319,156
OTHER FINANCING SOURCES AND USES											
Transfers out	-	-	-	-	-	-	-	-	-	-	(2,604,056)
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES AND USES OVER DISBURSEMENTS	403	1,964	(182)	1,144,419	3,677	3,464	28,496	(842)	1,653,897	15,623	(1,284,900)
FUND BALANCES - JANUARY 1	8,696	21,349	7,995	3,159,736	16,834	33,409	111,089	78,527	517,332	150,094	1,302,387
FUND BALANCES - DECEMBER 31	\$ 9,099	\$ 23,313	\$ 7,813	\$ 4,304,155	\$ 20,511	\$ 36,873	\$ 139,585	\$ 77,685	\$ 2,171,229	\$ 165,717	\$ 17,487

See auditor's report on supplementary information.

**CITY OF MOUNTAIN HOME, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
 OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>CAPITAL PROJECT FUNDS</u>		<u>DEBT SERVICE FUND</u>	<u>Totals</u>
	Fire Department Apparatus	2021 Bonds Recreation Improvements	2021 Bonds Debt Service	
RECEIPTS				
State and federal aid	\$ -	\$ -	\$ -	\$ 1,335,436
Sales taxes	-	-	3,297,239	7,419,909
Fines, forfeitures and costs	-	-	-	40,084
Advertising and promotion taxes	-	-	-	152,736
Interest	1,620	369,967	11,023	413,738
Other	100,000	-	-	181,441
TOTAL RECEIPTS	<u>101,620</u>	<u>369,967</u>	<u>3,308,262</u>	<u>9,543,344</u>
DISBURSEMENTS				
Current:				
Law enforcement - police and courts	-	-	-	1,009,775
Public safety - fire protection	-	-	-	444,942
Cemetery maintenance	-	-	-	14,284
Recreation and culture	-	4,035,224	-	4,035,224
Advertising and promotion	-	-	-	124,419
Debt Service:				
Principal	-	-	2,320,000	2,320,000
Interest and fiscal fees	-	-	802,537	802,537
Bond issuance costs	-	-	85,000	85,000
TOTAL DISBURSEMENTS	<u>-</u>	<u>4,035,224</u>	<u>3,207,537</u>	<u>8,836,181</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>101,620</u>	<u>(3,665,257)</u>	<u>100,725</u>	<u>707,163</u>
OTHER FINANCING SOURCES AND USES				
Transfers out	-	-	-	(2,604,056)
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES AND USES OVER DISBURSEMENTS	<u>101,620</u>	<u>(3,665,257)</u>	<u>100,725</u>	<u>(1,896,893)</u>
FUND BALANCES - JANUARY 1	<u>175,366</u>	<u>37,179,595</u>	<u>1,118,424</u>	<u>43,880,833</u>
FUND BALANCES - DECEMBER 31	<u>\$ 276,986</u>	<u>\$ 33,514,338</u>	<u>\$ 1,219,149</u>	<u>\$ 41,983,940</u>

See auditor's report on supplementary information.
 -20-

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
FOR THE YEAR ENDED 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>
Breathalyzer	Ark. Code Ann. 16-10-308 authorized a portion of district court costs to be used to purchase and maintain alcohol testing devices.
Criminal Justice	Ark. Code Ann. 16-17-129 and Mountain Home Ordinance 2010-12 (April 15, 2010) established fund for the purpose of helping defray the cost of incarcerating prisoners in the Baxter County jail. Ark. Code Ann. 16-10-308 established fund to receive the City's share of uniform court cost and filing fees levied by state law to be used to defray a part of the expense of administration of justice in the City.
DWI/Drug Control	Mountain Home Ordinance 2006-11 (May 18, 2006) designated a portion of each fine collected due to driving while intoxicated and drug convictions be designated for the purpose of each fine collected due to driving while intoxicated and drug convictions be designated for the purpose of maintaining and implementing educational programs concerning alcohol abuse and implementing programs or purchasing equipment to be used toward preventing or reducing the number of driving while intoxicated offenses and enforcement of the driving while intoxicated and drug statutes. Ark. Code Ann. 16-10-308 established fund to receive the City's share of uniform court cost and filing fees levied by state law to be used to defray a part of the expense of administration of justice in the City.
Public Safety Sales Tax	Ordinance 2017-13, under the authority of Ark. Code Title 26, Subtitle 6, called for the levy of a three-eighths of one percent (.375%) Citywide sales and use tax to be used solely for the purpose of public safety.
Court Automation	Ark. Code Ann. 16-13-704 established fund to receive district court installment fees of ½ of \$5 per month on each person to be used for court-related technology.
Court Administration (Amendment 80)	Ark. Code Ann. 16-17-126 authorizes district court filing fees for writs of garnishments and executions to be appropriated for any permissible use in the administration of the district court.
Advertising and Promotion	Ark. Code Ann. 26-75-606 and Mountain Home Ordinance 2013-14 (October 17, 2013) established fund to account for the tax levied on gross receipts of hotels, motels, and short-term rental accommodations. The tax shall be used for promoting and encouraging tourism.
Cemetery	Funds used to open this account were received from the Mountain Home Cemetery Association with the stipulation that the funds, along with any future donations, were to be used solely to provide maintenance of the Mountain Home cemetery grounds.
2021 Bonds - Recreation Operations and Maintenance	Established to receive the .25% sales tax authorized by Ordinance 2021-1. The sales tax funds may only be used to pay obligations with respect to the 2021 Sales and Use Tax Bonds and to acquire, construct, improve, expand, equip, furnish, operate and maintain new or existing park and recreational facilities.
Fire Department Act 833/Donation Fund	Ark. Code Ann. 14-284-403, 404 requires insurance premium tax funds to be distributed to fire departments for training, purchase and improvement of firefighting equipment, initial capital improvements of fire departments, insurance for buildings, and utility costs. The fund is also used for donations restricted to fire department expenditures.
American Rescue Plan Funds	During 2022, the City received federal aid for the coronavirus disease 2019 (COVID-19) under the American Rescue Plan Act of 2021.
Fire Department Apparatus Repair and Replacement	Established to receive monies to be used for the purchase of fire equipment.

See auditor's report on supplementary information.

**CITY OF MOUNTAIN HOME, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Fund Name</u>	<u>Fund Description</u>
2021 Bonds – Recreation Improvements	Established to pay the construction costs of betterments and improvements for the City's park and recreation system from the proceeds of the 2021 Sales and Use Tax Bonds.
2021 Bonds – Debt Service	Established to receive the .50% sales tax authorized by Ordinance 2021-3. The sales tax funds may only be used to pay obligations with respect to the 2021 Sales and Use Tax Bonds.
District Court	Ark. Code Ann. 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Police Fee	Established to account for revenues generated from the Police Department.
Police Seizure	Consists of evidence awaiting disposition from the Circuit Court.

See auditor's report on supplementary information.

**CITY OF MOUNTAIN HOME, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2022
(Unaudited)**

Schedule 3

Land	\$ 2,970,771
Buildings and Improvements	5,105,988
Equipment	<u>12,280,014</u>
Total	<u><u>\$ 20,356,773</u></u>

See auditor's report on other information.

OTHER REPORTS



BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Members of the American Institute of Certified Public Accountants
Member of the Arkansas Society of Certified Public Accountants

668 HIGHWAY 62 EAST
MOUNTAIN HOME, AR 72653
870-425-6256

416 N. E. MAIN STREET
MOUNTAIN VIEW, AR 72560
870-269-2390

980 ASH FLAT DRIVE
ASH FLAT, AR 72513
870-994-2812

352 HIGHWAY 62 EAST
SALEM, AR 72576
870-895-2661

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

To the Honorable Mayor and Members of City Council
City of Mountain Home, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Mountain Home, Arkansas as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2023. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting as described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mountain Home, Arkansas' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mountain Home, Arkansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mountain Home, Arkansas' 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mountain Home, Arkansas' financial statements are free of 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*.

Other Issues

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

Mayor: Hillrey Adams
Treasurer: Marshella Norell, Alma Clark
District Court Clerk: Debra Jeffery
Police Chief: Eddie Griffin

We reviewed the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Our audit procedures indicated that the above offices were in substantial compliance with Arkansas fiscal and financial laws.

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.

Ballard & Company, Ltd.

Certified Public Accountants
Mountain Home, Arkansas
June 28, 2023

ORDINANCE NO. 2023-xx

AN ORDINANCE AMENDING THE CONTRACTED WATER RATES BETWEEN THE CITY OF MOUNTAIN HOME WATER DEPARTMENT AND WHOLESALE PURCHASERS, AS OUTLINED IN ORDINANCE NO. 599 SECTION 8 AS AMENDED BY ORDINANCE NO. 01-21, 03-12, 2005-42, 2006-28, 2007-24, 2008-21, 2009-13, 2010-22, 2011-10, 2012-6, 2013-7, 2014-11, 2016-13 & 2019-28, 2020-32, 2021-21, and 2022-25

WHEREAS, it is determined by the City Council of Mountain Home, Arkansas that current or existing charges do not reflect the actual costs of service; and

WHEREAS, after reviewing the year ending 2022 audit, the City Council finds that an adjustment is necessary.

**NOW, THEREFORE, BE IT ORDAINED BY
THE CITY COUNCIL OF MOUNTAIN HOME, ARKANSAS:**

SECTION 1. Wholesale Charges

- A. Wholesale customers charge from the water plant is \$4.82 per 1,000 gallons.
- B. Wholesale customers charge from the 960-elevation system is \$5.30 per 1,000 gallons.
- C. Wholesale customers charge from the 1,080-elevation system is \$5.51 per 1,000 gallons.

SECTION 2. Wholesale Reservation

- A. The City of Mountain Home does notwithstanding the provisions of this chapter, reserve the right and responsibility to determine wholesale water rates for water supplied for resale to and used by large consumers, including but not limited to governmental units, water associations and improvement districts. Such wholesale rates shall be set and established from time to time as necessary by agreement and contract with any such entity and by Ordinance of the City of Mountain Home, Arkansas. (Ord. 599 Sec. 8)

SECTION 3.

This Ordinance shall be in effect for all water metered after September 15th, 2023.

PASSED AND APPROVED THIS 20th DAY OF JULY, 2023.

HILLREY ADAMS, MAYOR

ATTEST:

SCOTT LILES, CITY CLERK

